

A STUDY ON THE FINANCIAL PERFORMANCE OF NILGIRIS DISTRICT COOPERATIVE MILK PRODUCERS' UNION LIMITED, OOTY

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Abstract

India Has The World's Greatest Population Of Cattle. As Of October 2077, The Country's Total Cattle Population Was 304.14 Million. India Is Home To More Than Half Of The World's Buffaloes And 20% Of The World's Cattle, The Majority Of Which Are Milch Cows And Milch Buffaloes. The Dairy Industry In India Accounts For The Greatest Part Of Agricultural Gnp. A Three-Tier Cooperatives Structure Is Used In The Annual Model. This Structure Is Made Up Of Dairy Cooperative Societies At The Village Level That Are Linked To The Milk Producers Union At The District Level, Which Is Then Linked To A Milk Federation At The State Level. With A View To Give Economic Status To The Farmers In Nilgiris District Milk Producers Union Was Registered On July-14-1946. In The Name Of Udhagamandalam Cooperative Milk Supply Society. The Study Has Mainly Focussed On The Performance Of Milk Producers Cooperative Union. During The 2019-20 The Audit Classification Of Union 'B' Class. Hence The District Milk Producers Union Was Function In A Successful Manner.

Introduction

India Is Predominantly An Agricultural Country. Agriculture Can Be Considered As The Backbone The Nation. Agriculture Generates Employment To The Farmer's Work Force For Only About 90 To 120 Of The Days In The Year, For The Remaining Period These People Are Virtually Unemployed. Animal Husbandry And Dairying Becomes A Sustainable Source Of Employment And Income To The Growing Population. Moreover, Milk Is Recognized As The Most Valuable Single Article Of Man's Diet Giving Both A Nutritive And Protective Food.

Dairying Is Supplemental For Agriculture In Tamilnadu. Dairy Development Activities Were Taken Care By The Department Of Agriculture And Animal Husbandry Before 1972 And After That A Separate Corporation Was Formed For The Dairy Development Activities. The Dairy Co-Operatives Have Created A Perceptible Impact On The Rural Development And Economy. "In A Very Meaningful Sense The Bovine Economy Is An Integral Part Of Agrarian Economy. The Weaker Sections Have Improved Their Life Through The Milk Production"

The Late Shri Giriappagowder Registered The Udhagamandalam Co-Operative Milk Supply Society (Ocmss) On July 14, 1946. The Ocmss Had 355 Members At The Time, With A Share Capital Of Rs.10,275. During The Mid-To-Late 1940s, Milk Was Collected From Its Members In And Around Ooty And Distributed To Clients. During The 1960s, The Ocmss Expanded Its Territory To Include 20 Communities.

A Pasteurisation Plant With A Capacity Of 10,000 Liters Per Day Was Erected Between 1962 And 1964. Later In The Year, The Ocmss Amassed Assets Of Rs 35.000 Lakhs. During This Time, Dairy Legends Like As Dr. N. Basuvaihelise Shri Pooviah Have Provided Invaluable Assistance.

Statement Of The Problem

Though Agriculture Is The Back-Bone Of India's Economy, The Income Form Agriculture Is Far From Sufficiency Dairy Farming Play's Vital Role. It Is Much Emphasized Viewing Their Importance From Several Angles-As Sustainable Sources Of Employment, Income And Nutritive Food For A Growing Population. It Generates Supplementary Employment, And Income To The Farmers' Co-Operative Drying Emerged During The First Quarter Of This Century And Had Developed To A Great Extent During The Plan Periods. The Primaries Milk Producer's Co-Operative Societies Are Federated Into Dcmu's Which Mainly Undertakes The Job Of Collection Of Milk Processing, Distribution And Supply Of Requirements To The Primaries. As On 31.3.96 There Were 8134 Primary Mpcs And 25 Dcmu's In Tamilnadu No Doubt, The Dcmu's Takes Care Of The All-Round Development Of Milk Production, Processing Packing And Distribution. Its Role In Fetching Higher Rates For Milk To The Poor Masses Is Considerable

Efficient Management Of Working Capital Is Necessary To Make Its Use Productive And Profitable With Minimum Risk. How The Working Capital Is Managed In Dcmu's. The Present Study Is An Empirical Investigation Conducted In The Nilgiris District Co-Operative Milk Producer's Union Limited, Tamilnadu To Analyses The Management Of Its Working Capital.

Objective Of Study

- To Study The General Working Of The Selected District Co-Operative Milk Producer's Union
- To Study On Financial Performance On A Study On The Financial Performance Of Nilgiris District Cooperative Milk Producers Union Limited, Ooty.

Research Methodology And Sampling Techniques

A Case Study Method Is Adopted For The Present Study. Data Relating To The Financial Performance Of Nilgiris District Co-Operative Milk Producers Union Are Collected From Annual Reports, Audit Report And Other Records From The Milk Union. Discussions Are Also Done With The Officials Wherever And Whenever Necessary. Nilgiris District Cooperative Milk Producers Union Was Purposively Selected For The Study.

Tools Of Data Collection

To Collect The Data From The Selected Study Unit, A Comprehensive Schedule Was Prepared And Used. The Schedule Consisted Of Items Like, Membership, Share Capital, Current Assets, Current Liabilities, Borrowings, Deposits, Reserves, Business Activities, Financial Performance, Etc.

Analysis And Interpretation

Position Of Total Working Capital

S.No	Year	Share Capital (Rs.In Lakhs)	Reserves (Rs.In Lakhs)	Deposit (Rs.In Lakhs)	Borrowings (Rs.In Lakhs)	Total Working Capital (Rs.In Lakhs)	Index
1	2013-14	202.65	426.36	277.17	110.44	245.67	100
2	2014-15	202.65	426.36	304.53	124.73	362.10	147.39
3	2015-16	453.63	426.36	302.21	219.06	271.71	75.03
4	2016-17	453.63	426.36	299.04	213.12	292.65	107.70
5	2017-18	453.63	426.36	311.25	189.73	2704.88	92.42

6	2018-19	238.89	426.36	286.34	189.73	435.766	161.10
7	2019-20	238.90	426.36	486.95	189.73	481.53	110.50
	Average	145.60	426.36	287.23	163.45	331.34	113.44

The Share-Capital Of The Milk Union Tented To Increase Year After Year. The Share-Capital Which Stood At Rs.202.65 Lakhs In 2013-14 Raised To Rs.238.90 Lakhs In 2018-19 Lakhs In 2019-20. The Average Increase Of Share-Capital And Its Contribution To Total Working Capital Were 58.17 Percent And 41.69 Percent Respectively

The Statutory Reserve Of The Milk Union Stood At Rs.426.36 Lakhs In 2013-14 Which Had Stablished To Lakhs In 2013-14. There Was No Change In The Statutory Reserve's Funds Position During The Year 2019-20 (Due To Loss). The Statutory Reserves Formed Hardly 1.33 Of The Total Working Capital. On An Average Of Share-Capital Had Increased By 12 Percentage Every Year.

The Deposits Of The Milk Union Increased From Rs.277.17 Lakhs In 2013-14 To Rs.486.95 Lakhs In 2019-20. The Deposits Constitute 9.03 Percent Of The Working Capital. The Average Increase In Deposits Per Year Stood At 217.08 Percent During The Study Period.

The Total Borrowings Stood At Rs.189.73 Lakhs In 2013-14 As Against Of Rs.110.44 Lakhs In 2019-20. The Union Continued To Depend On Outside Funds As Constituted 50 Percent Of The Total Working Capital.

The Total Working Capital Of The Milk Union In 2013-14 Was Rs.245.67 Lakhs Which Had Increased To Rs.481.53 Lakhs In 2019-20 An Increase Of 300 Percent. An On Average The Total Working Capital Had Increased By 20 Percent Every Year.

Position Of Value Of Milk Purchased By The Union

S.No	Year	Amount (Rs.In Lakhs)	% Of Increase Or Decrease	Index
1	2013-14	804.84	-0	100
2	2014-15	781.37	-2.91	781.37
3	2015-16	940.57	20.37	940.57
4	2016-17	103.11	9.62	103.113
5	2017-18	108.43	5.16	108.43
6	2018-19	100.32	-7.48	100.32
7	2019-20	111.05	10.70	111.05

The Value Of Milk Procured Stood At Rs.111.05 Lakhs In 2019-20 As Against Rs.781.37 In 2014-15. The Index Of The Milk Procurement Had Increased To 111.05 In 2019-20 With The Base Year Of 2013-14.

Position Of The Quantum Of Milk Processed

S.No	Year	No Of Liters (Per Day)	Percentage Of Increase Or Decrease	Index
1	2013-14	554.00	-0	100
2	2014-15	560.00	1.08	461.07
3	2015-16	551.00	1.06	449.36
4	2016-17	564.00	2.35	466.30
5	2017-18	574.00	1.77	475.74

6	2018-19	584.00	1.74	485.71
7	2019-20	594.00	1.71	495.68

Production Index Being 100 In The Base Year In 2013-14. It Had Increased To 495 In The 2019-20. The Quantum Of Milk Processed Per Day Was On Increasing Trend. It Had Increased From 554000 Liters Per Day In 2013-14 To 594000 Liters In 2019-20.

Position Of Sales Of Milk And Milk Products

S.No	Year	Amount (Rs.In Lakhs)	Percent Of Increase Or Decrease	Index
1	2013-14	129.97	-0	100
2	2014-15	124.44	-4.25	124.44
3	2015-16	146.56	17.77	146.56
4	2016-17	174.89	19.33	174.89
5	2017-18	201.19	15.03	201.19
6	2018-19	190.39	-5.36	190.39
7	2019-20	185.79	-2.41	185.79

Except For The Year 2019-20, The Value Of Sale Showed The Increasing Trend. It Had Increasing By 120 Percent During The Study Period. The Average Rate Of Increasing Was 20 Percent Per Year.

Position Of Cattle Feed Business Of The Union

S.No	Year	Purchase			Sales		
		Value (Rs.In Lakhs)	Percent Of Increase Or Decrease	Index	Vale In (Rs.In Lakhs)	Percent Of Increase Or Decrease	Index
1	2013-14	124.75	-	100	836.94	-	100
2	2014-15	239.96	80.76	239.94	146.76	82.46	146.18
3	2015-16	515.12	114.66	515.07	517.92	252.90	517.89
4	2016-17	107.13	79.20	106.65	929.26	79.42	923.21
5	2017-18	-	0	0	-	0	0
6	2018-19	133.35	0	0	133.35	0	0
7	2019-20	364.75	173.51	364.74	369.42	177.06	369.41

Veterinary Aid In One Of The Critical Inputs For The Integrated Dairy Development, The Union Provided The Veterinary Care Through 473 Mpcs With 12 Mobile Veterinary Care Routes. Each Unit/Team Visits Each Ever Society In The Specific Route On A Particular Day And At A Particular Time As Schedule I.E. Once In A Week. Sale Of Veterinary Items And Inputs And Inputs In 2019-20 Accounted For Rs.0.44 Lakhs As Against Rs.0.49 Lakhs In 2017-18. The Unions Have 4 Emergency Veterinary Care Units Also.

Business Results

S.No	Year	Net Profit Or Net	Cummulative	Percent Of Increase Or
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		Loss (Rs.In Lakhs)	Loss (Rs.In Lakhs)	Decrease
1	2013-14	-91.25	-1049.69	-
2	2014-15	-177.33	-1227.02	16.89
3	2015-16	-166.70	-1393.72	13.58
4	2016-17	-46.31	-1440.03	3.32
5	2017-18	-19.21	-1459.24	1.34
6	2018-19	-41367	-1500.91	2.85
7	2019-20	-108.99	-1609.91	7.26

The Union Runs In Loss For All The Years Under The Study Except 2013-14 To 2019-20

Working Capital Turnover Ratio

S.No	Year	Sales (Rs.In Lakhs)	Working Capital (Rs.In Lakhs)	Ratio (In Times)	Index
1	2013-14	134.87	-663.56	2.30	100
2	2014-15	126.11	864.24	1.45	71
3	2015-16	147.98	527.42	2.80	137
4	2016-17	176.78	105.88	1.66	81
5	2017-18	201.70	106.03	1.90	93
6	2018-19	1925.14	108.77	1.76	86
7	2019-20	1905.85	117.13	1.62	79
	Average	3771.72	2280.49	1.88	93
	Range	557.10	507.81	0.43	7

The Working Capital Turnover Ratio Was 2.30 Times In 2013-14, 2.80 Time In 2015-16. The Average Ratio Was 1.88 Times Which Is Not Satisfactory

The Ratio Was Considered As Not Favorable During The Study Period.

Gross Profit Ratio

S.No	Year	Gross Profit Ratio (Rs.In Lakhs)	Net Sales (Rs.In Lakhs)	Ratio (In Times)	Index
1	2013-14	737.32	134.87	5.46	100
2	2014-15	139.63	126.11	11.07	202
3	2015-16	372.80	147.98	25.10	460
4	2016-17	548.27	176.78	31.01	567
5	2017-18	639.51	201.70	31.70	580
6	2018-19	647.73	192.14	33.64	616
7	2019-20	529.84	190.85	27.80	509
	Average	421.64	167.22	23.69	433

	Range	456.10	557.10	22.34	231
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The Gross Profit Ratio Was Very Meagre During The Period Under Study And It Has Increased From 5.46 Percent In 2013-14 To 27.80 Percent In 2019-20. The Gross Profit Ratio Was In The Range Of 5 Percent And 27 Percent During The Study Period. It Shows Business Operations Of The Selected Unit Were Not Satisfactory.

Current Ratio

S.No	Year	Current Assets (Rs.In Lakhs)	Current Liabilities (Rs.In Lakhs)	Ratio (In Times)	Net Working Capital (Rs.In Lakhs)	Index
1	2013-14	911.24	754.68	0.12	-663.56	100
2	2014-15	600.60	924.30	6.49	-864.24	130
3	2015-16	632.01	590.62	0.10	-527.42	79
4	2016-17	760.73	105.96	0.07	-105.20	15
5	2017-18	674.40	112.78	0.05	-106.03	15
6	2018-19	939.19	118.16	0.07	-108.77	16
7	2019-20	833.39	1254.76	0.06	-112.13	16
	Average	666.76	9847.85	0.99	370.36	53
	Range	5000.83	-773.45	0.01	-6.93	1

The Table 19 Reflects That The Current Assets Had Increased From Rs 911.24 Lakhs In 2013-14 To 33.89 Lakhs In 2019-20 i.e. 3 Fold Increase Over Period Under The Study. Current Liabilities Have Also Men From Rs. 754.68 Lakhs In 2013-14 To 1254.76 Lakhs In 2019-20 i.e. 2 Fold Increase Over The Period Under Study. As The Increase Of Current Assets Is More Than That Of Period Current Liabilities. The Net Working Capital Has Also Decreased From Rs 663.56 Lakhs In 2005-06 To Increase Over The Period Of Study Since The Current Ratio Was 0.12 Times In The Year 2013-14 And It Was Less Than The Ideal Ratio Of 2 During The Period Under Study, The Short-Term Solvency Of The Selected Unit Was Not Satisfactory

Fixed Assets Ratio

S.No	Year	Fixed Assets (Rs.In Lakhs)	Long Term Funds (Rs.In Lakhs)	Ratio (In Times)	Index
1	2013-14	134.75	-916.08	-147.23	100
2	2014-15	126.11	327.38	3.85	2
3	2015-16	147.98	173.73	8.51	5
4	2016-17	176.78	167.76	10.53	7
5	2017-18	201.70	144.37	13.97	-9
6	2018-19	192.51	491.63	39.15	26
7	2019-20	190.58	1405.690	13.55	10
	Average	1670.03	1445.89	33.784	5

	Range	557	131.40	9.70	-1
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This Fixed Asset Ratio Was 8.51 Times In The Year 2015-16 It Had Declined To 13.55 Times In The Year 2019-20. The Ratio Was Considered As Favorable, Since Long Term Funds Have Not Only Been Used For Purchase Of Fixed Assets But Also Financing A Part Of Working Capital During The Study Period Except The Year 2015-16 And 2019-20. The Long-Term Solvency Was Not Satisfactory During 2019-20.

Stock Turnover Ratio

S.No	Year	Cost Of Sales (Rs.In Lakhs)	Average Stock (Rs.In Lakhs)	Ratio (In Times)	Index
1	2013-14	127.50	177.44	-730.68	100
2	2014-15	112.15	126.27	-88.81	12
3	2015-16	110.70	131.51	-84.17	11
4	2016-17	121.95	149.11	-81.78	11
5	2017-18	137.75	105.92	-130.04	17
6	2018-19	127.740	108.25	-117.99	16
7	2019-20	137.60	239.58	-57.43	7
	Average	1093.97	148.30	-184.414	25
	Range	100.99	133.65	-788.11	-3

The Table Show That Stock Turnover Ratio Shown A Decreasing Trend From -30.68 Time In 2013-14 To -57.43 Times In 2019-20. The Average Ratio -184.414 Time Which Is Satisfactory. The Ratio Clearly Shown That The Investment In Inventory Was Proper During The Year 2013-14 To 2019-20. Whereas It Was Improper During 2019-20.

Suggestions

It Was Found That The Current Ratio Of The Selected Unit Was 0.12 Times Which Was Inadequate And Unsatisfactory. So, The Steps May Be Taken To Boost Up The Current Assets Thereby Increasing The Current Ratio Was Make It Good For Short-Term Solvency.

Conclusion

The Nilgiris District Commenced Business On 1961 From Its Inceptions The Milk Union As Soon Over Well Me Performance In Its Membership Growth Share Capital Positions, Reserves Fund Positions, Deposits Positions Extra. The Selected Milk Unions As Run An Satisfactory Manner During The Led 7 Year (2013-20)

The Milk Union Has Met Heavy Accumulated Loss For The Last Ten Years (2011-12) Covering To The Cost Of Milk Production And Processing Cost Is Very High, Cost Deprecation, Maintenance Cost The Financial Performance Of The Milk Union Is Assessed With Various Ratios. The Ends Financial Performance Pasteurisation, Homogenisation, Standardised, Of Milk Union Is To Be Satisfactory Levels.

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