CHAPTER 08

MAJOR FINDINGS, SUGGESTIONS AND POLICY RECOMMENDATIONS

8.1. Introduction:

The present study is a micro analysis of the major findings, suggestions and policy recommendations with special reference to the groundnut production in two districts of Karnataka. The chapter classified into different parts namely, trend performance of Karnataka state in oil seed production findings, application of ratio analysis findings and findings from primary survey and finally the chapter conclude with the major important policy recommendations.

8.2. Major findings of the study:

- Per capita consumption of edible oils in India has been increasing during the reform period while urban edible oil consumption is higher than rural. In 1993-94, monthly per capita consumption of edible oils was 370 grams at rural and 560 grams at urban level. Monthly per capita consumption of edible oil has been increasing in both rural and urban area and it was 674 grams and 853 grams respectively during 2011-12.

- In 1990-91, India imported 5.3 lakh tones edible oil that is 9.7% in total edible oil consumption in India. In 2014-15, total edible oil import accounted 58.6 per cent share of total edible oil
consumption in India. Moreover, the imported edible oil value in 1990-91 was Rs 326 crores which further increased to Rs 45,046 crores during 2014-15 that is a 138 times increase in import bill. Therefore, the import bill of India has been increasing

- Total oil seeds cropped area at all India level has registered a CAGR of 0.65 per cent while production and yield registered CAGR 2.49 per cent and CAGR 1.82 per cent respectively during the reform period. However, in Karnataka total oil seeds cropped area registered a CAGR at negative -3 per cent, production -2.4 per cent, and yield at positive a CAGR 1.9 per cent. These empirical data show that oilseeds cropped area and production has been decreasing in Karnataka compared to all India level.

- Groundnut and Sunflower are the major oil seed crop in Karnataka and combined accounted 79 per cent in 2012-13. However, Soybean cropped area increased to 12 per cent share in total oil seeds cropped area in Karnataka in 2012-13 compared to 1 per cent share in 1990-91. Similarly, the production of Soybean has been increasing with positive trends during reform period and registered 15% CAGR compared to negative CAGR of other major oil seeds production.
8.2.1. Analysis Of Liquidity Ratios

- Net working capital ratio of the business is showing positive trend during all the year except 2003-04, 2010-11 and 2013-14 because the growth of the ratio is negative. Hence, the positive trend shows the business has timely meet the working capital of the business.

- The quick ratio of the firm is satisfactory (ratios are in between 0.5 and 1) in the year 2001-02, 2002-03, 2007-08, 2008-09, 2009-10, 2012-13, 2013-14, and 2014-15. It signifies that the business can meet its obligations even if any adverse conditions’ occurs. However, the firm fails to meet its business obligations during the 2003-04 to 2006-07 and 2010-11 to 2011-12.

- The Cash ratio of the business is highest i.e. 1.057 in the year 2012-13 and 0.150 in the year 2004-05. It shows that the firm can cover 105.7 per cent of its current liabilities with its cash and short term marketable securities and least 15 per cent of its current liabilities with its cash and short term marketable securities during the year 2004-05

8.2.2. Analysis Of Profitability Ratios

- The gross profit margin of the firm is favourable during all the study period except 2001-02 i.e. -4.071. This signifies that the gross profit of a business is sufficient to cover the selling and administrative expenses
The operating margin ratio of a business has increased in 2001-02 to 2005-06 (i.e. from -2.291 to 3.471). However, it fell down from 3.471 to 1.335 in the year 2006-07.

The net profit margin ratio from 2003-04 to 2014-15 is showing the favourable condition from the view of profit.

The return on assets of the firm shows a favourable only in the year 2004-05, 2008-09 and 2010-11.

The return on capital employed ratio of the firm is favourable only in the year 2003-04 to 2005-06 and 2009-10 and the same is negative over the study period. It is indicated that the business fails to generate more earnings per rupee of capital employed.

The return on equity of the business has shown a continuous increase over the year except 2006-07, 2008-09, 2010-11 and 2013-14. An increase over the period is a good sign from the point of investor investment.

8.2.3. Analysis Of Solvency Ratios

The debt ratio of the business is very low over the study period and it signifies that the company’s assets are sufficient to meet its obligations. It may indicate underutilization of a major source of finance, which may result in restricted growth.

The debt to equity ratio of a business is increasing over the study period from 2001-02 to 2014-15. This signifies that the debt-to-equity ratio is unfavourable because it means that the business
relies more on external lenders, thus it is at higher risk, especially at higher interest rates.

- The time interest earned by the business has very high in the year 2004-05, 2005-06, 2007-08, 2009-10, 2010-11, 2011-12, 2013-14 and 2014-15 (i.e. 4.988, 4.194, 7.424, 3.198, 4.696, 3.100, 8.894 and 7.457). This is signified that the company’s interest expense is low relative to its earnings before interest and taxes (EBIT) which indicates better long-term financial strength of the business and the ratio has very less in the year 2001-02, 2002-03, 2003-04, 2006-07, 2008-09 and 2011-2012 (i.e. -0.765, 0.618, 2.874, 2.214, 1.816, and 2.897 respectively). This signifies that the long-term financial condition of the business is weaker. Hence, the firm has failed to maintain the long-term financial obligations.

**8.2.4. Analysis Of Efficiency Ratios**

- The cash turnover ratio of the business is very less over the study period except 2005-06 (i.e. 3.046). This signifies that the firm fails to generate a proportion of cash required to generate sales.

- That the sales to fixed assets ratio has very high during 2003-04 (i.e. 11.246), 2004-05 (i.e. 8.312), 2005-06 (i.e. 12.256), 2006-07 (i.e. 8.518), 2007-08 (i.e. 18.624), 2008-09 (i.e. 23.783), 2009-10 (i.e. 27.057), 2010-11(i.e. 16.143), 2011-12 (i.e. 10.610) and 2012-13 (i.e. 10.106). It signifies that the fixed assets are maximum utilized during the years to meet the sales requirements
The total asset to sales ratio is high in the year 2002-03 i.e. 0.369 and followed by 2013-14 i.e. 0.333. It signifies that for every rupee in assets, sales generate only 36.9 per cent in the year 2002-03 and 33.30 per cent in the year 2013-14.

8.3. Major Findings from Primary Survey:

- **Gender Profile:** In the present study, 86 per cent are male respondents, followed by female respondents with 14 per cent.

- **Age Profile:** Out of 274 respondents, 57 per cent of respondents come under age group between 30-50 years, followed by 24 percent above 50 years age and 19 percent below 30 years.

- **Social Group Profile:** In the study area, 64 per cent of respondents belong to OBC followed by ST 18 per cent and SC 18 per cent.

- **Education Profile:** 35 per cent of the respondents have secondary education followed by 29 per cent had PUC, 19 per cent perceived primary education and 17 per cent degree and other education.

- **Profile of Land Holdings:** 37 per cent of the respondents are small farmers followed by 33 per cent medium farmers and only 30 per cent are large farmers.

- **Profile of Area of Cultivation:** In the study area, 42 per cent of the total cultivated area belongs to ground nut followed by cotton, 26 percent maize 14 per cent and other crops 14 per cent and chilly 4 percent respectively.
Cost of cultivation of groundnut In the present study out of 274 growers 138 (50%) growers spends more than 9000/- to 11000/- per acre followed by 126 (45 per cent) growers spend more than Rs 8000/- to 9000/- per acre and only 10 (4 per cent) growers spend between Rs 6000/- to 8000/-. Among the member 117 (85 per cent) members spend between 8000/- to 9000/- followed by 10 growers spend more than 9000/- and 10 growers spend less than 8000/-, whereas non members 128 (93 per cent) of them spend more than 9000/- and only 9 (7 per cent) of them spend and reported as spending between 8500/- to 9000/-. 

Cost of cotton cultivation: In our study area 61 percent are non cultivators of cotton 42 (15 per cent) growers spend Rs 85000/- to 9000/- followed by 36 (13 per cent) growers spend 9500/- to 10000/-, 21 (8 per cent) of growers spend 9000/- to 9500/- and only 8 respondents i.e. 3 percent have reported that they spend more than 10000/- per acres.

The study realizes that the cotton is the major competitive and more profitable crop as compared to the groundnut. So people were shifting from cultivation of groundnut to other competitive crops like cotton, due to this reason area of groundnut has been declined.

Cost of maize cultivation; Out of 274 growers of 160 (58 per cent) growers are non cultivators, among the cultivators 70 (26 per cent) growers spend 6500/- to 7000/-, and 44 people (16 per cent) growers spend more than 7000/- but less than 9000/- among the
members 37 (27 per cent) spend Rs between 6500/- to 7000/- followed by 11 (8 per cent) spend 7000/- to 7500/- and 4 growers spend more than Rs 7500/- to 8500/- per acre. In non member 75 (55 per cent) are non cultivators and 57 (42 per cent) Growers spend between 6500/- to 7500/- & 5 Growers spend more than Rs 7500/-.

**8.4. Surplus & Deficit in cost of Cultivation of Groundnut:**

- **Groundnut:** Among the members majority of Them 55.25 earn Rs between 3000 to 6000 per acre followed by 30 percent of the respondent earn Surplus of Rs 6000/- to 9000/- per acre & only 8 percent of respondents earn Surplus of Rs 6000/- to 9000/- per acre & only 8 percent of respondents earn surplus above Rs12000/-. While in non member 34 percent of the respondents earn surplus Rs of less than 3000/-. 30 per cent respondents earn Surplus Rs 3000/- to 6000/- per acre, at very least 4 percent of the respondents Get Surplus of Rs 9000/- to 12000/. In general 41 percent of the respondents earn a surplus of Rs 3000/- to 6000/-. Followed by 29 percent of the respondents earns surplus Rs between 6000/- to 9000/- per acre.

- **Cotton:** Cotton the present study shows 61 per cent of the respondents were non - cultivators 20 percent of the respondents earn surplus Rs of between 16000/- to 20000/- followed by 7 percent of the respondents earn above Rs20000/- & above per acre. & 7 percent of the respondents earn a least surplus of Rupees between 8000/- to 12000/- per acre.

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Maize: - Maize in the study area, we found that 58 percent were non Cultivators 38 per cent of the respondents earn surplus Rs of 8500/- to 12000/- followed by 3 per cent of the respondents earn surplus Rs of above 18000/- per acre.

8.5. Constraints in the Working of Members Society:

- Transportation: In the study area 70 per cent the respondent reported that transportation in medium constraint & 20 per cent of the respondents were receiving it is a very high constraint with constraints in the working of members’ society. In General note 10 respondents in Abbigeri reported that it is a low constraint.

- Network of Roads: - 40 per cent of the respondents were reported it is a medium constraint & h followed by 37 per cent of the respondents reported. It is a less constraints & 23 percent of the respondents were reported it was a high constraint.

- Vested Interest Of: - 56 per cent of the respondents were reported that wasted Interest is a medium constraints & followed by 15 per cent of the respondents were reported that weltered Interest is a higher constraint & remaining of them have reported wasted Interest is a low constraint

- Constraints With Credit Facility: - Almost all of the respondents were reported That credit facility is a major & high constraints out of 137 members 55 (40 per cent ) small Farmers reported is a high
constrain medium farmers with 31 per cent & Large farmers 29 percent respectively

8.6. Procurement & Distributions System:

- Supply of Improve Seeds: - 77 per cent of the respondents were reported that they availed successfully improved seeds in on time & 23 percent of the respondents were reported that fairly satisfied with the supply of improved seeds.

- Supply Of Fertilizers: - 47 per cent of the respondents were reported that they fairly satisfied, followed by 35 per cent & 18 percent of the respondents reported poorly & successfully satisfied with the supply of fertilizers respectively.

- Supply of Pesticides: - 50 per cent of the respondents were reported that they are fairly satisfied with the supply of pesticides followed by 33 per cent of the respondents poorly & 16 per cent of the respondent successfully satisfied with the supply of pesticides respectively.

8.7. Preference of Member for Selling Their Produce through Societies:

- Correct Weighment: - 88 per cent of the respondents were satisfied with the correct weighment whereas 12 per cent of the respondents have reported somewhat satisfied with the correct weighment practice by the union
 Storage Facility: - 74 per cent of the respondents were happy and satisfied, 22 per cent were somewhat satisfied and 4 per cent of the respondents were not satisfied with respect to the storage facility

 Integrated Of Credit Facility: - 61 per cent of respondents express not satisfied, followed by 36 per cent have expressed somewhat satisfactory with the integrated credit facility

 Low Marketing Charges: - 88 per cent of the respondents have reported that satisfactory, 12 per cent somewhat satisfactory in terms of lower marketing charges.

 Information and News: - 97 per cent of the respondents have reported that they have found satisfactory and received real time information, whereas 3 per cent of the respondents expressed somewhat satisfactory.

 Advice on Sales: - 88 per cent of the respondents were found satisfactory and 12 per cent of them have reported somewhat satisfactory in terms of advice on sales.

 Settlements of Payments: - 88 per cent of the respondents were reported that they are satisfactory followed by 12 per cent of the respondents have said somewhat satisfactory in term settlements of payments.

 Democratic Way of Functioning: - 80 per cent of the respondents were reported satisfactory and 13 percent of the respondents somewhat satisfactory and 7 per cent of the respondents were not satisfactory in terms of the democratic way of functioning.
8.8. Production Constraints (Both Member and Non Member):

- Constraints with The Availability of Good Seeds: - 77 per cent of the respondents were reported that the availability of good seeds is a normal constraint followed by 23 per cent moderate and 1 percent, respectively stated that constraints with the availability of good seeds the problem is very normal among member than the non member.

- Constraints With the Availability Of Fertilizers: - 69 per cent of the respondents reported normal 31 per cent moderate, respectively stated that Constraints with the availability of fertilizers.

- Constraints with Availability of Manure: - 71 per cent of the respondents were reported the availability of manure sever followed by 18 percent of the respondents reported normal and the rest of them have reported it was a moderate constraint.

- Constraints with Availability of Credit Facilities: - 51 per cent of the respondents were reported that credit facility as a normal constraint followed by 39 per cent of the respondents moderate and remaining 10 per cent of the respondents were stated sever constraints respectively.

- Constraints with Pesticides and Diseases: - 53 per cent of respondents were stated it is a normal followed by 39 per cent moderate and 8 per cent of the respondents stated it is a sever constraints.

- Constraints To Labour Problem: - 43 per cent of respondents of the study area have reported that it is a constraint followed by 31 percent normal and 26 per cent moderate constraints in terms of availability of labour.
8.9. Market Constraints:

- Inadequate Storage Facility: - 51 per cent of the respondents were reported that normal, 42 per cent moderate and 7 percent severe, respectively stated that storage facility is a market constraint.

- Cost of Grading: - 72 per cent of the respondents were expressed that normal 26 percent moderate and 2 percent is a severe problem in terms of cost of grading as a market constraint.

- Payment of Cess Tax: - 87 per cent of the respondents were reported that payment of cess tax is normally followed by 13 percent of the respondents were reported that it is a moderate constraint.

- Constraints with High Cost of Packing Material: - 60 percent of the respondents were reported that normal 35 per cent moderate and 5 percent is severe constraints in terms of high cost of packing.

- More Samples Are Taken: - 73 per cent of the respondents have reported normal, 22 percent moderate and 5 percent severe constraints with more samples are taken by the merchants at the time of sale

- Delay in Payments: - 59 percent of the respondents were expressed that normal, followed by 36 per cent moderate 5 percent severe market constraints with delay in payment.
8.10. Policy & Suggestions:

- The present status of oil seeds production and consumption pattern reveals there is a huge gap between production and consumption. It can be narrow down by focusing on regulate the import of edible oils through adoption of appropriate import policy in order to achieve increased production.
- Edible oils should be considered beyond export – import balance with self sufficiency. The need for achieving self sufficiency in edible oil should be seen in the context of enhanced or improved livelihood, higher profitability of oilseed growing farmers.
- Promote oilseeds cultivation in new and non-traditional areas and seasons for ensuring crop diversification between other oil seeds crops and additional area for expansion.
- Adopt location specific efficient dry farming technologies for drought proofing and sustainable oilseeds production. Integrate oilseeds production with watershed program for ensure life support irrigation for assured harvest at least union members.
- The government should encourage the oil seeds growers to adopt protective and promote efficient irrigation methods, especially micro-irrigation, for achieving higher area expansion, production and price stability.
- The unions should promote and provide adequate and balanced fertilization with emphasis on use of sulphur and other micronutrients through proper channels. Effective transfer of technology with assured inputs, market system by both public and private sector agencies.
8.10.1. Organizational:

8.10.1. a. Planning, implementation and evaluation:

➢ The planning implementation of the programs and their evaluation should be taken up on top priorities basis which is the major step towards the success of the KOF. It will be useful, if evaluation studies on the working the KOF, unions and members societies are entrusted periodically to autonomous research institutions so that KOF could avoid the weakness and improve its operational.

8.10.1. b. Cooperation and Coordination:

➢ There should be close cooperation and coordination between union Agriculture University, state department of Agriculture and other cooperatives in organizing extension activities and training programmes.

8.10.2. Production:

8.10.2. a. Education and training:

➢ Extensive training should be given to the farmer beneficiary of the member societies on cooperative system on oil seeds cooperatives. Educational trips should be conducted to member farmer to the research stations
8.10.2. b. Technical Advice:

- Professional graduates should be appointed and guidance should be given to the farmers at their door steps with respect to transfer of technology in production and marketing of oil seeds.

8.10.3. Financing:

- The oil seed Growers co operative societies should supply the required inputs like good quality seeds fertilizers and chemicals for the production of oil seeds on credit basis and the cost of which may be recovered by purchasing the oil seeds from the farmers. This results in integration of credit with marketing and avoids the problem of overdue.