

Dairying through Cooperatives (DTC)

(Referred by JICA as “Project for Dairy Development”)

Component B of NPDD

Manual for Support for Marketing Infrastructure

**National Dairy Development Board
October 2021**

Table of Content

1	Introduction	1
	1.1. <i>What is a manual and why it is needed?</i>	1
	1.2. <i>Whom is this manual for?</i>	1
	1.3. <i>Milk marketing system in the country</i>	1
2	About Component C – Support for Marketing Infrastructure	2
	2.1 <i>Objective of the Component</i>	2
	2.3 <i>Funding Pattern</i>	2
3	Implementation Arrangement	3
	3.1 <i>Selection of PIs</i>	3
	3.2 <i>Technical Criteria for the Component</i>	3
	3.3 <i>Conditions for selection of activities under the component</i>	3
	3.4 <i>Procedure to be followed for the implementation of the activities</i>	4
4	Project Management, Monitoring and Evaluation	7
	4.1 <i>Project Management</i>	7
	4.2 <i>Parameters to be monitored</i>	9
	4.3 <i>Monitoring & Evaluation</i>	10
5	Procurement of goods, works and services	10
6	Financial Management	10

Abbreviations

CEO	:	Chief Executive Officer
GM	:	General Manager
GRO	:	Grievance Redressal Officer
HR	:	Human Resource
IMC	:	Implementation & Monitoring Cell
IT	:	Information Technology
KL	:	Kilo Litres
KPI	:	Key Performance Indicators
MD	:	Managing Director
MIS	:	Management Information System
NDDDB	:	National Dairy Development Board
PI	:	Participating Institution
POI	:	Producers' Owned Institution
SPIC	:	Sub Project Implementation Cell
SPMC	:	Sub Project Management Committee
TLPD	:	Thousand litre per day
TKgPD	:	Thousand kilogram per day
TOR	:	Terms of Reference

1 Introduction

1.1. What is a manual and why it is needed?

1.1.1. A manual is a reference book, which presents information that is necessary for operating or implementing a particular system, project etc. This Manual is a guide to the key operations of the activity so as to achieve the desired marketing targets with quality output. It explains as to who would be implementing and monitoring the activity, the processes involved, their importance, to be followed and the support required. It defines roles and responsibilities of all those involved in the implementation of the activity.

1.1.2. This manual will be the guiding document, according to which the project should be implemented to improve business productivity through efficient utilisation of the marketing infrastructures and sustainable marketing strategies.

1.2. Whom is this manual for?

1.2.1. This Manual is for all those involved in planning, monitoring and implementation of the Sub-Project Plans for component C- Support for marketing Infrastructure. It is primarily for the Participating Institutions (PIs), i.e. Milk Unions, State Milk Federations, Multi-State Cooperative, and Milk Producer Companies, who have proposed to avail assistance under support for marketing infrastructure component of the project and also for those directly or indirectly associated with the sub project.

1.3. Milk marketing system in the country

1.3.1. Marketing plays a vital role not only in stimulating production and consumption of milk & milk products, but also in accelerating the pace of socio-economic development. An efficient marketing system minimizes costs, and increases returns to farmers by reducing the number of middlemen or by restricting the commission.

1.3.2. Currently, about 80% of the total milk produced in the country is distributed through the highly fragmented unorganised sector, which includes local milk vendors, wholesalers, retailers, and the producers themselves. On the other hand, the organised dairy industry handles the remaining 20% of the total milk produced.

1.3.3. One of the biggest challenges faced by the dairy industry is the uneven distribution of cold chain facilities throughout the supply chain. This often results in the perishability of the product due to longer time taken in reaching of the products to the end consumers. Other challenges in the distribution of dairy products include - low

penetration into the rural market, lack of proper transportation infrastructure, lack of awareness on good distribution practices, and minimal expenditure in brand building and sales promotion activities etc. Looking at the challenges faced by the PIs in marketing of milk & milk products, financial assistance has been envisaged under support for marketing infrastructure component of the project.

2 About Component C – Support for Marketing Infrastructure

2.1 Objective of the Component

2.1.1 The objective of the component is to strengthen the marketing operations of Producers’ Owned Institutions (POIs) by providing required assistance under the project for marketing cold chain infrastructure, awareness generation, brand building and sales promotion.

2.1.2 The PIs need to be sensitive to customer’s needs, understand the importance of customers in dairy business of the PI and change their approach from being product centric to that of customer centric. A satisfied customer, whose needs are fulfilled, guarantees a continuous flow of revenue to the PI, which in turn helps farmers to get more returns.

2.2 Activities under the Component

2.2.1 The Activities under the component are as under:

- Installation of Walk-in-Cold stores
- Insulation of Marketing Van
- Setting up Milk Parlours with Visi Coolers & Deep Freezers
- Conducting Consumer Awareness Programme
- Market Studies
- Market Promotional Activities

2.3 Funding Pattern

2.3.1 Activity and line item wise funding pattern is as given below:

Table 1: Funding pattern for various items proposed under the component

No.	Particulars	Funding Pattern		
		Loan	Grant	PI's /State's Contribution
A	Walk-in-Cold Store			
	- Walk-in-Cold Store - 50 KL Capacity	80%	20%	--
	- Walk-in-Cold Store - 25 KL Capacity	80%	20%	--
	- Walk-in-Cold Store - 10 KL Capacity	80%	20%	--
	- Walk-in-Cold Store - 5 KL Capacity	80%	20%	--
B	Insulation for Marketing Vans	80%	20%	--
C	Milk Parlours with Visi Cooler and Deep Freezer	80%	20%	--
D	Consumer awareness Programme	80%	20%	--

No.	Particulars	Funding Pattern		
		Loan	Grant	PI's /State's Contribution
E	Market Studies	80%	20%	--
F	Market Promotion Cost	80%	20%	--

2.3.2 Item wise unit cost approved by Project Sanctioning Committee (PSC) will be used for calculation of financial outlay of the sub-project plans.

2.3.3 In case, the unit cost of any item is in excess of the provision made under the project, then the excess amount will be borne by the PI from its own resources.

3 Implementation Arrangement

3.1 Selection of PIs

3.1.1 The Organisations eligible to receive assistance under the Component C: "Support for Marketing Infrastructure" are - Milk Unions, Multi-state Milk Cooperatives, State Dairy Federations, Milk Producer Companies.

3.2 Technical Criteria for the Component

3.2.1 The PI will have to satisfy the following technical criteria in addition to Financial and Institutional/Governance criteria to avail assistance under the project:

- PI should have own milk processing facility and marketing network for sale of liquid milk & milk products.

3.3 Conditions for selection of activities under the component

3.3.1 Cold chain infrastructure (walk-in cold store)

- Walk-in-cold stores should be of capacity 5 KL, 10 KL, 25 KL and 50 KL.
- PI has to ensure that the land/premises identified for installation of walk-in cold store shall be encumbrance-free and is either owned by the PI or taken on lease.
- The location of walk-in-cold store shall be accessible to the vehicles and present within the market coverage area of the cities/markets to which milk & milk products are supplied by the PI.
- The PI shall have annual maintenance contract of at least three years with the supplier of walk-in-cold store.
- All recurring cost for running & maintenance of the walk-in cold store should be borne by the PI.
- The walk-in cold store shall be the property of the PI.

3.3.2 Insulation for marketing vans

- a. The vehicle should be the owned by the PI or leased from transport contractors.
- b. PI should ensure the continuous usage of insulated vehicle for designated purpose even after the project period.
- c. All recurring cost for running & maintenance of the vehicle to be borne by the PI.

3.3.3 Milk Parlour with Visi Cooler and Deep Freezer

- a. The PI to ensure that the land identified for setting up of milk parlour is encumbrance-free or on lease for a period of minimum 25 years.
- b. The ownership of the milk parlours shall be with the PI.
- c. All recurring expenses related to milk parlour shall be borne by the PI.
- d. A feasibility study shall be carried before opening the milk parlours by the PI in order to ensure the viability of business.
- e. PI should ensure regular monitoring of the profitability of the parlours.

3.3.4 Market Study

- a. Market study to be carried by a reputed agency based on the Terms of Reference (TOR) prepared by the PI.
- b. The study to be carried within the operational area of the PI.
- c. Based on the finding, the PI shall formulate and implement the marketing plan.

3.3.5 Market Promotion

- a. The fund under this activity to be used only for brand building and sales promotion activities in the operational area of PI.
- b. The PI should use the findings of market study in devising strategy for brand building and sales promotion activities.

3.4 **Procedure to be followed for the implementation of the activities**

All the activities proposed under this component would be implemented by the PI and it will be the responsibility of the PI to ensure that the activities are implemented as per the approved sub-project plan. Activity wise procedures to be followed is as given below:

3.4.1 **Installation of Walk-in-Cold Store**

- Identify the building/premises (owned/hired) at a strategic location and ensure site readiness for installation of walk-in-cold store.

- Place the purchase order for walk-in-cold store of the approved capacity.
- Ensure proper installation by supplier, and its commissioning & operation.
- Deploy required manpower for the operation and maintenance of walk-in-cold store.
- Ensure that PI's staff and walk-in-cold store attendants are trained by the supplier/vendor for its operation and maintenance.

3.4.2 **Insulation for marketing van**

- Identify existing vehicles or purchase new vehicles for insulation & its use for marketing of milk & milk products.
- Place order for insulation of vehicle through a professional service provider.
- Vendor/supplier shall supply the insulation material and will also be responsible for insulation of the marketing vans.

3.4.3 **Milk Parlour with Visi cooler and Deep Freezer**

- Identify the land and ensure site readiness for setting up of milk parlours.
- The standardized design of milk parlours shall be framed by the PI.
- Place order for construction of milk parlours, deep freezer & visi coolers for the parlour.
- In-shop branding of the milk parlour such as display signs, boards and hangouts etc. along with visi cooler and deep freezer branding with the logo labels shall be done by the PI.
- Deploy manpower in the milk parlour.
- PI shall be responsible for the operation and maintenance of milk parlour.

3.4.4 **Market Studies**

- Prepare the Terms of Reference (TOR) for the market study and take consent from NDDB.
- Hire competent and experienced external consultant to conduct the market study.

- Consultancy firm shall complete the exercise within specified time period.
- Develop the marketing strategy based on the findings and recommendations given in the report.

3.4.5 **Consumer Awareness Programme**

- Design and plan the consumer awareness programme.
- Recommendations made in the market study may be considered while designing the program.
- Innovative, low cost, highly effective consumer awareness programme will be prioritised.
- Implement consumer awareness programme in coordination with distributors and retailers.
- Internally assess the impact of consumer awareness programme on the sales performance of milk & milk products.

3.4.6 **Market Promotional Activity**

- Design and implement promotional activities on the basis of market study that specifically target consumers and offer its product as the solution.
- PI may design market promotional activities internally or hire external agency to provide the service.
- Innovative, low cost and effective ideas may be prioritised.
- Internally assess the impact of promotional activity on the sales performance.
- PI shall create a corpus fund for market promotion activities by keeping aside some percentage of sales revenue.

3.4.7 **Deployment of manpower**

- PI shall deploy required number of qualified marketing professionals for implementation of the sub project.
- PI shall deploy a dedicated team for market promotion and brand building to implement market promotion and consumer awareness programme and ensure follow up after promotional events.

3.4.8 **Training & capacity building**

- PI shall ensure that personnel of marketing section/department are adequately trained for the implementation of the sub-project.

3.4.9 Participating Institution will have to follow the item wise technical specifications of items like walk-in cold store, insulation of marketing vans, visi coolers, deep freezer etc. as provided by NDDB.

4 Project Management, Monitoring and Evaluation

4.1 Project Management

4.1.1 The PI would be responsible for overall management of this project activity. PI would identify one of its existing officers as Sub Project Coordinator (preferably from the PI's marketing section/department), who shall be responsible for overall coordination of project implementation. The Marketing section/department of PI, has a key role to play in management and monitoring of the sub project.

4.1.2 PI will constitute Sub Project Management Committee (SPMC) for management, monitoring, review and required guidance & policy support for smooth implementation of the sub projects. Under SPMC, there will be sub project implementation cell (strengthening of marketing infrastructure) headed by sub project coordinator.

4.1.3 Sub Project Management Committee

- At the PI level, a Sub Project Management Committee will be headed by Managing Director (MD)/ Chief Executive Officer (CEO)/ General Manager (GM) of the Milk Union.
- The members of the Committee will be:
 - i. Managing Director/ Chief Executive Officer / General Manager of the Milk Union (Chairperson)
 - ii. Section/Department Heads (Purchase, Finance & Accounts, HR & Admin, Procurement & Inputs, Plant & Engineering, Marketing & Sales, IT/MIS.)
 - iii. Experts in Marketing & Sales from reputed academic institutions
 - iv. Sub-Project Coordinators (all components proposed under the project)
 - v. Grievance Redressal Officer (GRO)
 - vi. NDDB representative
 - vii. MIS Officer – who shall be the member convener

- The roles & responsibilities of the Committee will be:
 - a. To review the progress of the sub project (component wise) and provide quarterly reports (as may be required) to Implementation & Monitoring Cell (IMC) in NDDDB in specified formats.
 - b. To prepare long term strategies, action plans, take policy decisions related to sub project implementation, including approval of budget, expenditure, reimbursement and release of advances, entering into contracts with agencies and other organizations, etc.
 - c. Post sanction, timely execution of project agreements and ensure utilisation & repayment of loan as per the terms and conditions prescribed in the loan agreements.
 - d. Resolve issue and bottlenecks during sub project implementation.
 - e. Regularly review the status of grievance redressal under the sub projects and provide guidance/directions, if required.
 - f. Provide required support to auditors appointed under the project.
 - g. Ensure timely submission of required data, information and reports to IMC (located at NDDDB).

4.1.4 **Sub Project Implementation Cell (SPIC)**

- The Cell will be headed by Sub Project Coordinator (Marketing) who will be appointed by MD/CEO/GM of the PI.
- The members of the Cell will be:
 - i. Sub Project Coordinator (Marketing)– head of the cell
 - ii. Marketing officers & supervisors
 - iii. Purchase officer
 - iv. Finance & Accounts officer
 - v. IT/MIS Officer
- The Cell will be responsible for implementation and monitoring of the marketing activities on day-to-day basis and will be accountable for achievement of the targets set under the sub project.
- The Cell would meet every month or as frequently as required and will manage implementation of the sub project under the

supervision, direction and control of the Sub Project Management Committee.

- The roles & responsibilities of the Cell will be:
 - a. Define sub-project Key Performance Indicators (KPI) in line with Project Operation Manual and set monthly targets under each KPI.
 - b. Arrange required resources to implement the project.
 - c. Monitor the physical and financial progress of the Sub project
 - d. Document success stories.
 - e. Review the market promotional action plan.
 - f. Report the progress of sub project activities to the Sub Project Management Committee as and when required.
 - g. Provide required suggestions/recommendations to Sub Project Management Committee to take necessary policy decisions for smooth implementation of the sub-project.
 - h. Resolve and respond to all grievances received under the sub project.
 - i. Maintain record and accounts of all transactions.
 - j. Identification/recruitment of requisite manpower & arrange their trainings.

4.1.5 **Marketing Grievance Redressal Committee**

- At the PI level, a marketing grievance redressal Committee will be formed. The committee will comprise of Head of Marketing, Production and Quality Assurance Section/Department.
- The committee would meet as and when required to resolve the complaints related to the product packaging, quality, taste, etc. and work on improving the product quality based on the complaints received from consumers/retailers/distributors and suggestions of concerned sections/departments of the PI.
- The committee will report to Managing Director/CEO/GM of the PI.

4.2 **Parameters to be monitored**

- 4.2.1 Monitoring the progress of the sub project shall include monitoring and analysing each activity approved under the sub project.
- 4.2.2 Set of indicators against each activity has to be worked out to compare target against achievement on regular basis. The key

parameters to be monitored and evaluated under the component C-Support for Marketing Infrastructure includes:

- Number of Milk Parlours established
- Number of walk-in-cold store installed
- Number of marketing vans insulated
- Liquid Milk Sale by the PI (TLPD) (Variant wise target may be monitored)
- Sales of Value Added Products
- Market share for liquid milk and milk products
- Number of new distributors/retailers appointed
- Number of consumer awareness programme conducted

4.2.3 The year wise targets approved under the sub project has to be phased out into monthly/quarterly targets and its progress has to be monitored accordingly.

4.3 **Monitoring & Evaluation**

4.3.1 The Sub Project Implementation Cell of the PI, shall meet every month or more frequently if required and would review the following:

- Targets and achievements of last month.
- Reasons for any underachievement, and strategy to cope with the yearly targets.
- Targets for upcoming month, plan for achievement and arrangement of resources necessary.
- PI should also prepare the daily targets of milk & milk products for monitoring the performance of distributors, parlours and retailers.

5 Procurement of goods, works and services

5.1 PI shall procure (purchase) goods/works/services under the project as per the Procurement (Purchase) Guidelines.

6 Financial Management

6.1 During implementation of the sub project, PI shall follow the Financial Management practices described in Financial Management Manual.
