

CHAPTER - II

RESEARCH METHODOLOGY

**A STUDY OF WORKING CAPITAL OF SUGAR FACTORY WITH
SPECIAL REFERENCE TO SHRI. HALASIDHANATH SAHAKARI
SAKHAR KARKHANA LTD., NIPANI**

1) TREORETICAL BACKGROUD

Working capital is necessary for all types of business organizations irrespective of their size and nature. It may be regarded as the life blood of business .Adequate provision of working capital ensure the financial solvency of a business enterprise. The study of working capital is of greater importance as it is related to the day-to-day operations of a business. The finance manager has to see that enough liquid funds are there and at the same time the profitability of the business should not suffer. He has to maintain liquid at such level as may ensure satisfactory level of earnings to the business.

In a general sense working capital means that part of total capital of the firm which is available and used for carrying out the routine or regular business activities of that firm. Thus, the money required to purchase the raw material and to pay wages etc. it called working capital requirement of a firm.

According to Hogland, "Working capital is descriptive of the capital which is not fixed. But the more common use of the working capital is to consider it as difference between the book value of the current assets and current liabilities".

At present, maximum co-operative Sugar Factories in Karnataka are facing the problems of fixed and working capital, Loans availability and marketing etc.

The study is concerned with the working capital of SHRI. HALASIDHANATH SAHAKARI SAKHAR KARKHANA LTD., which is situated at Nipani, Tal : Chikodi of Belgaum District. The Late Baburao Balwantrao Patil – Budihalkar was the Chief Promoter and founder chairman of factory.

Therefore, it is necessary to study the overall operating efficiency and particularly working capital in the co-operation Sugar Factories. In this study, researcher has decided study the working capital and it's problems.

2) STATEMENT OF PROBLEM :

The study is emphasis on A STUDY OF WORKING CAPITAL OF SUGAR FACTORY WITH SPECIAL REFERENCE TO SHRI. HALASIDHANATH SAHAKAR SAKHAR KARKHANA LTD., NIPANI, Tal:Chikodi, Dist:Belgaum for the period 2002-2003 to 2006-2007.

3) SIGNIFICANCE OF THE STUDY :

This study is concerned with the working capital of the factory which is helps in finding the problem of working capital in the factory and analysis how to overcome on this problems. As such this study will help in improving the efficiency and overall working capital performance of sugar factory.

4) OBJECTIVE OF THE STUDY :

The study entitled as a study of working capital in SHRI HALASIDHANATH SAHAKAR SAKHAR KARKHANA LTD., NIPANI.

The study undertakes with following specific objectives.

1) To assess the working capital in SHRI. HALASIDHANATH SAHAKARI SAKHAR KARKHANA LTD., NIPANI in relation to the following factors.

a) Composition of current Assets

b) Profitability

2) To evaluate the efficiency of working capital during the period of research.

3) To analyse the short term financial position with the help of financial ratio and highlight short term financial position of the factory.

4) To find the short term adequate or inadequate of working capital of the factory .

5) To suggest remedial measures in the light of the conclusion and observation.

5) Scope of the Study :

The scope of the study is limited for five years starting from 2002 – 2003 to 2006 – 2007. Since the study is based almost entirely on the data available in the financial statement published by the factory on time to time. This study is the requirement of considering working capital of Sugar Factory for improving profitability.

6) RESEARCH METHODOLOGY :

In order to pursue this study the researcher is collect information through primary sources and secondary sources. The primary data is collected by conducting personal interviews with officials of the factories board of Directors, and employees financial institution and other concerned agencies.

The secondary data is collected from annual report, audited statement, published resources like books, periodicals.

TOOLS AND TECHNIQUES OF ANALYSIS :

In this study data is processed and tabulated by the way of tables. The data is presented with the help of charts, maps and graphs. At the of analyzing the data statistical techniques such as percentages, average etc. is used. Moreover techniques such as 'Ratio Analysis' is applied for the analysis and interpretation of financial statement and data of SHRI. HALASIDHANATH SAHAKARI SAKHAR KARKHANA LTD., NIPANI, Tal : Chikodi, Dist : Belgaum.

5) Chapter scheme :

The dissertation is divided into following

- 1) Theoretical Background
- 2) Research Methodology
- 3) Profiles of factory and sugar industry
- 4) Analysis and Interpretation
- 5) Findings , Conclusion and Suggestions

BIBLIOGRAPHY