

# KRIBHCO (KRISHAK BHARATI CO- OPERATIVE LIMITED)

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**Abstract:** Bio-fertilisers market in India is growing at a steady rate. Due to major concerns and focus by the Governments of various countries of the world on pollution, contamination of an environment and its resources has led to the controlled use of agrochemicals especially insecticides and Pesticides because of their bad effect on the health of human beings.

These concerns have compelled the Governments to explore the environment and climate-friendly options which can protect the contamination of soil and enhance sustainable agricultural production. The use of bio-fertilisers and biopesticides offers a better option for efficient and effective use of fertilizers and for maintenance of soil health for a better yield of crops.

India is one of the largest consumers of fertilizers. This case study highlights the value of bio-fertilisers, marketing methodology and challenges faced by KRIBHCO in the selling of their products to farmers.

**Keywords:** KRIBHCO, Biofertilizers, agro products, farmer association

## **VISION**

To become a world class organization that represents the farmer community and maximizes their return through specialization in agriculture inputs, rural need-based products and other diversified businesses that maximize stakeholders' value.

## **MISSION**

To act as a catalyst to agricultural and rural development by selecting, financing and managing projects that are both socially desirable and commercially profitable.

## **Introduction**

India has been an agrarian economy. It has been the cradle of civilizations just because of its capacity to expand its productivity, especially with its unique and ideal geopolitical setting. The natural endowments had been plenty enough to nurture its inhabitants to

grow to its present 130 crore population. However, this has thrown new challenges to its growth.

India now requires new vision to tackle the plethora of new problems at this juxtaposition. We now cannot rest on the past laurels of green revolution but will have to understand and achieve new milestones for objectives like “Food security bill”. This is a big challenge. It’s in this scenario that the organizations like KRIBHCO can come forth to meet the challenge.

KRIBHCO was incorporated on the 17<sup>th</sup> April 1980 as is presently registered as a production cooperative under the Multi State Cooperative Societies (MCSC) Act 2002. It has now 7374 members’ cooperative societies including Government of India as on 31<sup>st</sup> March 2013.

Krishak Bharati Cooperative Limited is one of the largest cooperative not only in India but in the entire world. The Society started with the production of prilled urea at its Hazira plant in 1985. Subsequently, Certified Seeds, Bio-fertilizers, Granular Urea and Compost businesses were added in 1992, 1997, 2005 and 2010, respectively. Marketing of Diammonium phosphate (DAP) and Single Superphosphate (SSP) also started to ensure balance fertilization and improve soil health.

With the passage of time, value-addition was done to existing products and new products launched in the market like Hybrid seeds (Bt. Cotton, Hybrid maize and Research Paddy) in 2010, Liquid Bio-fertilizers (Rhizobium, Azotobactor, Acetobacter, Azospirillum, and PSB) in 2011 and Neem coated Urea in 2013. Now, a dozen products are being marketed under Brand KRIBHCO.

Value-addition, not only improved the use efficiency of our products but also enhanced the image of Brand KRIBHCO. Knowledge of Product contents, efficient use and comparative advantages over competitor products is the must for marketing staff.

The Fertilizer Plant, located at Hazira (Surat) consists of production capacity of two streams of Ammonia and four streams of Urea. After Revamp production capacity of Urea Plant is 21.95 lakh MT and Ammonia Plant is 12.95 lakh MT per annum. The commercial production of Urea commenced w.e.f. 1<sup>st</sup> March 1986.

KRIBHCO has three Bio fertilizer Plants with a capacity of 750 MT (Powder) / 3.60 Kilo Liters. (Liquid) per year at Hazira, Varanasi and Lanjha (Ratnagiri). Biofertilizer is one of the most important components of the integrated nutrient management system which maintain soil health. The society has set up 15 modern seed processing plants in states across India in order to provide quality seeds to the farming community.

The Marketing Channel of KRIBHCO includes Cooperative Apex Federations, Institutional Agencies, and Grass Root Level Primary Agriculture Societies. The product basket consists of Urea, DAP, MOP, SSP, Certified Seeds, Hybrid Seeds, Compost, and Bio-fertilizers. The society also sells Surplus Ammonia and Liquid Argon.

KRIBHCO has been operating 64 own Agri retail outlets known as “Krishak Bharti Sewa Kendras” (KBSK) in order to provide quality agro-input along with farm technology to the farmers under a single roof. KRIBHCO has promoted Gramin Vikas Trust (GVT) which is operational in 8 States, aims at improved and sustainable rural livelihood in remotest and impoverished states of the country.

KRIBHCO has improved business processes and operations by strategic use of information and communication technology through SAP-Enterprise Resource Planning (ERP).

KRIBHCO has achieved a Pretax profit of Rs.364.88 crores and Post-tax profit of Rs.295.55 crores during 2012-13. The Net worth has increased from Rs.2922.29 Crores to Rs.3136.42 Crores as on March 31<sup>st</sup>, 2013. KRIBHCO plants are ISO certified.

**Table 1: Role of KRIBHCO in Agriculture Development: 1984-2013**

Kisan Mela	739
Farmer’s meeting	5032
Crop Seminar	852
Crop Demonstration	6653
Field Days	2890
Plant Protection Campaign	239
Technical Wall Painting	6773
Education Tour for Farmers	692
Minikits Distribution	11068
Crop competition	172
Distribution of Agriculture Implements	452
Beneficiaries	Rs.1-14 Crores

Source: [www.KRIBHCO.net](http://www.KRIBHCO.net)

**Table 2: CSR as a tool of marketing strategy for KRIBHCO: 1984-2013**

Drinking water Facilities	275
Human Health Campaign	847
Veterinary campaign	518
Education Aid to Rural School	174
Storage cum Community Centre	157
Other Rural Development	1023

Source: [www.KRIBHCO.net](http://www.KRIBHCO.net)

The KRIBHCO has continuously helped the farmers since its inception by organizing various programs as given in the table no.1. With this till now KRIBHCO was able to help more than 1 cr. Farmers on one to one basis whereas millions through various

programs every year. This helped them in making good ground among the farmers and also helps them to supply their product to every part of India. This has enabled them to be the second largest producer and seller in the market. Table 2 provides the various activities performed by the KRIBHCO as part of their CSR activities. These activities are now being used by them as a tool of their marketing strategy which is giving them a good dividend.

### **Bio-Fertilisers Market trend – All India (2000-2010)**

There are more than 100 Bio-fertiliser units currently operational in India. These units combined produced about 20040 MT bio-fertilisers against the installed capacity of more than 86000 mt during F.Y. 2009-10.

The year-wise capacity, production and trend of sales of bio-fertiliser is given in Table: 3

### **Challenges in Market**

- A) Product challenges faced by Bio-fertiliser companies like KRIBHCO are related to the nature of their products with respect to:-
- i) Bio-fertiliser being live micro-organisms dies at a high temperature.
  - ii) The shelf life of bio-fertiliser is limited to the maximum of 6-12 months in powder form.
  - iii) Since bio-fertilisers are to be used before sowing of a crop or seeds, delay in its dispatch leads to unsold inventory, which can in turn lead to the expiry of the product because of limited shelf life.
  - iv) Some of the variety of bio-fertilisers are specifically made for a particular crop, and for a particular location, therefore they cannot be used for different crops and at different locations due to the difference in climatic conditions which affect the yield and soil.
  - v) Soil characteristics, change in cropping pattern of farmers adversely affect the sales
  - vi) Lack of awareness of the farmers about the benefits of bio-fertilisers also causes sales to decline or lead to slow growth in sales.
- B) KRIBHCO as an organization on marketing front is doing well. They have a huge set up of the marketing department at all levels. It's all Indian presence is very strong. They have a setup of zonal offices followed by Area Offices in each and every state of India and is present even in the interiors. Although financially sound they have many challenges to face in the market. Challenges not from the competitors (which is not bothering them), challenges not from the quality of products (which is very good), challenges not from acceptability of products (as products are very well acceptable by farmers). The challenge is from the price and profit margin point of view. In the case of KRIBHCO, prices and schemes are decided by the Central and respective State Govts. through Ministry of Agriculture and respective state agriculture boards.

### **Reasons for Success of KRIBHCO in Marketing**

Over a period of time, successive Governments have been squeezing the prices and margins which many times result in squeezed profit margins.

- KRIBHCO is doing well because it has been able to diversify with new products and make sure that farmers accept them. For this, they have been successful in maintaining the quality of their agro-based products. For the marketing team, there seems to be no alternative besides diversification.
- Field demonstrations in rural areas and agricultural belts have given good results to KRIBHCO.
- Market segmentation / product positioning
- Competitive pricing
- Usage promotion/ publicity
- Modification, diversification and introduction of new products

### **Channels of Marketing**

KRIBHCO markets and sells its products through state-owned agro cooperative societies of which farmers are the members. They sell through dealer network but on a very small scale.

KRIBHCO field staff has been educating farmers throughout the country about the efficient and economic use of all agro-inputs along with latest crop production technology for maximizing crop fields and farmer's income.

### **KRIBHCO Bio-fertiliser Production & Marketing**

KRIBHCO's share in the country's total production is approximately 5% and within the same limit is the market share in powder form of bio-fertilisers. KRIBHCO was falling short of desired sales targets and the feedback from the sales team revealed an immediate need for product modification which led to the introduction of 'liquid bio-fertiliser' during 2010-11. This strategic marketing resulted in the significant increase of production & sales of KRIBHCO. Connect to farmers through promotion, demonstrations, and educational programs continued with close supervision during and before high yield season resulted in positive feedback and a demand of 1.32 lakh kilo liters of liquid bio-fertiliser during 2012-13, which was a great success in the first instance of introducing a new concept. Farmers are regularly followed for their changing need and problems which resulted in consumer behavior approach towards KRIBHCO.

### **Financial Analysis**

This case study also covers the comparative financial analysis of KRIBHCO with other competitors as given in the Table No. 3.

KRIBHCO is not a listed company, however if we see the other listed organization as per their rank of market capitalization we find that Coromandel, NFL are some of the big

organization. If ranked on the basis of sales turnover KTRIBHCO can be ranked 6<sup>th</sup>. Valuation of KTRIBHCO is a challenge in terms of its social benefit to the country at large and farmers in particular.

**Table 4: Comparative Financial analysis of Kribhco with other Major Companies**

	Mar '14	Mar '14	Mar '14	Mar '14	Mar '14	Mar '14
	KTRIBHCO	NFL	Coromandel Int	GSFC	RashtriyaChem	Chambal Fert
Sales Turnover	5264.35	8,017.03	9,380.52	5,412.49	6,587.60	7,981.89
Total Expenses	5081.84	7,822.69	8,765.86	4,900.16	5,711.67	6,792.01
Reported Net Profit	121.93	-89.71	344.85	342.17	249.89	303.07

**Table 5: Competitive Study of the listed Fertilizer Company**

	Last Price	Market Cap.	Sales	Net Profit	Total Assets
		(Rs. cr.)	Turnover		
Coromandel Int	315.6	9,021.43	9,380.52	344.85	3,626.38
GSFC	104.55	4,166.08	5,412.49	342.17	4,939.45
RashtriyaChem	65	3,585.97	6,587.60	249.89	4,175.48
Chambal Fert	64.5	2,684.54	7,981.89	303.07	6,506.29
Fert and Chem	34.1	2,206.52	2,220.73	-264.96	561.15
NFL	37	1,815.14	8,029.09	-89.71	11,702.20
GNFC	88	1,367.69	4,847.19	292.27	7,479.35
Deepak Fert	131.45	1,159.45	3,816.28	243.88	2,312.83
Zuari Agro Chem	269	1,131.36	5,197.05	26.16	3,419.42
Mangalore Chem	80.7	956.42	3,310.26	70.93	2,140.16
OswalChemandFe	30	770.43	108.03	71.63	2,223.33
SPIC	23.55	479.57	1,345.47	65.86	628.66
Zuari Global	111.1	327.09	175.85	26.14	730.39
Madras Fert	18.4	296.43	2,593.47	100.04	258.69
Agri-Tech	6.55	3.89	0.07	0.23	20.3