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Need of ERP Implementation in Dairy Cooperative

N. A. Patil, B. S. Sawant

1Shreee Warana Sahakari Dush Dulpadak Sangh Ltd., T.K.Nagar, Kolhapur, INDIA
patilnamdev@hotmail.com
2Karmaveer Bhaurao Patil Institute Of Management Studies And Research, SATARA, INDIA
drbssawant@rediffmail.com

Abstract -

This paper highlights on need of Enterprise Resource Planning (ERP) for dairy cooperative. The paper will help to dairies considering their computerization plans. The top management can consider issues discussed in the paper.

Keywords - ERP, Dairy, Cooperative, Computerisation, Implementation.

I. INTRODUCTION

The cooperative played important role in development of Maharashtra. Especially in western Maharashtra i.e. Kolhapur, Sangali, Satara, Pune and Solapur districts cooperative is well developed. The Sugar, Milk dairies, Credit societies, Banks, Cotton spinning mill, marketing federation, are major cooperative sectors. The cooperative provide large scale employment and allied business in rural area. These cooperatives changed life style of rural peoples. Some cooperatives started educational institutions and helps for total upliftment of rural area. To provide means of transportation roads are developed. The communication facilities and irrigation is also improved. Hence most of the urban facilities are made available in Rural and Gandhi’s real dream of rural development happens to be true. Warana, Aklu are some examples of ideal cooperative movement. Late Padmasree Vithalrao Vikhe Patil, Late Vainkuth Mehta, Prof Dhananjayrao Gadgil, Late Tatyasaheb Kore, Late Shankrao Mohite and other great founders of co-operative movement in maharashtra. Dairy cooperative is one of the sector in which millions of farmers are involved in this business. There are farmers with one cattle to 100 cattle. They get weekly or 10 days payment for the milk supplied to cooperative. It is becoming main source of income for the farmers. It helps to poor families to fulfill their basic needs and routine expenses. Hence they became self sustained. Central government initiated operation flood movement is initiated and formed National Dairy Development Board (NDBB) for development of co-operative dairies in India. Dr. Vergese Kurian is founder member of NDBB who initiated new ideas for dairy development. NDBB impart training to farmers and develops manpower working in various co-operative dairies. It results in SWET KRANTI in India and major contribution of Milk production is from Maharashtra.

The general organization structure is Board of directors elected by members. This board elects Chairman and Vice chairman. Managing Director is appointed who is executive head of organization. Now day’s cooperative facing many challenges. They have to compete with private and multinationals. Development of rural farmers depends upon progress of dairy cooperative. It is necessary to minimize bacterial count and time taken for milking to milk received at primary plant. Customer
demands for more self life of milk and milk products. Government expects 65% rise in milk production to fulfill public demand. There is lot of pressure on co-operative dairy. State government, Central government and NDDB collects lot of data from all co-operative dairies and based on the data collected policy is formed. Slowly technology has been used by dairies to provide value based services to their distributors and Milk suppliers. With the emergence of internet technology dairy can further consolidate and effectively manage their diversification portfolio of distribution service offering on the World Wide Web. Traditional dairy coop would need to now develop into the customer and milk supplier oriented organizations. Integrate their multi channel delivery systems. In order to achieve this eCRM solutions track the across channels. By using the sales information dairy co-op can decide/ modify business rules that which products are need to push in which area. Dairy co-operative make offers through all channels, tracking the results to make business strategies even more effective. The main goal of any organization is to maximize profits for its owners and co-operative milk union is not any exception. On line integrated systems offers a perfect opportunity for maximizing profit. It reduces transaction costs improves the quality and timeliness of response, enhance opportunities for advertising and branding.

II. PRESENT COMPUTERISATION
Almost all co-operative milk union has need base computerization. But it is based on technology and options available at that time. Status of present computerization is as follows -

Separate silos of information- At present functionalities / department wise separate data is stored. Consolidate data is not available.

Paper based filing system- as almost work is on paper record keeping is paper based.

Only financial - Most of the organization completed finance accounting system or in additional to that only financial functionalities like sales purchase and stores accounting no other operation functionalities like production, engineering procurement are not considered.

No big picture - As all functionalized are not covered whole picture of organization is available.

No real time - As most of the application process data in batch data captured on paper first and then data entry is done related effect of data is not done hence system is not real time.

Post event - Information generated from the system is after any event occurs. It will waste of time and money as we could not avoid loss due to any incorrect event occurred e.g. It defreeze temperatures above certain limit if system gives alerts one can take immediate action to avoid losses but in present computerization at the day end or in summary we are getting reading of temperature.

Blame Games - In co-operative it is most likely that every body blame others for failure and trying to get credit of success. Due to lack of information blame games started try to push the responsibilities on others.

Batch Process - Traditional software's are batch processing software in which data is recorded and processed at predefined frequency weekly, fortnightly or monthly.

III. NEED of ERP
To overcome all above mentioned drawbacks in present computerization co-op milk unions must go for ERP implementation with ERP we can achieve -

Resource planning - for any organization 7 m's - Man, Machine, Money, Material, Management & Market are important resources. It is necessary to do proper planning of these resources. With the help of ERP it is possible to do proper planning of resources. i.e.

- Allocation of available man power for different activities.
- Utilization of plants for different production activities.
- Funds Flow and budgeting helps to planning of money properly.
- Minimum inventory can be maintained without problems in production.
- Management takes right decision at right time with help of accurate and in time information.
- Market planning can be done properly available information.

Common Data Base - In ERP all organization's data will be common. Any information/reports can be generated easily.

Integrated - Data Base is integrated while entering data system will check integrity of data. It does not allow incorrect data.

On line - Data recording is on line and immediate effect of translation will be given hence systems will be on line. At any moment results will be given.

Record Transaction at source - Paper work will be minimized all transactions will recorded in the system at source e.g. milk received from supplier will be recorded Raw milk reception dock.

Digital Nervous system - ERP will be digital nervous system of any organization. All the sensitive transition financial and non financial will be recorded in the system. Hence we can get proper sensation about healthy ness of organization.

IV. DEPTH of ERP
With ERP we can achieve lot of things it is more profitable for the organization. These are tangible and intangible benefits like -

Web Based - As recent ERP's are web based data is recorded of total enterprises irrespective of physical location hence total picture of organization is available.
at time. One check introduction as any location with help of web based ERP.

Management Information System - As all data is recorded at source. We can generate daily reports for top management based on defined priority. SMS can be sent to respective authority.

Today’s up to date comparison with last year - Today’s milk collection and sale up to date from accounting year report can be generated. It also provides comparison with last year.

Automation - Most of plants operations can be atomized e.g. temperature recording or opening of valves at certain temp/level etc.

Alert and messages - while recording data on-line based on pre-defined rules alerts can be given or SMS can be generated e.g. if customer demand of SMP for 1 ton SMS to marketing supervisor, if it is for 5 tons SMS to marketing manager if is for 10 tons SMS Managing Director and SMS to the chairman for above 10 tones.

Validation and Verification - As ERP considered as integrated data and data enter into system at source its validation is done while entering and its proper verification is done to avoid further effects of data.

Best Management Practices - Standard ERP’s are in use world wide hence word’s Best management practices can be implemented in the organization.

Single Window - Any information is available at any location with prior access rights it is not necessary to move around the organization to get any information.

Real time data - As and when data captured in system its related updates can be done immediately. Hence any result will be realistic e.g. Balance sheet derived at any movement will consider effects of all transactions.

Accuracy - As system does not accept invalid data integrity of data is checked at entry point hence data is accurate result/information generated from the system is accurate.

Remove Constraints - ERP will remove the constraints in planning of resources. At glance one can view the information so can take decision at movement of time.

V. STRENGTH of ERP

ERP package has greater strength to run the business which includes -

Data base knowledge - As all records are stored in common data base it will provide greater knowledge about the business.

Decision support - ERP provide lot of information which helps to management to take decision so ERP is decision support system e.g. while deciding bonus percentages to employee or distributing final bill to milk supplier what will effect of decision on organizations profitability. ERP provides information to manage the business effectively and efficiently. With help of accurate and in time information from ERP business can be managed effectively. If market information is available in time one can plan for production well in advanced and properly.

Enhanced/Dynamic MIS/EIS - Day by day all information exchange is through electronically i.e. soft data from. To transfer payment of employee or milk supplier we can send data and amount will be transferred instantly to respective accounts.

Information sharing - Data can be shared by all depts. Based on access rights to get information need not move around the organization.

No redundancy - As data captured at source and will be used through out organization any redundancy i.e. Duplication of data.

GUI Interface - The latest development tools provide Graphical User Interface hence application becomes user friendly.

Transparency in business process - As data is available across the organization one can observe and control whether business rules are followed by all hence all the business process becomes transparent.

Value addition cost effective - ERP is not just recording transaction and generating reports it is more than that gives information how can be business can be done cost effective.

Electronic data further change information - With help of ERP data exchange within organization or out of the organization will in the form soft data hence data movement will be fast and its further processing will be fast. Core banking is most ideal example of electronic data interchange.

Capacity planning and leveling - Capacities of plants will be recorded in the system demand of various products will automatically recorded in the system. System will suggest product mix and proper planning existing plants and production to be based on demands and stock products in the godown.

Drill down - In ERP if we view financial expenses statements and find any expenses head amount is high. If we click on that it show sub head’s amount. If we click on sub heads it will show individual account wise. If we click on any selected account it will show details transaction like this we can drill down from top to bottom.

Trend analysis - As all records are recorded in system in common data base we can get increasing or decreasing trend for any type of transaction e.g. product wise sales trend, area wise milk collection trend and month wise procurement etc trend can displayed and can be analyzed.

Security and access control - ERP provides various security levels hence unauthorized access to data can be controlled. Data will be more secure.

VI. WHAT ERP DOES NOT DO

It is myth that ERP can do everything. Initially it is necessary to understand what we can do with ERP and what not. Following are some important points that ERP can not do.

Not going to run our business - ERP records the entire transaction and further processing of data ERP does not
going to run our business. It helps to run business effectively and efficiently.

Doesn't take decision for you - ERP provides decision support system i.e. all related information to take decision also provides impact of any decision on organization's profitability but finally we have to take decision on our own.

Cannot build production and ensure quality - ERP records production to be actual done. Also records standard quality parameters actual quality reading but does not increase/decrease production or does improve the quality it has to be achieved with controlled procedures and various corrective measures.

VII. CONCLUSION
Considering all above benefits dairy industry has go for implementation of ERP to face challenges in this competitive environment.

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