

PROJECT REPORT

“Performance of Processing Units” of Mulkanoor Cooperative Rural Credit and Marketing Society Ltd.,



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CERTIFICATE

This is to certify that the work contained in the thesis entitled “**Performance of Processing Units**”, submitted by **Jakkaraju Venkateshwar Rao (Regd. No.: 5603)** for the award of the Post Graduate Diploma in Cooperative Business Management, VAMNICOM, Pune. The research works carried out by him under my supervision and guidance. I considered that the thesis has reached the standards and fulfilling the requirements to the nature of the degree. The contents embodied in the thesis have not been submitted for the award of any other degree or diploma elsewhere.

Dr. H.S.K Tangirala
Director, ICM, Hyderabad

Place : **Hyderabad**
Date : **February 2022**

DECLARATION

I hereby declare that the dissertation entitled “**Performance of Processing Units” Mulkanoor Cooperative Rural Credit and Marketing Society Ltd.**, has being completed and written by me, and not previously formed the basis for the award of any degree or diploma or other similar title of this or any other Institution.

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1. Acknowledgement:

I'd like to take this opportunity to offer my sincere gratitude and thanks to our programme Director, Shri S. Y. Deshpande, Dissertation Guide, Shri. Dr. HSK Tangirala and all the faculty of the 56th PGDCBM programme who has been a constant mentor through both my semesters. Faculty with Extensive knowledge, motivation, Continuous guidance, support and encouragement through my entire Programme, has made me such an inspiration to work with. I would also like to give a special thanks to all supporters, for all their time and contribution to the research study. I want to take a moment to acknowledge the faculty, guidance and support of all my friends and participant in the same programme. I would especially like to thank my family for their continuous encouragement, love and prayers, though I am away from them for about one and half month. And most importantly, I want to thank God for keeping me healthy through this and giving me the will power to complete this Programme successfully.

2. Introduction:

For sustainability of the cooperative societies it has to take-up new value addition activities may require in its area of operation or enhance or utilise maximum utilization of the existing value addition units. Society need to do some research in availability of resources such as finance, human resources, raw material, technology, utilisation of existing capacity and market potentiality, before taking any major decision to enhance productivity and marketing.

In this project we will be doing research study of the processing units of Mulkanoor Cooperative Rural Credit & Marketing Society Ltd., (MCRCMS) more details about MCRCMS is provide in the organisation profile.

It has three variety of processing units they are Rice Mill, Cotton Ginning & Pressing Mill and Seed Processing Units. Products from rice mill are marketed on the name “Mulkanoor Rice” brand; there are three varieties i.e Jaisriram, Telangana Sona (RNR 15048) diabetic suitable rice and old regular used rice Sonamasuri. So all the products from seed processing units are marketed on “Mulkanoor Seeds” brand; the major varieties are BPT 5204, RNR 15048, MTU 1010, MTU1001 and IR 64. Whereas the cotton ginning do not have brand, simply raw cotton is ginned its products are sold in the market through commission agents or brokers.

Therefore this research study will evaluate these processing units, availability of raw material and market potential and suggests accordingly

3. Organisation Profile:

“Mulkanoor Cooperative Rural Credit & Marketing Society Ltd.” has been registered in the year 1956. The Society was established with the aim of supporting the farmers in cultivation and to make agriculture feasible by providing Agriculture related Goods and Services,

Prior to formation of the society, the prevailing conditions in the area, cultivators have suffered from (a) higher rate of interest on loans (b) Lack of input supply at reasonable rate; (c) Distress sale of agriculture produce. (d) Lack of irrigation facilities produce by farmers and (e) Lack of confidence in farming. Forcing the farmers to leave the village in search of work.

To overcome all these problems, the society was established

- (i) To stop migration of farmers to urban areas in search of work
- (ii) To uplift socio-economic status of farmers and
- (iii) To ensure farmer control over agriculture production and marketing.

The society has started with 373 farmer members with an initial share capital amount of Rs.2300/- during 1956 and the same has been increased having the members of 7600 and share capital reached to the extent of **Rs.17.30 Crores** as on date with annual turnover of **Rs.357.88 crores** as on March, 2022.

Our society is extending the services to the farmer members with an operational area of 14 revenue villages namely 1) Mulkanoor, 2) Mutharam, 3) Bheemadevarapally, 4) Gatlanarsingapoor, 5) Kothapally, 6) Errabelly, 7)

Gopalpoor, 8) Jeelugula, 9) Koppur, 10) Vangara, 11) Rathnagiri, 12) Mallaram, 13) Kothakonda, 14) Musthafapoor of Hanumakonda district of Telangana.

Objectives of the Society:

- To supply Credit to members at institutional rate of interest and timely
- To provide Extension services farmer members for hassle free cultivation
- To supply inputs such as Fertilizers, Pesticides and Seeds
- To Increase yield of production and ease of Marketing, for higher returns
- To eliminate money lenders & middlemen in agriculture production and marketing

Services of the Society:

- Financial Services
- Input supply services
- Extension services
- Agri. Produce marketing services
- Value added services
- Consumer services
- Welfare services

4. Objective of the Study

- To know the trend in the Agriculture Produce available for the Processing Units
- To find the utilisation of the processing units
- To integrate the value addition flow
- To be competitiveness
- To increase the productivity
- To be cost effective
- To take care of fulfilment of customer requirement

5. Production Cycle of the Products

As said in the introduction this organisation has three processing unit, each one has its own production life cycle. Let's discuss separately.

Rice Mill for our branding products.

It all begins with the crop sowing season i.e from June month harvest will be in the month of November and December month. Here we need to estimate, how much acres of paddy variety required is being cultivated. Paddy varieties required are purchase after harvest and stored in warehouses for at least 8 months. And then starts milling the paddy into rice depending upon the market consummation.

Rice Mill for CMR (Custom Milling).

Here society receives the raw paddy from the government and the society just process the paddy into rice gives back on certain conditions. For every 100 Kgs of paddy need to give back 67kgs of rice. The allocated paddy milling as to be completed before next season starts.

Cotton Ginning Plants

The raw cotton is purchased from the farmers from November to March month, as soon as purchased starts ginning process will also starts. This processing unit function hardly 6 months. i.e from November to April.

Seed Processing Unit

Multiplication of breeder paddy seed into Foundation seed and then to truthful seed in progressive farmer's fields under the supervision of our society Agriculture Officers. Finally the truthful seeds processed and marketed commercially.

To running the processing the society need to planning from sowing to marketing. Since product life cycle is very long mismanagement damages the organization.

6. Data Analysis and Interpretation

Research design

The cooperative society has data about the members land holding, loans outstanding against them, the purchase of produce variety wise and sections wise for the last fifteen years. We will be using last five years digitised data for research project. General information about the processing units such as capacity, Technology specifications and process line of these processing units are available in the catalogue.

The above data and information is analysed and correlated to achieve the objectives of the projects.

Availability of land with Members

Total of land of 20,000 acres are held with members of the society. The below table illustrates the cropping pattern in the area.

Financial Position of the Society as 31st March 2022

Availability of Funds

Particulars	Amount in Crores
Share Capital	17.45
Thrift Deposits	40.25
Reserves	158.22
Other Deposits	14.85
Borrowings	111.61
Payables	4.61
Surplus	6.85
Total	353.84

Utilisation of Funds

Particulars	Amount in Crores
Loans outstanding	125.23
Investments	115.41
Properties	50.05
Stock on hand	52.20
Receivables	10.34
Cash on hand	0.61
Total	353.84

Society has strong financial statement

Loans outstanding as on 30th September 2022

Particulars	Amount in Crores
Seasonal Crop Loan	68,51,08,758
Normal Loan	39,37,08,500
Medium Term Loan (3 Years)	4,18,59,246
Long Term Loan (7 Years)	7,02,30,145
General Term Loan (5 Years)	9,10,34,533
Total	128,19,41,182

To recovery society loans society may the maximum of its capacity

Land holding style of the members (Table – 1)

Sl. No.	Particulars	Acreage	Members	Total Acres	Avg. holding
1	Marginal Farmers	0-2.5	3535	5600	1.5
2	Small Farmers	2.5 to 5	2623	9400	3.5
3	Big Farmers	Above 5	719	5000	7

Estimated production of Agriculture Produce (Table – 2)

Sl.No.	Particulars	%	Acreage	Yield per Acre	Production Quintals
1	Paddy Seed	30	6000	20 Quintals	1,20,000
2	Paddy	50	10000	20 Quintals	2,00,000
3	Cotton	15	3000	6 Quintals	18,000
4	Other Crops	5	1000	-	

Processing Capacity of the plants (Table – 3)

Sl. No.	Particulars	Capacity	Hours of work per day	Days of work in the year	Processing Capacity
1	Parboiled Rice Mill	4 TPH	16 Hours	250	1,60,000
2	Modern Rice Mill	4 TPH	16 Hours	250	1,60,000
3	Paddy Seed	12 TPH	16 Hours	90	1,72,000
4	Cotton Ginning plant	70 TPH	16 Hours	90	1,00,800

Actual Agriculture Production Purchased (Table – 4)

Society has approx. 50,000 MT Storage warehouses in its operational area

Quantity in Quintals

Sl. No.	Particulars	2019-20	2020-21	2021-22	Value of purchase (2021- 22)
1	Paddy	116286	226584	56035	11,20,70,000
2	Paddy Seed	148179	133060	183125	38,45,00,000
3	Cotton	56749	9943	14140	11,31,00,000
4	CMR Paddy	45004	80219	68259	-
	Total				60,96,70,000

Capacity Utilisation of the processing Plants (Table -5)

Figures in Percentage

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22
1	Paddy	96	72	100	35
2	Paddy Seed	89	92	77	100
3	Cotton	40	56	10	14
4	CMR Paddy	10	28	50	42

Market information of rice mill

Quantity in quintals

Sl. No.	Particulars	2020-21	2021-22	2022-23 Upto Dec 2022	Estimated Produce required (2023-24)
1	BPT 5204 Sona Masuri	10948	8319	11050	30,000
2	RNR 15048 Diabetic Control	7784	10644	14662	40,000
3	Jai Sri Ram (JSR)	7693	9600	10000	30,000

Variety wise procurement

Quantity in quintals

Sl. No.	Particulars	2020-21	2021-22	2022-23	Raw Material Shortage (2023-24) Market
1	BPT 5204 Sona Masuri	41,000	-	15,370	14,630
2	RNR 15048 Diabetic Control	1,14,454	35,289	8,940	31,060
3	Jai Sri Ram (JSR)	19,568	20,745	35,032	-

Interpretation of data

From Table - 1

- All the farmers in its operation area are members of the cooperative society.
- It is observe that almost all the member farmers are marginal farmers and small farmers having land holding less than 2 Hectare (i.e 2.5 Acres).
- There is less scope for the farmer to grow multiple crops due to less land holding.

From Table - 2

- From the table-2 sufficient produce is available for the rice mill and paddy seed processing and for cotton ginning great deficient produce is identified.
- Most of the farmers have changed the cropping pattern from cotton and paddy due improved irrigation facilities, Mechanisation of the paddy cultivation.
- For cotton cultivation labour availability and cost is main concern, as mechanisation id not available.

From Table - 3

- The processing units have sufficient capacities are well equipped with the latest technology and automation of process.
- Society has the ability to handle all its members' agriculture produce through its processing unit for value addition.

From Table – 4

- There is a slight shift between paddy and paddy seed procurement.
- Procurement in CMR (Government Procurement) has increased moderately.

- Cotton procurement is decrease to the great extend and its very lower side which is not viability of the cotton ginning plant.
- Procurement of produce from farmer member is less costlier than procurement of produce from traders or out of operational area.

From Table – 5

- Expect in very few instances cooperative society has not fully utilised its processing units capacity.
- Due to lack of sufficient procurement from the farmer members the society's processing units couldn't perform well.
- In case of cotton drastic decrease in cultivation and producing, the ginning plant performance is very poor.

General Assumptions

- Government is purchasing the coarse type of paddy at minimum support price for CMR in turn distribute it through PDS to poor people.
- Most of the farmers are diverting to coarse type of paddy variety cultivation. The yield of this variety is better than the fine variety and minimum support price is assured by the Government.
- Whereas fine variety paddy crop yield is less, cultivation cost is more and price is fluctuating depending on the market at the time of harvest.
- For fine variety paddy price is not as per expected, it should be more than MSP
- Life cycle period of the processing of these product is high
- Purchasing from not of area of operation, purchasing cost such as transportation and trading commission.

Stages of Production

Rice Mill

Sowing of Paddy Crop

6 Months

Harvesting, Procurement & Storage

8 Months

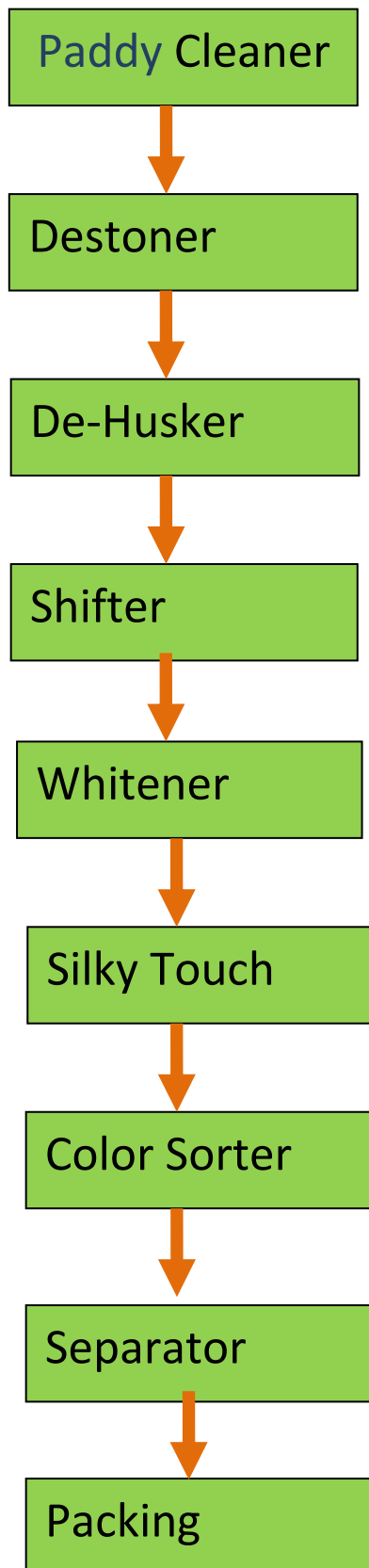
Milling & Branding

Marketing

Varieties
BPT 5204
RNR 15048
Jai Sriram



Milling Process



Seed Processing

Sowing of
Paddy Crop

6 Months

Harvesting,
Procurement &
Storage

6 Months

Paddy Cleaner

Grading

Packing

Marketing

Supervision
by Society
Agriculture
Officers

Varieties Paddy

BPT 5204

RNR 15048

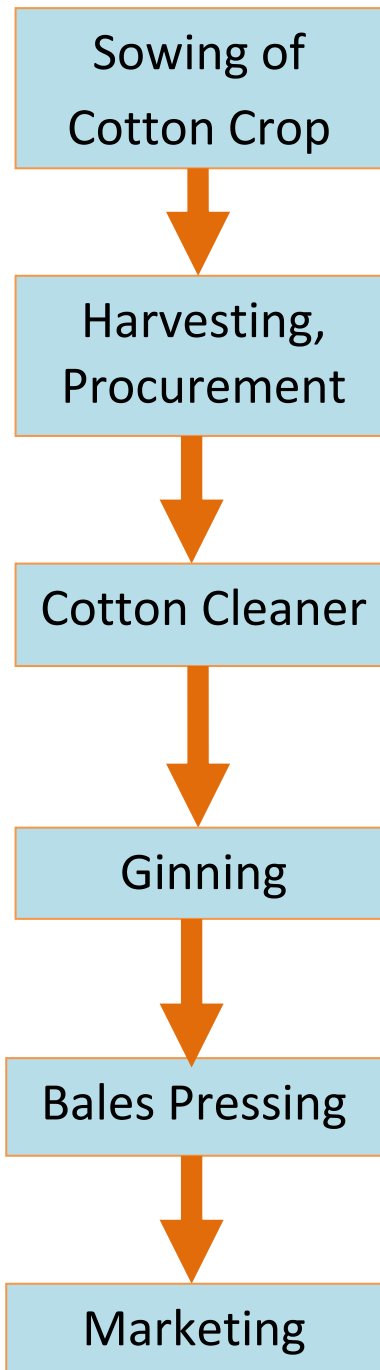
MTU 1010

MTU 1001

IR 64



Cotton Ginning



7. Scope of the Project

Since the agriculture produce is a consumable product by humans, it is always a stable market. Only thing is to check whether the products are penetrating in the market up to the extent of our processing capacity. So, studied the supply of raw material, utilization of processing unit's capacity and state of art machinery. So, that the products are high quality and price competency.

This project couldn't study or analyzed the market volatility and didn't make any assumption in this prospectus.

The study is confined to focuses on capacity utilization of the processing units for last four years.

The study mainly finds out procurement of raw material stability and soundness of the MCRCMS procurement management strategy.

8. Limitations of the Study

As the time period for the project was very short, couldn't collect data in depth for more presumptions.

Due to non availability of proper records couldn't collect the information about how much agri. produce is purchased from members and how much from the non member.

The primary data was collected through society records only. No data is collected from third party or from public domain.

The primary and secondary data collected are not validated.

9 Conclusion and Suggestions

Rice is the important cereal of the world. It is extensively cultivated in Telangana State. Rice is the second important food crop of man next to wheat. India is the second largest rice producing country in the world. Cultivation of rice completely depends on the availability of water. Depending on the amount of rainfall and irrigation facilities various methods are adopted. Many varieties of has come up in this field.

Cotton is an important fibre crop. The cotton yarn is used for manufacturing cloth. A moderate amount of rainfall is required for cultivation of cotton. Most of the activities connected with cotton cultivation require manual labour. Therefore large amount is invested on labour.

Society should have to plan such early from the sowing for the variety they want for processing, need to assure the farmer that it will purchase the produce at reasonable rate higher than the market rate at the time of harvesting, need to supervise the cultivation of the crop regularly by extension officers for good varietal produce. Facilitations as to be arranged to procurement the produce at the ground / filed level so, that farmer have feeling of hassle free in cultivation and marketing. Bill payments has to be made very quickly or adjusted to their loans accounts and a new fresh loans for next season are disbursed.

Member farmers need to pay certain amount depending upon the profits earned in that particular category of processing as bonus in additional to the purchase price paid at the time of procurement.

In this way we need to build the trust in the farmer as well as enhancing his socio-economic status. With the above strategy society can procure the required quantity for processing units. It will not only benefit the better performance of the processing units but also the financial stability of the society.