



ROLE OF KMF AT HASSAN CO-OPERATIVE MILK PRODUCERS IN KARNATAKA STATE

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ABSTRACT

According to research, this paper aims at studying and revealing the role of the milk cooperatives in village development through the recovery and growth of the overall dairy chain in Karnataka. The study reviews and analyzes the outcomes of the milk co-operative milk producers implemented by the KMF marketing assistance program and continued by the center for agribusiness and co-operative milk producers. The paper also identifies and discusses the forms of vertical integration occurring in the dairy sector of the state and concentrates on several important issues viz., contractual mechanism between farmers and cooperatives and farmers and processors, problems and challenges milk producers face, farm social investments. The paper also aims at studying the relationships between member farmers and milk marketing cooperatives.

KEYWORDS: *Milk cooperatives, animal husbandry.*

INTRODUCTION

The dairy cooperatives of Karnataka have played an important role in the expansion of milk and dairy production in India. The expansion of the dairy co-operative network in India was by far the most important factor in the remarkable increase in milk production in India. Milk production increased from about 20 million tonnes in 1950s, when India was an importer of milk and milk products, to over 144 million tonnes, when India became the second largest producer of milk in the world in 2014. In India, it is generally observed that in the north and west the cow are better milkers, but as one gets to the south and east the milk producing quality deteriorates. This characteristic of milk production system coupled with perishable nature of milk imposes several constraints on devising improved system for assembling, processing and distribution of milk and its product. Dairy cooperatives were among the first type of agricultural cooperatives organized in the India. The Cooperative movement started in India in the last decade of the 19th Century with two objects in view, i.e. to protect the farmers from the hands of the private money lenders and to improve their economic condition. Madras province was the birth place of this movement. With the setting up of an Agricultural Cooperative Bank there the movement took root in our Land and slowly gained strength.

Hassan co-operative milk producers' society union ltd was established with an aim to support small and marginal farmers and agricultural labors through dairy development. Farmers were not sure of receiving a remunerative price for their agricultural products so more and more farmers taken up dairy as their main occupation rather than subsidiary occupation for their livelihood. The milk union is committed to accept all the milk offered by the milk producers in the milk shed area and hence there is a considerable increase in milk procurement during recent years. Hassan milk union believes that it is a social responsibility on part of the union to pay remunerative price to the farmers.

Kodagu district is well known for commercial crops like coffee, orange, cardamom etc. So in its area the Karnataka's first commissioned dairy plant, Kudige dairy established in the year 1955.

The Hassan Co-operative Milk Producer Society Union Ltd. (HCMP SUL) has come into existence in the year 1975. Now it is situated in the industrial estate beside the national highway (NH48), with the object to develop dairy development activities in the rural area.



In June 1974 an integrated project was launched in Karnataka to restructure and recognize the dairy Industry on the co-operative principles and to lay foundation for new direction in dairy development. World Bank aided dairy development project was initiated in 1975. Initially it covered 4 districts of Karnataka such as Mysore, Hassan, Tumkur, and Bangalore.

Hassan Co-operative milk producer's society union ltd. was set up to implement the project by Karnataka dairy development co-operation (KDDC) in 1975. It has registered on 30th March 1977 after formation of milk societies. The operational jurisdiction of union extended to 3 districts namely Hassan, Chikmagalore and Kodagu.

REVIEW OF LITERATURE

Sundaram Satya (2013) through his market survey has reported that while India has the largest bovine population in the World, its cattle are the least productive, yielding almost five times less than the. Milk yield in India is 800-1000 litres an animal, per year, against the global average of 7000-8000 litres a year. The report assumes that things are going to change with the launch of the National Livestock Mission to attract investment and to enhance productivity. It informs that the central budget 2013-14 has made a provision of Rs. 3070 million for the mission. There is also a provision for increasing the availability of feed and fodder.

Shahi Sudhir Kumar (2012) takes a review of strategies for sustainable dairy farming in India. Sustainable dairy farming is an interaction of many factors that influence production and reproduction, environment, longevity of live and input management. The paper suggests that it is important to plan for dairy development specific to each micro level, viz., a block, a village, a taluka and a district. This planning not only would result in optimum utilization of local resources, but will also ensure better visibility of the programs and higher cost benefits ratio. The paper suggests that sustainable requires loans at the lowest interest rates; need for improvement of existing indigenous breeds of animals; Need for Government role in improving the supply of inputs with minimum cost; Need contribution from various nongovernmental agencies to ease the problems of farmers federations like milk producers cooperative societies at village and district levels, federations, boards and corporations; need for simultaneous development of cold chain storage and marketing facilities especially for milk and milk products; Need for extensions services from the Government, Agriculture Universities, R&D institutions, federations and corporation, besides mobilization of various input services from various agencies.

P. Chennakrishnan (2011) studied the practice of dairy farming in India. It also throws light on milk processing, domestic consumption and national importance of dairy farming. The study further analyses production and scope of dairy farming in India. The study also highlights certain matters of concern for dairy in India such as increasing demand for processed milk and milk products, of milk cattle, ineffective breeding programmes, inadequate feed and fodder, inadequate research in the subject etc. Also, recent increase in prices of dairy products is a major concern.

Gupta Meenakshi and Sharma Vikas (2009) in their work through light on the issues of performance of Indian dairy sector over the years, emerging global scenario as compared with Indian dairy scenario and challenges and policy options related to these issues. Some of the reforms suggested in their work are linking import tariff to world prices, enhancing milk productivity by efficient delivery of inputs negotiation for reduction of subsidies in dairy sector by developed countries, modernizing supply chain.

STATEMENT OF THE PROBLEM

HASSAN MILK UNION LTD is engaged in procurement, processing as well as sale of milk. The core functions of marketing of milk products. As the milk daily need for consumer the organization need high turnover for its routine activities like procurement and processing. Hence it has a continuously increasing turnover and working capital requirement are high. The management should workout the optimal level of working capital, which gives an ideal trade-off between risk, return and profitability. The short term solvency of the firm depends upon proper management of working capital. In every organization, the management has to keep vigilance on the effective and efficient management of working capital. The working capital is an instrument for diagnosis of the financial position of the firm. This study is conducted to analyze the efficiency of working capital management at HASSAN MILK UNION LTD

OBJECTIVE OF THE STUDY

- To study the working capital management of HASSAN MILK UNION LTD
- To analyse the facilities available for milk producers.



SCOPE OF THE STUDY

The scope of is identified offer and during the study is conducted. The study of the working capital is based on tools like trend analysis, ratio analysis, working capital leverage etc. and we are also table to study in the following financial areas,

RESEARCH METHODOLOGY

The above data is based on Primary data and secondary data. In the back drop of pre-stated objectives, the study relied on field observation, interviews and the report of KMF.

SAMPLE DESIGN

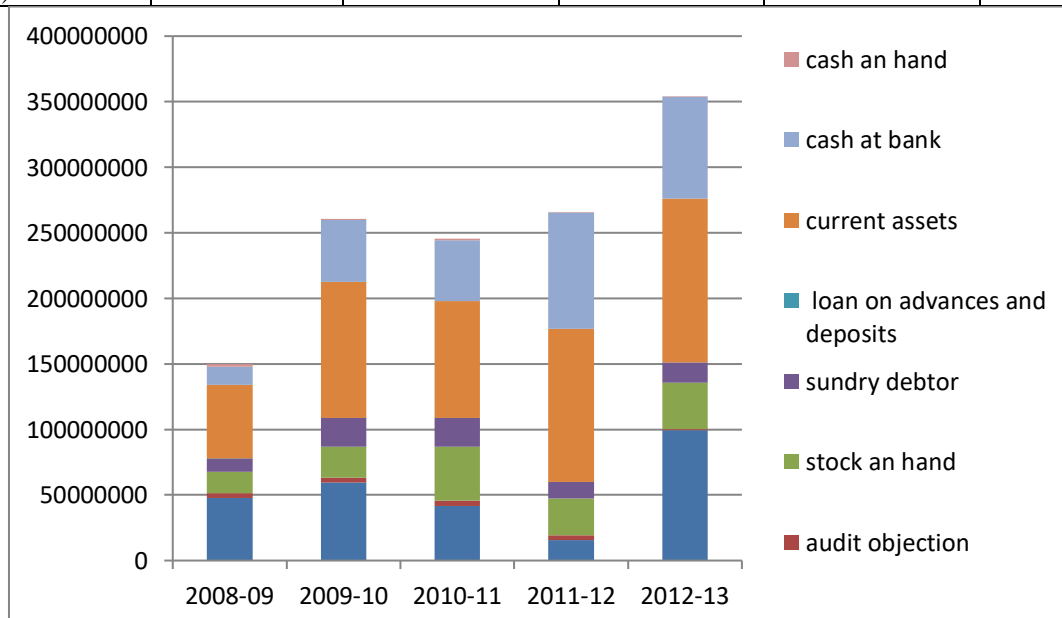
Milk farmers are selected randomly were analyzed using simple statistical tools such as average, data regarding the cattle census, the district milk production and productivity, animals inseminated, calves born, vaccinations, mini kits distributed ,women milk cooperatives, milk subsidy and growth of milk cooperatives analysed for the reference periodfrom2000-2014.

DATA ANALYSIS AND INTERPRETATION

COMPONENTS OF CURRENT ASSESTS HAMUL

Current assets mean that will either be used up or converted in to cash with in a year's time. Current assets of HUML includes cash on hand, cash at bank, current assets, loan on advances and deposits, sundry debtor stock an hand. Investment,

Particular's	2008-09	2009-10	2010-11	2011-12	20012-13
Current assets					
Cash on hand	2105813.25	783063.90	881835.65	123278.85	97132.10
Cash at bank	13674831.73	47494052.04	46344999.70	88583628.80	77903046.97
Current assets	56038783.73	103534763.35	89158355.64	116727413.18	124881275.67
Loan on advances and deposits	44359.94	31601.49	15801.96	-	-
Sundry debtor	10473705.39	21952659.63	22231916.27	12641852.63	15210474.31
Stock an hand	16060406.59	23576599.79	41154130.24	28129697.22	35763973.35
Audit objection	3734352.67	3734352.67	3734352.37	3734352.67	670350.02
Investment	47729846.33	59626895.33	41820936.33	15506799.33	99419304.33
Total current assets	149862099.7	260733988.1	24534238	265447022.6	353945556.7
Increase or (decrease) in CA	-	110871888.4	(15431660)	20104694.6	88498534.1
% increase or (decrease) in CA	-	73.98	(5.91)	8.19	33.45





Interpretation

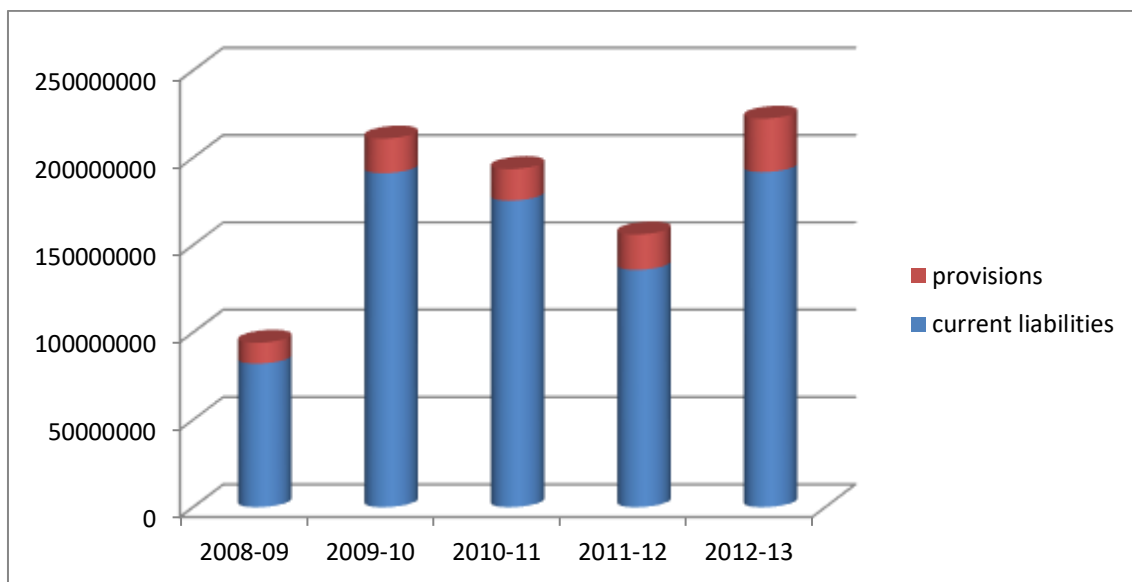
The table shows the composition of current assets in five ears. There has been an increased in current assets in the years. This if due to increase in current assets in that year. The year 2007-2008 has seen a sharp decrease in current assets. There is a decrease in all components of current assets right from inventory to loan and advances in 2007-08. The components of current assets are fluctuating year by year that can be clearly known by the above graph. Cash at bank has decreased in 2011-12.

Current Liabilities HAMUL

Current liabilities are those liabilities or obligations which are expected to mature in the next twelve months. They include short term loans and advances, accounts payable/sundry creditors etc.

Current Liabilities of HAMUL

Particular's	2008-09	2009-10	2010-11	2011-12	20012-13
Provisions	11970012.54	19854317.14	18054340.07	20270457.89	30580119.93
Current liabilities	82178514.71	191194156.82	175479156.43	135876204.74	191870695.60
Total current liabilities	94148527.3	211048473.9	193533496.52	156146662.62	222450815.52
Increase or (decrease) in CL	-	1168999486.9	(17514977.38)	(177918829.9)	66304152.9
% increase or (decrease) in CL	-	124.16	(8.2)	(91.93)	(42.46)



Facilities available for the Milk Producers

From the above table-1 it is clear that, there is maximum effort from the govt. to encourage milk farmers by supplying different dairy inputs at concessional rate. From this farmers can avail the facilities and their overall standard of living will be improved. At the village level some of the dairy- agricultural inputs available at concessional rate even small and marginal farmers can avail these facilities and in the state more population depended on dairy farming.

The Following are the Institutions engaged in dairying in Karnataka.

1. Primary level: Primary Milk Producers Co-operative Societies at Rural level.
2. District level: District Co-operative Milk Producers Union Ltd.
3. State level: Karnataka State Cooperative Milk Producers Federation Limited, Bangalore. (K.M.F)

**Total number of Milk Cooperatives**

Slno	Year	No.
1	2004-05	8266
2	2005-06	8674
3	2006-07	9084
4	2007-08	9422
5	2008-09	9924
6	2009-10	10415
7	2010-11	10923
8	2011-12	11568
9	2012-13	12072
10	2013-14	12320

From the above table no-2 it is clear that, because of the development number of milk cooperatives have increased from 8266 in the year 2004-05 to 12320 in the year 2013-14 during this period it has more and more other opportunities.

Total number of employees in KMF

Slno	Year	Union	KMF	TOTAL
1	2008-09	4097	1172	5269
2	2009-10	3890	1172	5062
3	2010-11	3995	1171	5166
4	2011-12	3888	1146	5034
5	2012-13	3861	1121	4982
6	2013-14	3953	1282	5235

From the above table it is clear that, since milk cooperatives are rural based created employment 5235 in the year 2013-14. this number of employment opportunities in rural area itself is great progress in the rural development.

Total number of Milk Products

SLNO	Year	No.
1	2004-05	23
2	2005-06	24
3	2006-07	25
4	2007-08	29
5	2008-09	30
6	2009-10	32
7	2010-11	35
8	2011-12	36
9	2012-13	36
10	2013-14	40

From the above table it is clear that, total number of milk products available over the period of time that is 23 products in the year 2004-05 and it is increased to 40 products in the year 2013-14. With increased more number of milk products will also increase demand for milk products so thereby indirect increase in milk demand and ultimately caused village development.

FINDINGS OF THE STUDY

- 1) Karnataka with milk production of 4.10 metric tons is the 11th largest milk producing state, constituting about 5 percent of the country's total milk production.
- 2) About 17 milk inputs available at subsidized rate.
- 3) Karnataka State are covered by cooperative dairying activity implemented through 13 District Milk Unions.
- 4) Number of milk cooperatives have increased from 8266 in the year 2004-05 to 12320 in the year 2013-14
- 5) Total number of milk products available over the period of time that is 23 products in the year 2004-05 and it is increased to 40 products in the year 2013-14.
- 6) Rural base deployment created 5235 in the year 2013-14.

CONCLUSION

In developing countries, the dairy cooperative has been recognized as an important means of organizing the supply of agricultural inputs, processing and marketing agricultural produce and providing agricultural credit, among other related activities. It has proved to be a strong economic institution and a vehicle for improving the



condition of the impoverished rural population. The farmer cooperative system has proved to be an effective vehicle for livestock development in general and for dairy development in particular in rural areas.

The visit to HAMUL has been an eye opener to us and we were been provided with vital information on the functioning of a co-operative society in today's world. Hassan milk union is a required organization which has developed its good will in the market to compete with other famous brands. It is functioning well for social as well as economical upliftment of the rural population.

As a part of the project, number of analysis has been conducted to find our trend in the company's working capital policy. Various ratios like current ratio, quick ratio, working capital turnover ratio, debt to equity ratio etc. were used as the parameter to know whether there has been any substantial or gradual change in the working capital from aggressive to conservative or vice versa.

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