

CHAPTER FIRST

CHAPTER 1

INRODUCTION AND RESEARCH METHODOLOGY

INRODUCTION

In India more than 82% of the population is in rural areas. About 76% of the rural population is contributing major quantity of milk production. Most of them have dairying as a subsidiary occupation. But limited uneconomic marketing is the hall mark of their problems. The demand for milk & milk products in cities is fast expanding due to the population explosion & rapid industrializations.

The livestock rearing is closely integrated with agriculture. Milk from the cattle, this dairy activity not only meets the requirement for household consumption but also helps to earn regular income for families. The role of dairy society is changing from subsistence level activity to commercial activity to make increasing demand of population for milk and milk products.

Dairy co-operatives play major role in enhancing milk production & marketing of milk. Women dairy co-operatives are organized & run exclusively by women to improve their status in rural areas. They provide marketing facilities for milk produced products & fetch remunerative price of milk to their members. They provide inputs like cattle feeds, loan, veterinary & breeding services to milk production.

The management of the dairy societies is very important for successfully working of such societies. Financial management is most of crucial area in the overall management of society. The present study attempt to cover the financial management of the Gokul Sahakari Doodh Utpadak Sanstha, Ltd., Gadmudshingi.

Financial statement refers mainly two statements

Income statement i.e. Profit & Loss A/c.

Balance sheet.

Which are generally prepared at the end of accounting period i.e. year.

It helps to people related with sanstha to know the financial position which helps them in future planning & forecasting.

OBJECTIVES OF THE STUDY

The main aim of the study is to identify the financial problem of the dairy units selected for case study. Therefore, the following specific objectives.

- 1 To study sources of the funds to society.
- 2 To study the investment of the available funds by the sanstha.
- 3 To analyze the expenditure.
- 4 To understand profitability.
- 5 To examine that other services rendered by sanstha to its members.
- 6 To understand the financial problems & offer suggestions to solve such problems.

SCOPE OF THE STUDY

The present study covers the financial management aspects of the dairy co-operative societies were limited to following aspects.

- 1 Rising of the funds.
- 2 Investment of the funds.
- 3 Analysis of the profitability.
- 4 Analysis of the Expenditure & Income.

The study covers the period of five years from 2000-2005 for financial management of above aspects.

METHODOLOGY OF THE STUDY

With the above mentioned objectives in mind the methodology chosen for the present study can be given as under.

The entire dairy Industry in nation is run under private & public sector dairy in Kolhapur district it was decided to adopt for choosing the co-operative sector as case study. The another reason is that, the socio economic development is main purpose of activities of this sector.

THE FOLLOWING ARE THE REASONS FOR CHOOSING CASE STUDY METHOD OF RESEARCH

- 1 Understanding of financial management only requires a careful collection of a vast body of data pertaining to financial statements. i.e. Trading, profit & loss A/c & Balance sheet.
- 2 The financial management involves a strategic decision making, forward planning & also evaluating the performance. The time series data for a period of at least 5 years would reveal financial management of any unit.
- 3 The case study approval has yet another advantage that researcher can probe into the problems of the units under study with a better comprehension after being conversant with the unit & the area under

study. The point is that the sample study would not give sufficient opportunity & time to the researcher to make himself conversant with all units included in sample.

- 4 The dairy units have a typical character when it comes to dairy units in co-operatives & public sector. It is the huge initial investment in plant, building & equipment with continuous flow of adequate working capital. As a result, nor more than two or three units can survive in a district economy in these sectors.

This leaves no room for a sample study of a vast population. Thus the case study approach was thought to be best approach for study of financial management of dairy co-operatives.

SOURCES OF DATA COLLECTION

The present study is based on primary as well as the secondary data. The role of primary data is limited mainly because the method of collecting data was mainly through informal discussions with officers & employees & through observation made.

The secondary data have been collected mainly from the published information prepared either for the shareholders or transmitting it to the Govt. Offices. Secondary data includes following information.

- 1 Trading, profit & loss A/c
- 2 Balancesheets

ORGANISATION OF STUDY

The entire research work is divided into seven chapters. The first chapter is devoted to 'Introduction & Research Methodology.' chapter two gives overview or profile of Gokul Sahakari Doodh Utpadak Sanstha Ltd., Gadmodshingi. In the third chapter sources of funds available to sanstha is presented. The fourth chapter contains Investment of funds with the some of review of literature on financial management. The Analysis of Expenditure in dairy unit is presented in the chapter fifth. To study the Profitability of sanstha, Analysis of Income & Profit is presented in chapter sixth. Chapter seven provide conclusions & suggestions for better financial management & possible implications from the Government.

LIMITATIONS OF THE STUDY

The present study is undertaken as a part of the partial fulfillment of the Degree of Master of Philosophy in Financial management. Due to limited resources at the disposal of the research there are following mentioned limitations of the present study.

- 1 This is the case study and the study is limited to one unit viz, The Gokul Sahakari Doodh Utpadak Sanstha Ltd., Gadmodshingi.
- 1 The period of the study is limited to the five years from 2000 to2005.