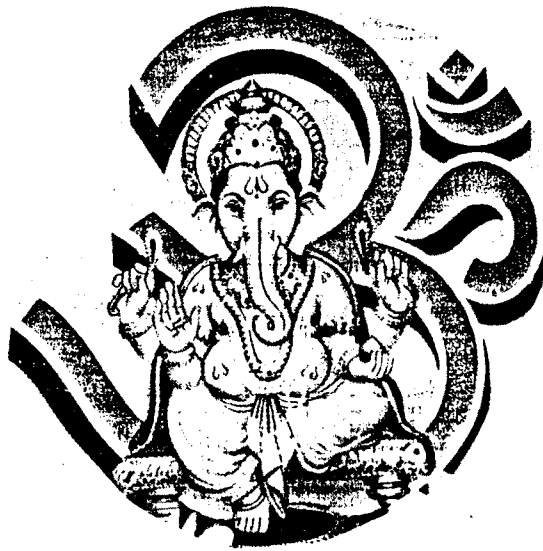


CHAPTER - I



METHODOLOGICAL APPROACH

CHAPTER - I

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1.1 : INTRODUCTION

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In the present economy of a country like ours which is characterised by over population and majority of the same is living in rural area. The Co-operative organisations play very very important role in rural development and economic upliftment of the people. Therefore more and more Co-Operative organisations are coming in existence and Government is also encouraging them by providing subsidies and other kinds of financial, technical, managerial assistance.

The people living in rural area have realised the importance of co-operative organisations in day to day life and its role as an effective instrument of social change through economic upliftment is accepted. As a result rural farmers are motivated to form their own co-operative organisation for marketing agricultural produce taken in their land. Main motive behind forming such co-operative organisations is to get more remunerative prices for the crops. In the same manner co-operative sugar factories are also established to get remunerative price for their sugarcane crop. Previously the sugarcane produced was utilised for making 'Gur (Jaggery) but the sugarcane cultivator were getting relatively less return and mediators were earning higher margin as they had no efficient marketing system for gur and ability to produce sugar. In the process they started thinking to have their own co-operative sugarcane processing centres on large scale to minimize

the overheads and maximize the benefits. Thus co-operative sugar factory was emerged as a solution for their expectations.

The study in hand is an attempt to analyse the financial performance of a sugarcane producers co-operative organisation entitled 'SHREE DATTA SHETAKARI SAHAKARI SAKHAR KARKHANA LTD. SHIROL, DIST. KOLHAPUR (M.S.)'. This study will throw light on how the resources of Government and sugarcane cultivator are being utilised by the sugarcane co-operative at factory level.

#### 1.II : THE OBJECTIVES OF THE STUDY

The study in hand is a partial fulfillment of the University requirement for the award of M.Phil. degree in commerce and management of Shivaji University, Kolhapur. The study has been under taken with specific objectives as mentioned below :-

- (1) To take a review of sugar industry as a whole.
- (2) To study the working pattern of a co-operative sugar factory through a CASE STUDY OF SHREE DATTA SHETAKARI SAHAKARI SAKHAR KARKHANA LTD. SHIROL, DIST. KOLHAPUR
- (3) To analyse financial strengths and weaknesses through ratio analysis technique.
- (4) To suggest the ways and means to overcome the weaknesses, if any.

#### I.III : METHODOLOGY OF THE STUDY

The methodology adopted for the study in hand is a 'CASE STUDY'. In this study the organisation is assumed as a representative sample of the organisations working on same line in the region. The main emphasis is laid on analyse of financial statements published in the annual reports of the organisation under study.

To analyse the financial statements of the organisation, following ratios have been computed -

- a) Liquidity ratios are computed to analyse and study the short financial position of the organisation.
- b) Leverage ratios are computed to analyse and study the capital structure of the organisation.
- c) Activity ratios are computed to measure the efficiency of assets utilisation to generate revenue.
- d) Profitability ratios are computed to analyse and study the over all profitability of the organisation.

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#### I.IV : DATA COLLECTION

For the study in hand data is collected mainly from secondary source, that is financial information published in the annual reports in the form of financial - statements.

Extensive library research has been carried out for literature review and for this purpose books, journals, periodicals, magazines, news-papers have been referred in order to collect data relating to subject at 'macro'

and 'micro levels'. The libraries of CHHATRAPATI SHAHU CENTRAL INSTITUTE OF BUSINESS EDUCATION AND RESEARCH, KOLHAPUR and BALASAHEB KHARDEKAR LIBRARY OF SHIVAJI UNIVERSITY, KOLHAPUR have been made use for data collection.

To clear and understand the accounting treatment behind some figures stated in the financial reports good number of discussions were held with officers of the factory like Account Officer, Managing Director, Informal interviews of departmental heads were also taken in order to bring the gap between published information and actual practise prevailing in the factory. Besides, the record made available for the researcher was made use of for data collection purpose.

#### I.V : SCOPE AND LIMITATIONS

The time spans of the study is limited to SEVEN YEARS, i.e. 1979-80 to 1986-87. As the study is entirely based on secondary data i.e. financial reports related to the above period, constitutes a major constraint of the study as the financial reports are always subject to manipulations and information available in them is historical in nature.

#### I.VI : ORGANISATION OF THE STUDY

The whole study is compiled in FIVE CHAPTERS. The chapter No. 1 deals with methodological issues of the study where in the researcher has clearly explained objectives, methodology, data collection, scope and limitations of the study. The Chapter No. II disc-

asses the theoretical framework of the area in which the study has been undertaken, Chapter No. III is devoted to the review of sugar industry at macro and micro level. In Chapter No. IV data collected from different sources have been analysed which is a sound base for observations and suggestions made in the Chapter No. V.

I.VII : DETAILED CHAPTER SCHEME OF THE STUDY

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