

CHAPTER - VI

CONCLUSIONS AND SUGGESTIONS

CONCLUSIONS -

- 1) Current ration indicates that the Warana Dairy has no ability to repay or to meet the current liabilities or short term commitment promptly.
- 2) Warana dairy has failed to maintain quick ration. It is observed that the dairy has not satisfactory or sound position.
- 3) It is a well indication of using inventory which is showing low ration which means dead or excessive stores. A turnover ratio indicates fast moving of stores.
- 4) It is analyzed that the debtors were collected satisfactorily from 2000-01 to 2004-05. In the year 2000-01 debtors turnover ration is 22.90 and it is 14.91 in the year 2004-05. It is a good indication of progressive development.
- 5) This analysis shows that the average collection period maintains its uniformity during the year from 2000-01 to 2004-05. The average collection period is showing desirable performance over a period of study.
- 6) The analysis concludes a desirable average for dairy. In the year 2000-01, it is 95 days and it is 66 days in the

year 2004-05. This is an indication of normal repay meet of the creditors and continuous availment of credit facility.

- 7) It is further concluded that the Warana dairy has a positive sign of creating working capital in 2000-01 while it is not good position of working capital in further years. It shows a vast decline in working capital. It states that sufficient amount to cover day to day operations is available only in the year 2000-01. Thereafter, the working capital is decreasing which shows a tight liquidity position.

SUGGESTIONS :

- 1) The dairy working capital is found to be very low. The dairy has to maintain its ability to pay the due from borrowers and creditors. It is essential to create working capital fund.
- 2) As per the industrial norms, the standard current ratio is 2:1. The dairy fails to maintain this ratio. It is suggested that the dairy has to maintain the position to repay the dues and to meet current liabilities.
- 3) The diary has to maintain sound liquidity position as it is not satisfactory as per the norms. The dairy has to create greater liquidity.
- 4) It is a good sign of using inventory. The dairy has to keep it up.
- 5) The diary has to collect amount form debtors on time to time.

- 6) The dairy has to maintain uniformity in collection of debtors in future also.
- 7) For getting credit facilities from creditors, the dairy has to pay its dues in time.
- 8) The dairy has to generate maximum sources of fund for making stability and growth.