

FINANCIAL ANALYSIS OF YOGESHWARI EDUCATION SOCIETY'S SALARIED EMPLOYEES CREDIT COOPERATIVE SOCIETY LTD., AMBAJOGAI

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Abstract:

In the area of LPG credit cooperative societies play a very important role in the development of national economy. It helps its members by mutual help. The motive of these societies has to develop the economic and social values of our members in the society by providing mutual help. Yogeshwari Education Society's Salaried Employees Credit Cooperative Society is one of them which plays a very crucial role in the development of its members' life and also the economic development of the nation. As per the study done by the researcher, financial position and overall performance of the credit cooperative society is satisfactory during the study period. Major achievement of the Salaried Employees Credit Cooperative Society has been a tremendous increase in its deposits, which has always been its main objective. Fixed and current deposits have also shown an increasing trend. Due to increase in advances, the interest received by the credit cooperative society from such advances is proving to be the major source of income for the credit cooperative society.

Key Words: Cooperative Society, Financial Performance, Financial Position

Introduction:

Cooperation is the process of groups of people working or acting together for common, mutual or group of people benefits as opposed to competition for selfish benefit. Many animal and plant species cooperate both with other members of their own group and with members of other group. Cooperation means an act of working together for the common purpose or benefits. Hence there is a need of cooperation in each stage of the life.

Co-operative societies are one of the forms of business organization. They are formed all over the world. Generally, they are formed for the benefit of lower middle class people who constitute the weaker sections of the society with an objective to safeguard their interest against exploitation by powerful businessmen. Co-operative society has a motto of "each for all, and all for each". In the beginning of human existence, needs were simple. Every individual produced all that was necessary, like vegetables, weaving clothes, poultry farming etc. to sustain their life. After this stage, barter system came into existence. Barter system means trade with exchange of goods, in the absence of recognized form of money. At this stage the concept of dependency merged in routine life of human beings and their dependency demanded co-operation. That was how cooperative living was born. In the course of time, people settled down in different occupations with specialization. Exchanging of goods became wider and the

money was introduced in trading, which was widely accepted for payment. As money started getting importance co-operation was going hand in hand with it. Therefore, co-operation is an important thing which plays an important role in all for goods and services and in settlement of debt. Money is given and received without reference to the standing of the person who offers it in payment. A co-operative society is voluntary association of individuals having common needs who join hands for his achievement of common economic interest. Its aim is to serve the interest of the poor section of the society through mutual help.

Today credit cooperative societies plays very important role in every sector of Indian economy. It helps small income group people to develop their life. It is the voluntary association of the people which is formed for the purpose of developing the economic and social condition of the member of the society. In India, there are so many people's those who have not availed their own option to develop their economic and social condition. The cooperative societies Act provides the better option to the small income group people to develop their overall lifestyle with the mutual help. It is the self-help with mutual help organization which is established for the betterment of its member. Credit cooperative societies establishes in various sectors such as housing, finance, agriculture, producing sector, marketing sector etc.

Yogeshwari Education Society's Salaried Employees Credit Cooperative Credit Society Lt., Ambajogai is one of the leading credit cooperative credit cooperative societies in Ambajogai city which was established in 1977 with the aims of acquiring economic self-reliance by mutual help. So, keeping in the mind of this aim, some employees of Yogeshwari Education Society's took initiatives for the formation of salaried employee credit cooperative society in the premises of Yogeshwari Education Society. Finally, the Yogeshwari Education Society's Salaried Employee Credit Cooperative Society came into existence on 6th of September, 1977.

At the end of March, 2014 share capital of Salaried Employee Credit Cooperative Society was Rs. 2, 11, 38,344. It is increased up to Rs. 4, 35, 66,049 at the end of 31st March, 2019. As the same at the end of financial year 2013-14, Rs. 9,34,66,652 deposits were in hand of the credit society and it is increased up to Rs. 19, 73,88,796 at the end of financial year 2018-19.

Yogeshwary Education Society's Salaried Employee Credit Cooperative Society plays very important role in employees' life of Yogeshwari Education Society. It provides numerous services to its members at reasonable manner. Credit society plays a role of blood as important to human survival. It shifts the employees towards the development by providing borrowings at minimum interest rate at any time. Security plan for borrowed capital was executed in December, 2014 by the credit cooperative society which is very helpful to the society at the time of emergency. From this scheme Rs. 95, 00,000 credited in the credit cooperative society.

Importance and Significance of the Study:

The research topic is very relevant in present context. Globalization has increased the competition and has become essential for business to evaluate its financial position to plan its future growth. The importance and significance of the present study is framed below:

1. The analysis and interpretation of financial statement aids in identifying the financial position of the society.

2. The study provides useful information which can be utilize effectively to predict and evaluate the society's financial capacity.

Objective of the Study:

Main objective of the present research topic is to analyze the financial performance and position of employee's credit cooperative society.

Research Methodology:

For the completion of this research work researcher has been applied descriptive and analytical research methodology. For the analysis and interpretation of the data ratio analysis technique has been applied.

Data Collection:

Researchers has used both the sources of data for the completion of their research work but in the current research project researcher has been used the secondary data source only. The data relating to this research problem collected through the annual financial statement i.e. Balance Sheet and profit and Loss Account of Yogeshwari Education Society's Salaried Employees Credit Cooperative Society.

Limitation of the study:

The present research work is limited to Yogeshwari Education Society's Salaried Employees Credit Cooperative Society only. Apart from this following are the limitation of the study:

1. The study has been conducted over a limited period for last three years from 2013-2014 to 2018-19.
2. The study is mainly based on secondary data.
3. The study is based on consolidated financial statements, which may lead to some errors and assumptions.

Financial Analysis of Yogeshwari Education Society's Salaried Employees Credit Cooperative Society:

Table No. 1

DEBT- EQUITY RATIO			
YEAR	DEBT	EQUITY	DEBT-EQUITY RATIO
2013-14	10,22,56,320	3,15,42,691	3.24
2014-15	12,89,31,504	3,76,29,253	3.43
2015-16	16,21,76,475	4,33,32,179	3.74
2016-17	18,90,96,631	5,04,64,401	3.75
2017-18	20,66,50,658	5,68,83,550	3.63
2018-19	22,25,93,662	6,30,64,164	3.53

(Source: Annual Report of Credit Society-2013-14 to 2018-19)

Debt-Equity ratio is increased year by year i.e. 3.24, 3.43, 3.74 and 3.75 respectively but upcoming financial years 2017-18 and 2018-19 Debt-Equity ratio indicates down i.e. 3.63 and 3.53. This is the ratio between borrowed fund and owners' fund that means debt and equity. This ratio measures the extent to which debt financing has been used. The standard or ideal debt equity ratio is 1:1. This means the fund provided by the outsiders and shareholders must be equal. Some experts suggest 2:1 as standard ratio. However lower the ratio better it is. So the credit cooperative society is satisfying ideal contribution.

Table No. 2

TOTAL ASSETS TO DEBT RATIO			
YEAR	TOTAL ASSETS	DEBT	TOTAL ASSETS TO DEBT RATIO
2013-14	13,37,99,011	10,22,56,320	0.76
2014-15	16,65,60,757	12,89,31,504	0.77
2015-16	20,55,08,654	16,21,76,475	0.79
2016-17	23,95,61,032	18,90,96,631	0.79
2017-18	26,35,34,208	20,66,50,658	0.78
2018-19	28,56,57,788	22,25,93,662	0.78

(Source: Annual Report of Credit Society-2013-14 to 2018-19)

The debt/asset ratio shows the proportion of a company's assets which are financed through debt. In addition, high debt to assets ratio may indicate low borrowing capacity of a firm, which in turn will lower the firm's financial flexibility. Total Assets to Debt Ratio, is the relationship between Total Asset and Debt. Total Asset to Debt ratio showing positive tendency but in the year 2017-18 we can see a narrow down. In the year 2015-16 and 2016-17 shows 79.00% Total Asset to Debt ratio and 2017-18 and 2018-19 Total Asset to Debt ratio show 78.00%. This ratio tries to measure the proportion of total assets funded by long term debt. It expresses the relationship between long term loans and total assets of the business.

Table No. 3

PROPRIETARY RATIO			
YEAR	SHARE HOLDERS FUND OR NET WORTH	TOTAL ASSETS	PROPRIETARY RATIO
2013-14	3,15,42,691	13,37,99,011	23.57
2014-15	3,76,29,253	16,65,60,757	22.59
2015-16	4,33,32,179	20,55,08,654	21.08
2016-17	5,04,64,401	23,95,61,032	21.08
2017-18	5,68,83,550	26,35,34,208	21.58
2018-19	6,30,64,164	28,56,57,788	22.08

(Source: Annual Report of Credit Society-2013-14 to 2018-19)

Shareholders fund are too much lesser than the Total Assets. Therefore the proprietary ratio is very low. It consisted in the range between 21.07 % - 23.57 %. It shows the relationship between proprietor's funds and total assets. It reflects the general financial strength of the

concern. The high proprietary ratio infers the good financial position of the society. Generally a ratio of 50%:100% or above is considered ideal. This ratio indicates on a constant basis. In the year 2015-16 and 2016-17 are equal as 21.08% and in the year 2014-15 & 2018-19 are same as 22.08% and in the year 2013-14 is 23.57 and in 2017-18 is 21.58%. This ratio helps to find out the general financial strength of the concern. Compare the amount of Total Asset into shareholders fund, is too low. This ratio used to determine the financial stability of the concern in general. Proprietary Ratio indicates the share of owners in the total assets of the company. It serves as an indicator to the who can find out the proportion of shareholder's funds in the total assets employed in the business. A higher proprietary ratio indicates relatively little secure position in the event of solvency of a concern. A lower ratio indicates greater risk to the creditors. A ratio below 0.5 is alarming for the creditors.

Table No. 4

CURRENT RATIO			
YEAR	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
2013-14	11,58,67,658	71,06,658	16.30
2014-15	14,83,66,493	99,97,176	14.84
2015-16	15,40,23,297	1,87,62,531	8.21
2016-17	20,25,47,960	2,05,64,310	9.85
2017-18	19,05,02,665	2,39,08,160	7.97
2018-19	19,85,54,725	2,52,04,866	7.88

(Source: Annual Report of Credit Society-2013-14 to 2018-19)

Current ratios of past six years are showing decrease tendency from 2013-14 to 20015-16. Increased 8.21 into 9.85 in the year 2016-17 and again goes down in subsequent year. The values of current assets are increased up to 2016-17 and decreased in 2017-18 but again increased in 2018-19. But current liabilities are not increased that much. By comparing the current assets and current liabilities, short term solvency of the firm can be ascertained. As a conventional rule a current ratio of 2:1 or more is considered to be the best. Overall performance of this ratio indicates a positive tendency.

Table No. 5

LIQUID RATIO			
YEAR	LIQUID ASSETS	CURRENT LIABILITIES	CURRENT RATIO
2013-14	11,45,16,057	71,06,658	16.11
2014-15	14,83,66,493	99,97,176	14.84
2015-16	15,15,05,200	1,87,62,531	8.07

2016-17	19,93,52,713	2,05,64,310	9.69
2017-18	18,62,88,704	2,39,08,160	7.79
2018-19	19,36,32,037	2,52,04,866	7.68

(Source: Annual Report of Credit Society-2013-14 to 2018-19)

Liquid ratios of past six years are showing decrease tendency from 2013-14 to 20015-16. Increased 8.07 into 9.69 in the year 2016-17 and again goes down in subsequent year. The values of liquid assets are increased up to 2016-17 and decreased in 2017-18 but again increased in 2018-19. But current liabilities are not increased that much. By comparing the liquid assets and current liabilities, short term solvency of the firm can be ascertained. As a conventional rule a current ratio of 2:1 or more is considered to be the best. Overall performance of this ratio indicates a positive tendency.

Table No. 6

CREDIT DEPOSIT RATIO			
YEAR	Advances	Deposits	Credit Deposit Ratio
2013-14	9,34,66,652	11,38,63,636	0.82
2014-15	11,89,34,328	14,33,02,788	0.83
2015-16	14,34,13,944	14,97,66,745	0.96
2016-17	16,67,06,521	17,12,84,962	0.97
2017-18	18,27,42,499	18,90,18,381	0.97
2018-19	19,73,88,796	19,46,02,598	1.01

(Source: Annual Report of Credit Society-2013-14 to 2018-19)

Above table shows that credit deposit ratio of the Salaried Employees Credit Cooperative Society during last six years. The credit-deposit ratio is increasing year by year except of the year 2016-17 and 2017-18 because in these financial years it is rigid in nature and again in 2018-19 it is increased from 97% to 101%.

It can be concluded that the credit performance of the credit cooperative society is very good.

Table No 7

NET PROFIT RATIO			
YEAR	NET PROFIT	NET SALES	NET PROFIT RATIO
2013-14	26,07,499	1,29,46,869	0.20
2014-15	26,65,978	1,39,37,823	0.19
2015-16	40,44,340	2,28,09,248	0.18
2016-17	31,57,507	1,93,11,279	0.16
2017-18	54,67,614	2,44,40,706	0.22
2018-19	65,85,012	2,55,55,648	0.26

(Source: Annual Report of Credit Society-2013-14 to 2018-19)

From the above table, earning capacity of net profit in terms of total sale is decreased year by year up to 2016-17 but in the financial year 2017-18 is increased by 16.00 % to 22.00%. In the financial year 2018-19 earning of net profit in terms of net sale is 26.00%.

Major Findings:

Major findings have been stated on the basis of data analyzed.

1. Debt-Equity ratio is increased year by year i.e. 3.24, 3.43, 3.74 and 3.75 respectively but upcoming financial years 2017-18 and 2018-19 Debt-Equity ratio indicates down i.e. 3.63 and 3.53. This is the ratio between borrowed fund and owners' fund that means debt and equity. This ratio measures the extent to which debt financing has been used.
2. Total Asset to Debt ratio showing positive tendency but in the year 2017-18 we can see a narrow down. In the year 2015-16 and 2016-17 shows 79.00% Total Asset to Debt ratio and 2017-18 and 2018-19 Total Asset to Debt ratio show 78.00%. Total assets to debts ratio shows high total assets to debt proportion. This means that the firm heavily depends on outside loans for its existence.
3. The high proprietary ratio infers the good financial position of the society. Generally a ratio of 50%:100% or above is considered ideal. This ratio indicates on a constant basis. Table no. 4.3 shows that the shareholders fund and total assets, in the year 2015-16 and 2016-17 are equal as 21.08% and in the year 2014-15 & 2018-19 are same as 22.08% and in the year 2013-14 is 23.57 and in 2017-18 is 21.58%. Relationship between shareholders fund and total assets shows comparatively less proportion between these two items. The proprietary ratio is not a good sign as far the long term solvency is concerned.
4. Current ratios of past six years are showing decrease tendency from 2013-14 to 2015-16. Increased 8.21 into 9.85 in the year 2016-17 and again goes down in subsequent year. The values of current assets are increased up to 2016-17 and decreased in 2017-18 but again increased in 2018-19. Hence, it shows the high solvency position in the short term period. Society has maintained its ideal current ratio during the study period.
5. Liquid ratios of past six years are showing decrease tendency from 2013-14 to 2015-16. Increased 8.07 into 9.69 in the year 2016-17 and again goes down in subsequent year. The values of liquid assets are increased up to 2016-17 and decreased in 2017-18 but again increased in 2018-19. Hence, it shows the high solvency position in the short term period. This means credit cooperative society has managed its funds properly in this particular period. So society has maintained its ideal liquid ratio.
6. The credit-deposit ratio is increasing year by year except of the year 2016-17 and 2017-18 because in these financial years it is rigid in nature and again in 2018-19 it is increased from 97% to 101%. So, it can be concluded that the credit performance of the credit cooperative society is very good.
7. The earning capacity of net profit in terms of total sale of credit cooperative society. It is decreased year by year up to 2016-17 but in the financial year 2017-18 is increased by 16.00 % to 22.00%. In the financial year 2018-19 earning of net profit in terms of net sale is 26.00%. Net Profit ratio is in good position.
8. Financial position and overall performance of the credit cooperative society is satisfactory during the study period from 2013-14 to 2018-19.

Conclusion:

In the area of LPG credit cooperative societies plays very important role in the development of national economy. It helps its members by mutual help. The motive of these societies has to develop the economic and social values of our members in the society by providing mutual help. Yogeshwari Education Society's Salaried Employees Credit Cooperative Society is one of them which plays very crucial role in the development of its members life and also the economic development of the nation. As per the study done by the researcher financial position and overall performance of the credit cooperative society is satisfactory during the study period. Major achievement of the Salaried Employees Credit Cooperative Society has been a tremendous increase in its deposits, which has always been its main objective. Fixed and current deposits have also shown an increasing trend. Due to increase in advances, the interest received by the credit cooperative society from such advances is proving to be the major source of income for the credit cooperative society.

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