CHAPTER-V
SUMMARY AND CONCLUSION

India is the highest milk producer in the entire globe. India is well known as the ‘Oyster’ of the global dairy industry, with opportunities galore for the entrepreneurs globally. The dairy industry in India has been witnessing rapid growth with liberalization. The main objective of the Indian dairy industry is to manage the national resources in a manner to enhance milk production and upgrade milk processing using innovative technologies.

India had tremendous milk production in 40 years and has become the world’s largest milk-producing nation with a gross output of 84.6 million tons in 2001. The Indian dairy industry has achieved this strength of a producer-owned and professionally managed cooperative system, despite the facts that a majority of dairy farmers are illiterate and run small, marginal operations and for many farmers, selling milk is their sole source of income. More than 10 million dairy farmers belong to 96,000 local dairy cooperatives, who sell their products to one of 170 milk producers’ cooperative unions who in turn are supported by 15 state cooperative milk marketing federations.

The growth of Indian dairy industry during the last three decades has been impressive, at more than 5 per cent per annum; and in the 90's the country has emerged as the largest producer of milk. This is not a small achievement when we consider the fact that dairying in India is largely stringent that farmers in general keep dairy animals in proportion to their free crop and also are available for family labor with little or no purchased inputs and a minimum of marketed outputs. The existence of restrictive trade policy milk in the dairy industry and the emergence of Anand Milk Union Ltd. (AMUL) type cooperatives have changed the dairy farming practices in the country. Farmers have gained the favorable price for their milk and for their production, which was essentially a self-reliant one, is now being transformed into a commercial proposition.

In India, milk production is dominated by small and marginal land-holding farmers and also by landless laborers who in aggregate own 70 per cent of the national milk animal herd. And as the crop production on 78 per cent of the agricultural land still depends on rain, which is prone to both drought and floods, rendering agricultural income is very much uncertain for most of the farmers. Dairying, as a subsidiary source of income and occupation, is real relief to most of the farmers in the society. Usually
one or two milk animals enable the farmers to generate sufficient income to break the vicious subsistence agricultural-debt cycle.

The operation flood which is the successful Indian dairy development programmed has analyzed that how food aid can be utilized as an investment in building the type of institutional infrastructure that can bring about national dairy development. Programs like this, with similar policy orientations, may prove to be appropriate to dairy development in India.

Patna Dairy Project is such type of cooperative project which is advantageous to milk producers as well as customers both. If we learn the financial insight and its viability, customers’ satisfaction level and problems of member producers then that will be helpful to boost the growth of such type of dairy cooperatives. Keeping the above utilities of such type of project in a view, the following objectives has been studied

1. To estimate growth of sales of dairy products
2. To evaluate the financial performance
3. To forecast financial health and long term viability
4. To elicit the problems faced by member producers
5. To find out customer’s satisfaction level towards milk

The purposive sampling technique has been adopted for the study. From the Patna district two tehsils namely Phulwari and Danapur were selected purposively for the study. The sample was restricted to only member of the dairy cooperative for analyzing problems of member producers’. In Phulwari tehsil, Parsa village was selected purposively because the Parsa Dairy Cooperative is located in Parsa village and member producers belong from three village i.e Nobatpur, Ibrahimpur and Parsa. Hence total 60 member producers, 20 each from the Parsa, Nobatpur and Ibrahimpur village from the Phulwari tehsil were selected for the study of problems faced by member producers. Danapur tehsil was selected because the cooperative unit is located in that area. Total 60 customers, 20 each from the Danapur, Khagaul and Phulwarisharif town from the Danapur tehsil were selected for the study of customers’ satisfaction level towards the Sudha brand. In estimating the growth of sales CAGR method was used and ratio analysis as well as financial techniques were analyzed for evaluating financial performance. In analyzing the company’s financial health Altman Z score method, and descriptive statistics were used. Garrett ranking was used to identify the
problems of member producers and likert scale was used to identify the customer satisfaction level.

5.1 MAJOR FINDINGS OF THE PROJECT WORK

5.1.1 To Estimate Growth of Sales of Dairy Products
The CAGR of dairy product sales during this period was 14.96 per cent. The dairy products includes cattle feed, milk and milk products among which the CAGR for the milk was 15.90 per cent and for the milk products 18.32 per cent. Among the major milk products of SUDHA dairy, plain dahi (30.12 per cent) was having the highest CAGR.

5.1.2 To Evaluate the Financial Performance
The overall liquidity of the Patna Dairy Project was found to be dissatisfactory as the current ratio and quick ratio was found to be less than satisfactory ratio and the total assets turnover ratio was fluctuating during the study period. The cooperative turnover its fixed assets faster than current assets which may be interpreted as for generating a sale of one rupee, the company needs Rs. 0.55 investment in fixed assets and Rs. 0.41 investment in current assets. There was an increasing and decreasing trend both in gross profit ratio. The annual average gross profit ratio stood at about 7.44 per cent which implies that the profit may be improved by increasing sales price or decreasing cost of sales which may have even adverse effects. The annual average net profit ratio was 0.48 per cent which implies cooperative did not rise selling prices with increasing costs of production. On an average, the annual return on total assets ratio was 0.17, which implies that cooperative generates 17 per cent of net income of its value of total assets and annual return on equity ratio was 0.59, which implies that shareholders receives 59 per cent of their investment. The leverage ratio shows that the cooperative was heavily dependent on debt compared to equity.

5.1.3 To Forecast Financial Health and Long Term Viability
The modified Altman Z score values of the cooperative fluctuates over the study period. The Z score ranged from 3.80 in 2007-08 to 2.30 in 2016-17. The average annual value is 3.47 which implies that the Patna Dairy Project is financially highly healthy. The forecasted Z score for the year 2018-19 and 2019-20 was found to be 2.45 which implies that failure is uncertain to be predicted as it comes in grey zone.
5.1.4 To Elicit the Problems Faced by Member Producers

The constraints were categorized into different groups and identified main constrained faced by the member producers are high cost in treatment of breeding related problem, high cost of feed ingredients, scientific management of the dairy animals, high cost of veterinary medicines, lack of land for fodder cultivation and low price of milk offered.

5.1.5 To Find out Customer’s Satisfaction Level towards Milk

Majority of the customers’ are highly satisfied with hygienity of milk, quantity of milk, quality of milk, price of milk, the availability of milk, and leakage of milk.

5.2 CONCLUSION

The study has analyzed the “Financial Performance of Vaishal Patliputra Dugdh Utpadak Sahkari Sangh Ltd.”. Total 60 producers and 60 consumers were selected purposively for the study purpose. The compound annual growth of dairy products were found to be 14.96 per cent. The NPV, IRR and BCR shows that the company was in good financial position. The ratio analysis showed that the liquidity ratio was found to be dissatisfactory. The turnover over ratio of the cooperative was good and it was found that its fixed assets turnover faster than the current assets. The overall profitability was found to be good. The analysis of leverage ratio showed that the cooperative was more dependent on the debt than the equity. The Altman Z score showed that the cooperative falls in safe zone which indicates the good financial health of the company. The main constrained faced by the member producers was found to be high cost in treatment of breeding related problem, high cost of feed ingredients, scientific management of the dairy animals, high cost of veterinary medicines, lack of land for fodder cultivation and low price of milk offered. It has been found that the majority of the customers’ were highly satisfied with hygienity of milk, quantity of milk, quality of milk, price of milk, the availability of milk, and leakage of milk.