

CHAPTER VI**CONCLUSIONS AND SUGGESTIONS**

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CHAPTER - IV

CONCLUSIONS AND SUGGESTIONS

I. CONCLUSION :

From the study of WDP's performance undertaken, following conclusions may be drawn :-

1. WDP can not be considered as working on the "Anand Pattern" exactly. It has its own unique style of functioning.
2. WDP has increased its milk-procurement more than four and half times within a span of five years covering 1977 to 1980.
3. WDP has not been utilising its full capacity by and large only 45% capacity has been utilised during the period under study. This shows there is tremendous scope for increasing its capacity utilisation.
4. WDP is required to supply milk to Govt. Milk Scheme at Miraj. As such the price fixation for the milk supplied by WDP to the Milk Scheme is not encouraging many times it causes losses to the WDP.
5. Veterinary Services rendered by WDP to the dairy farms are not adequate as there are only four medical officers to cover all the villages under area of operation.

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6. The membership of WDP has been increased from 1956 in 1976-77 to 2652 in 1980-81. This shows the increasing participation of dairy farmers in milk co-operatives.
7. Price for the milk supplied paid to the dairy farmers in the period covered under study shows steady increase in case of WDP. It is further observed the dairy farmers from WDP get more price than dairy farmer of MDP. This can be explained by the percentages given as 73.7 in case of WDP and 61.3 in case of MDP.
8. It is gratifying to note that WDP has provided employment to 422 persons coming from rural areas where employment is scarce.
9. WDP used to supply fluid milk to Govt. Milk Scheme, Miraj and sterilised milk, Ghee and Fluid Milk to Bombay as well as local market. As regards to manufacturing of milk products more stress has been given on ghee-production.
10. Unlike MDP where membership is restricted to primary co-operative societies, WDP offers membership to individuals also alongwith primary milk procurement societies. This helps WDP to enhance its owned capital by reducing interest burden.
11. WDP also accepts deposits from the members and pays attractive rate of interest to the dairy farmers. This supplants finances of WDP.

12. It has also been observed that deposit accepting policy of WDP develops the habits of saving incomes amongst the dairy farmers.
13. There is negative net return in case of WDP except the years 1974-75, 1975-76 and 1980-81.
14. As compared to Mehsana Dairy EBIT of WDP is fluctuating in the range of 1.37% to 4.25%.
15. Sales of WDP registered a good increase except 1978-79 in sales but it is quite fluctuating from 6.97% to 50.45% and it was found that increase in sales have not resulted in proportionate increase in profit. In the year 1977-78 there was 50% increase in sales but increase in profit was marginal. In the year 1979-80, 49% increase in sales has given 1.37% increase in profit to WDP. Percentage of commission paid to union is doubled in case of WDP compared to MDP. However, processing cost is very less (2.9%) in case of WDP whereas it is 5.5% in case of MDP.
16. In case of WDP assets have been steadily increasing. Average increase was 14.43%. It was higher than Mehsana Dairy which has average increase of 12.23 for the same period. Proportion of increase in case of Warana Dairy Project has gone down in the year 1979-80. Assets turnover ratio of WDP was lower as compared to Mehsana Dairy and was constant.

Maximum assets turnover ratio in the year 1979-80 was 1.57 times whereas Mehsana's 2.56 times in the year 1980-81 and the lowest in the year 1976-77 was 1.90 times.

17. Assets of WDP has increased to 519.13 lakhs in the year 1980-81 from Rs. 257.69 lakhs in the year 1976-77.
18. The current assets turnover ratio of WDP was higher than the average current assets turnover ratio of Mehsana. In the year 1977-78 WDP's ratio was 5.96 times. The WDP has been able to maintain high current ratio than Mehsana Dairy.
19. Inventory turnover ratio of Mehsana has been steadily increasing over the years except in the year 1979-80. It has increased from 6.72 in the year 1976-77, to 14.5 times in the year 1980-81. In case of Warana this ratio is quite high because of its nature of business. Warana's major interest is in supplying the milk to government scheme thereto they are holding very small amount of inventory of milk products as compared to Mehsana.

20. The composition of Mehsana Dairy's Capital shows that paid up capital is 5% to 6%. Its reserve is within the range of 37% to 40% which shows increasing trend. However, the percentage of current liabilities are fluctuating. As regards the loans Mehsana Dairy had reduced its loan burden from 31% to 18% in the year 1976 to 1980-81. Average figure of total loans was 25%.

21. WDP's loans burden constitutes major part in the capital structure average figure comes to 44.6%. But WDP has succeeded in decreasing its loan burden from 53% in the year 1980-81. Due to loan burden WDP is loosing substantial part of its operating profit as interest. Consequently the net profit is always almost nil or negative.

II. SUGGESTIONS :

Based on the observations and conclusions the following steps may be suggested for its improved functioning :-

(a) Suggestions to WDP

1. Membership of WDP may be increased and efforts may be taken to replace borrowings by owned capital (share capital). This measure will reduce the interest burden.
2. To overcome under utilisation of plant on account of inadequate supply of milk, State Govt. may suggest district milk union to divert milk supply to WDP.
3. Present milk supply from Karnataka State can not be treated as a permanent feature. So it may be stopped by Karnataka State Govt. when they would need that much milk for them.
4. WDP should make an attempt to improve veterinary services and extension services.
5. WDP should undertake green fodder cultivation programmes to provide green fodder to milch animals in required quantities regularly and continuously.

6. WDP should adopt workers' and officers' training programmes to create awareness amongst them in respect of advanced technology and professional management. An attempt should be made to cover with necessary training facilities for secretaries of primary milk societies at village level also.
7. WDP should give special subsidies for purchasing milch animals to landless and marginal farmers.

(b) Suggestions to Govt.

1. Govt. should allow WDP to extend its area of operations.
2. Govt. should change its price fixation policy in respect of milk.
3. Govt. should revise the rates considering the prevailing market price with regard to processing, transportation and milk product manufacturing.
4. Govt. should direct its officer to attend the board meetings and communicate his opinions without delay regarding required changes in present milk policies.
5. Govt. should give special subsidies for green fodder programmes, A.I. and veterinary services etc.