

Economic analysis of Krishnai milk processing unit

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ABSTRACT

Investigation was carried out during the year 2010-2011. The Krishnai milk processing unit was selected for the study. Cost concept of variable cost and fixed cost was used to determine profitability of the processing unit as whole. The unit as whole consisted with four milk products in which raw milk was processed about 196.58 lakh litres during the year. Net profit of the unit was Rs. 1594.22 lakh, in which ghee, shrikhand, ice-cream and flavoured milk was the major products.

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Key words : Milk, Processing, Total cost, Gross return, Net profit

The importance of dairy sector in India's national economy is not only in terms of the contribution to the GDP alone, but it has a tremendous employment potential particularly for small, marginal and landless agricultural labourers (Gavali, 2001). India has become the largest milk producer country in the world and this is mainly due to successful implementation of 'Operation flood projects'. Dairying plays significant role in the agricultural sector of the country and is vitally concerned with meeting the requirements of milk and milk products for maintenance of good health of the ever increasing population.

'Krishnai Milk and Milk Products Pvt. Ltd., Kashti', Tal- Shrigonda, Dist- Ahmednagar is one of the most successful and renowned private milk organizations for processing of whole milk as well as manufacturing of milk products.

The average collection of milk is 40 thousand litres per day. The processed milk is distributed through plastic bags to the individual customers through dealers and sub-dealers. In addition to fluid milk, the milk products viz., ghee, flavoured milk, ice-cream are manufactured and sold in cities such as Ahmednagar, Pune, Beed, Latur etc. of the state through marketing network. The yearly turnover of 'Krishnai milk and milk products unit' was

Rs. 32 crores.

METHODOLOGY

The Krishnai Milk and Milk Products Pvt. Ltd., Kashti is a popular private dairy unit in Shrigonda Tehsil of Ahmednagar district of Western Maharashtra and therefore it has been purposively selected for the present study.

Cross sectional data were collected from selected dairy unit with the help of pre-tested schedule and through annual reports. The data pertained for the year 2010-2011. Statistical tools like mean, percentage and ratio were used. Cost concept of fixed and variable cost was applied. In variable cost, the different items like raw milk, ingredients, fuel, labour and other required materials in respective products were evaluated at price prevailing in the market. In fixed cost, depreciation of building, machinery and equipments was calculated at the rate of 10 per cent and distributed among the enterprise. Similarly, interest on fixed capital was calculated at the rate of 11 per cent. Thus, variable cost plus fixed cost become total cost of dairy unit. The important terms used in present study are as follows:

A clarified butterfat prepared mainly from cow or buffalo or mixed milk and having characteristic cooked flavour and grainy texture is known as ghee. A semi-soft, sweetish sour, fermented product prepared from chakka is known as Shrikhand. An ice-cream is western frozen dairy product, usually soft and smooth texture.

Gross income:

It was worked out by adding the value of milk

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