
CHAPTER - I

**RESEARCH
METHODOLOGY**

INTRODUCTION

The Sugar Industry is second largest agro-based industry in the country next to cotton industry. It is a key driver of rural development, supporting over about 55 million sugar cane farmers, their dependents and a large mass of agricultural labours involved in sugar cane cultivation and harvesting, Machine Manufacturing etc. of almost 607 Sugar Mills and ancillary activities, constituting some 7.5% of the rural population. Besides, about 0.5 million skilled and semi-skilled workers, mostly from the rural areas are engaged in the sugar industry. A number of Co-operative sugar factories have also undertaken welfare activities like opening colleges, technical institutions, Hospital and temples etc. in rural areas.

As such, the sugar industry has been playing an important role in Socio-economic development of the rural areas by mobilizing rural resources, generating employment and raising family income and thereby enhancing the standard of living of rural agriculturist.

But unfortunately today the financial position of the majority of the co-operative sugar factories is not sound due to shortage of sugar cane, fluctuating sugar price, absolute plant and machinery, large numbers of small sized plants and unlimited and useless expenditure and increasing burden of borrowed funds and Interest on it.

In this scenario it is necessary to conduct a Micro level research to examine thoroughly overall working, especially financial performance of co-operative sugar factories.

As such, the researcher selected “Jawahar Shetkari Sahakari Sakhar Karkhana Ltd., Hupari”, because it is one of the popular Co-operative Sugar factories in Kolhapur district.

1.2 - STATEMENT OF THE PROBLEM :

The present study titled “A study of financial performance of Jawahar Shetkari Sahakari Sakhar Karkhana Ltd., Hupari on the basis of ratio’s”. The evaluation of financial performance has made with the help of some important financial ratios.

1.3 - RESEARCH PROBLEM :

To know the Financial performance through comparing five years operational & financial performance by applying different financial ratios.

1.4 - PURPOSE OF THE STUDY :

The present study has been undertaken with the intention of examining the overall operating activities and evaluating financial position of the factory. Now a days due to unavoidable natural calamities as well as other circumstances the co-operative sugar industry is not performing well.

It is again aggravated by the problems faced by this industry such as labour shortage, increasing cost, and agitations from the sugarcane growers for higher rates etc. The result of all these factors is that the co-operative Sugar industry has financially affected in several ways and as a result it has come in danger.

Therefore, the investigator felt it necessary to undertake a detailed investigation of all these issues and analyze how severally these conditions have affected on the overall position of the sugar Industry in particular and all the co-operative sugar Industries in general.

1.5 - OBJECTIVE OF THE STUDY :

The main objects of the study are :

- 1) To examine the financial position of the factory.
- 2) To analyze financial performance based on certain important ratios.
- 3) To evaluate operating efficiency and financial soundness of the factory on the basis of certain ratio's during research period.
- 4) To examine overall working of the factory and its linkage with the financial performance.
- 5) To present findings and suggestions.

1.6 - SCOPE OF THE STUDY :

The present study is confined to the selected unit “Jawahar shetakari Sahakari Sakhar Karkhana Ltd., Hupari”. So, far as the depth of the present study is concerned, the researcher focuses on evaluation of financial performance of the unit and a period of 5 years starting from 2002-03 to 2006-07 has been considered as period of investigation.

1.7 - SIGNIFICANCE OF THE STUDY :

Majority of sugar factories are of co-operative nature and unfortunately today the financial position and performance of these co-operative sugar factories is not sound. Hence, the findings and suggestions of this study will help in improving the efficiency and overall financial performance of co-operative sugar factories in general and Jawahar shetakari Sahakari Sakhar Karkhana Ltd., Hupari in Particular.

1.8 - RESEARCH DESIGN AND METHODOLOGY :

The present study is based on “purposive sampling method”. The purposive sampling is also known as “Judgment or deliberate Sampling”. As the name itself indicates, investigator select the specific unit on his own judgment. Accordingly the researcher selected “Jawahar shetkari Sahakari Sakhar Karkhana Ltd., Hupari” Because the factory is convenient to researcher as the authorities and some of the staff are familiar to the researcher which enable him to get relevant data for study.

To fulfill the set of objectives regarding the study, researcher collected primary and secondary data. The present study is mainly based on published data in factory annual reports.

(A) PRIMARY DATA :

If the Investigator collects the data originally for the investigation, the data is called primary data.

For the present study primary data is collected through observation and discussions with departmental heads, accountants, assistants and officers.

B) SECONDARY DATA :

If the investigator does not collect data originally for the research enquiry but uses data already collected and available in published or unpublished form, data is called secondary data.

For the present study secondary data is collected from published annual report and prospectus, audited statements, Published material of co-operative Sugar Industry and magazines.

1.9. MEASUREMENT TECHNIQUE / STATISTICAL TOOL

USED :

- 1) Accounting Ratio.
- 2) Financial Statement of the factory.
- 3) The charts and graphs.

1.10. ANALYTICAL TECHNIQUES :

The collected data has been processed and analysed with the help of ratio's, tabulated by way of tables, presented with the help of charts and graphs and Interpreted on the bases of the outcome of actual ratio's calculated for the study period.

1.11 LIMITATIONS OF THE STUDY :

- 1) The scope of the present study has confined to 'Jawahar Shetkari Sahakari Sakhar Karkhana Ltd., Hupari'.
- 2) The study mainly depend on the published data through annual reports and financial statements such as Balance sheet and Income statement.
- 3) The evaluation of financial performance is confined only to a span of 5 years starting from 2002-03 to 2006-2007
- 4) The findings and suggestions are based on data collected from annual reports, audited statements and published material of factory office and to the extent of first hand information which has been disclosed by various officers contacted by the researcher.

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- 5) The limitation of ratio analysis is itself a limitation in achievement the set objectives.

1.12 ORGANISATION OF THE STUDY :

The first chapter explains brief Introduction of subject matter, statement of the problem, Research problem, Purposes of the study, objectives of the study ,scope and significance of the study, research design and methodology ,measurement technique, Analytical technique and limitations of the study.

The second chapter explain the overall dimensions of sugar industries and the profile of the factory. In this segment history behind the establishment, current picture and other information relating to the factory is given.

The third chapter describes conceptual Background of ratio's. It covers the meaning of different ratio's and it's significance in the disclosure of the financial position and health of the overall organization.

The Fourth chapter deals with data presentation and Analysis. In this segment the important ratio's are calculated and presented in the form of Tables, Graphs and on this base Interpretation is made.

The fifth chapter presents findings and suggestions based on the analysis of collected data.