
**A STUDY ON WORKING CAPITAL MANAGEMENT OF THE SHIVSAMARTH
MULTISTATE CO-OPERATIVE CREDIT SOCIETY, TALMAVALE**

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Abstract:

Working capital is significant in Financial Management due to the fact that it Plays a pivotal role in keeping the wheels of a business enterprise running. Working capital is concerned with short-term financial decisions. Shortage of funds for working capital has caused many businesses to fail and in many cases, has retarded their growth. Lack of efficient and effective utilization of working capital leads to earn low rate of return on capital employed or even compels to sustain losses. The requirement of working capital varies from firm to firm depending upon the nature of business, production policy, market conditions, seasonality of operations, conditions of supply etc. Working capital to a company is like the blood to human body. It is the most vital ingredient of a business. Working capital if carried out effectively, efficiently and consistently, will ensure the health of an organization. A company invests its funds for long-term purposes and for short-term operations. That portion of a company's capital, invested in short- term or current assets to carry on its day to day operations smoothly is called working capital.

Present study is descriptive in nature based purely on secondary data. Its motive is to understand working capital management of Shivsamarth Multistate Co-operative Credit Society, Talmavale from academic point of view as it is without changing the scenario as on date.

The findings highlight the challenges faced Shivsamarth Multistate Co-operative Credit Society, Talmavale like Cash flow, liquidity constraints and regulatory compliance. This research contributes to a deeper understanding of working capital management practices in co-operative credit society.

Key words: Cash Flow, Current Assets, Current Liabilities

1.Introduction:

Working capital is significant in Financial Management due to the fact that it Plays a pivotal role in keeping the wheels of a business enterprise running. Working capital is concerned with short-term financial decisions. Shortage of funds for working capital has caused many businesses to fail and in many cases, has retarded their growth. Lack of efficient and effective utilization of working capital leads to earn low rate of return on capital employed or even compels to sustain losses. The requirement of working capital varies from firm to firm depending upon the nature of business, production policy, market conditions, seasonality of operations, conditions of supply etc. Working capital to a company is like the blood to human body. It is the most vital ingredient of a business. Working capital if carried out effectively, efficiently and consistently, will ensure the health of an organization. A company invests its funds for long-term purposes and for short-term operations. That portion of a company's capital, invested in short- term or current assets to carry on its day to day operations smoothly is called working capital.

2. Statement of the Problem:

Now a days it is quite common to provide a statement of changes in financial position as a part of audited accounts. In the present days of cut through competition the management of funds plays a vital role for smooth functioning of any organization. It considers inflow and outflow funds. This study has become important to know how this organization is utilizing their long-term funds to meet the short-term liabilities. Financial institutions play an important and decisive role in the economic

development of the country. After liberalization of economic sector, a number of financial institutions are emerging and the study of financial institutions has become important. This study has been undertaken to analyze the strength and weakness of this organization.

3. Objective of the Study:

1. To understand working capital management.

4. Scope of the study:

Scope of the study is limited to working capital of “The Shivsamarth Multistate co-operative society, Talmavale.” To carry out this study, reference figures are taken from last three year’s financial statements – i.e. from year 2018-19, 2019-20, to 2020-21.

4. Research Methodology and Limitations

4.1 Research Methodology:

This research is descriptive research and based purely on secondary data. Its motive is to understand concept and structure of working capital management of The Shivsamarth Multistate co-operative society, Talmavale.” For academic purpose only and without changing the scenario as on date.

4.2 Limitations of the study

1. Accuracy and accountability of the findings are based on the annual reports published by the organization.
2. Due to time constraint it was not possible to do detail study.
3. No comparative study has been made.

5. DATA ANALYSIS AND INTERPRETATION:

5.1 Statement showing changes in working capital 2018-19 & 2019-20

Particular	2018-19	2019-20	Increase	Decrease
A) current assets				
Cash	3,21,04,736	3,42,70,949	21,66,213	---
Cash at bank	4,93,11,510	2,09,05,308	---	2,84,06,202
Loans and advances	1,01,20,09,918	136,01,76,745	34,81,66,827	---
Interest receivable	19,91,29,417	25,16,37,550	5,25,08,133	---
Total a	1,28,95,55,581	1,69,53,96,754	---	---
B) less current liabilities				
Provision of overdue interest	21,10,836	44,60,863	---	23,50,027
Interest payable	4,83,46,731	6,26,22,107	14,275,376	---
Total b	5,04,57,567	6,70,82,970	---	---
Working capital(a-b)	1,23,90,98,014	1,62,83,13,784	41,52,71,945	2,60,56,175
Increasing capital	38,92,15,770	---	----	38,92,15,770
Total rs.	1,62,83,13,784	1,62,83,13,784	41,52,71,945	41,52,71,945

Source : Annual Reports from 2018-19 to 2020-21 shown during the study.

5.2 Statement showing changes in working capital 2020-21

Particular	2019-20	2020-21	Increase	Decrease
A) Current assets				
Cash	3,42,70,949	3,48,47,656	5,76,707	---
Cash at bank	2,09,05,308	10,43,52,229	8,34,46,921	---
Loans and advances	136,01,76,745	198,48,25,220	62,46,48,475	---
Interest receivable	25,16,37,550	31,19,64,193	6,03,26,643	---
Total A	1,69,53,96,754	2,43,59,89,298	---	---
B) Less current liabilities				
Provision of overdue interest	44,60,863	60,10,863	---	15,50,000
Interest Payable	6,26,22,107	8,02,05,308	1,75,83,201	---
Total B	6,70,82,970	8,62,16,171	---	---
Working Capital (A-B)	1,62,83,13,784	2,34,97,73,127	72,30,09,343	15,50,000
Increasing capital	72,14,59,343	---	----	72,14,59,343
Total Rs.	2,34,97,73,127	2,34,97,73,127	72,30,09,343	72,30,09,343

Source : Annual Reports from 2018-19 to 2020-21 shown during the study.

5.3 Working Capital

Year	Working Capital in Rupees	%Change
2018-19	1,23,90,98,014	-
2019-20	1,62,83,13,784	23.90%
2020-21	2,34,97,73,127	30.70%

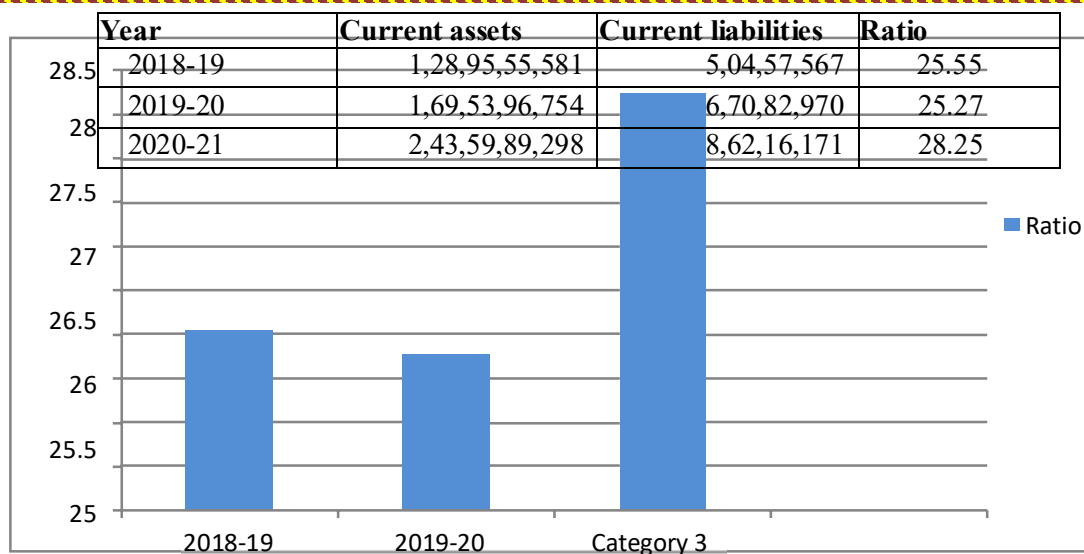
Source : Annual Reports from 2018-19 to 2020-21

Interpretation: -

Above table show change in working capital in the year 2019 to 21. There is an increase in working capital of Rs 38,92,15,770 from 2019-20 to increase in 72,14,59,343 for 2020-21. Due to decrease in cash at bank in 2019-20 and increase cash at hand, increase in interest receivable and loan and advances and increase in interest payable. The reason for increase in working capital is the increase of size of society and development and increased account holders. So for fulfilling the requirements of customers the working capital requirement was increased.

5.4 Current Ratio

$$\text{Current ratio} = \frac{\text{current assets}}{\text{Current liabilities}}$$



Source : Annual Reports from 2018-19 to 2020-21

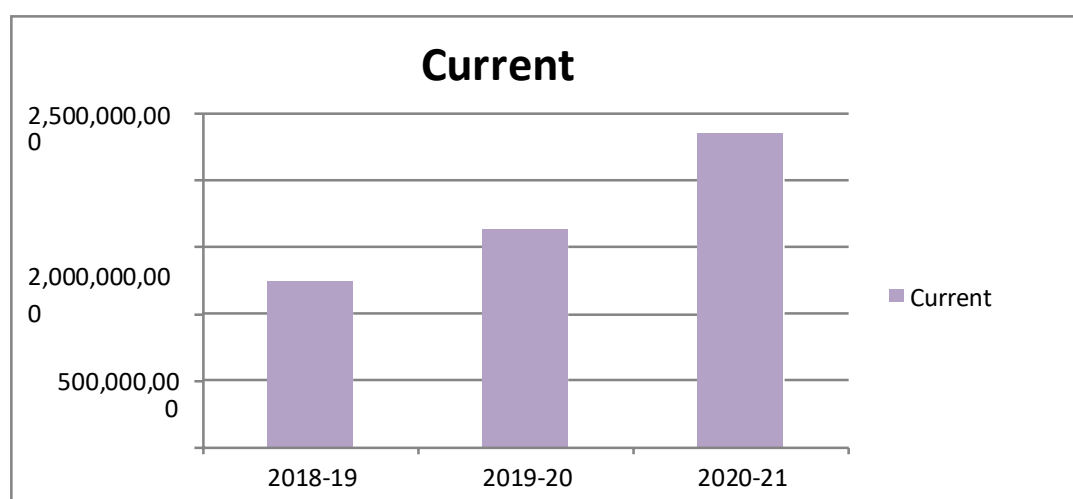
Interpretation: -

Current ratio for all the three year remain approximately constant. The current ratio remains constant due to, as current assets increases the current liabilities of Society also increases so finally ratio remain the constant.

5.5 Current Assets

Year	Current Asset in Rupees	%Change
2018-19	1,28,95,55,581	-
2019-20	1,69,53,96,754	23.93%
2020-21	2,43,59,89,298	30.40%

Source : Annual Reports from 2018-19 to 2020-21



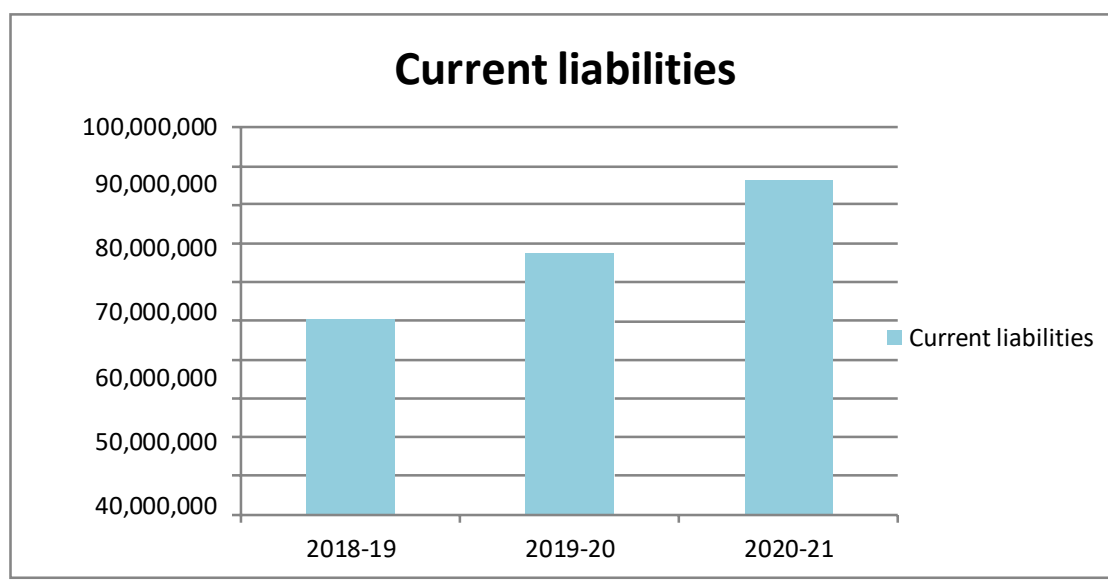
1 Interpretation: -

This diagram shows that current assets have increased from 2018-19 to 2020-2021. Because of increased balance of interest receivable and

short term loans and advances. The total loans given to customers were increased than 2019-20 so the amount of interest receivable increased.

5.6 Current Liabilities

Year	Current liabilities	%Change
2018-19	5,04,57,567	-
2019-20	6,70,82,970	24.78%
2020-21	8,62,16,171	22.19%



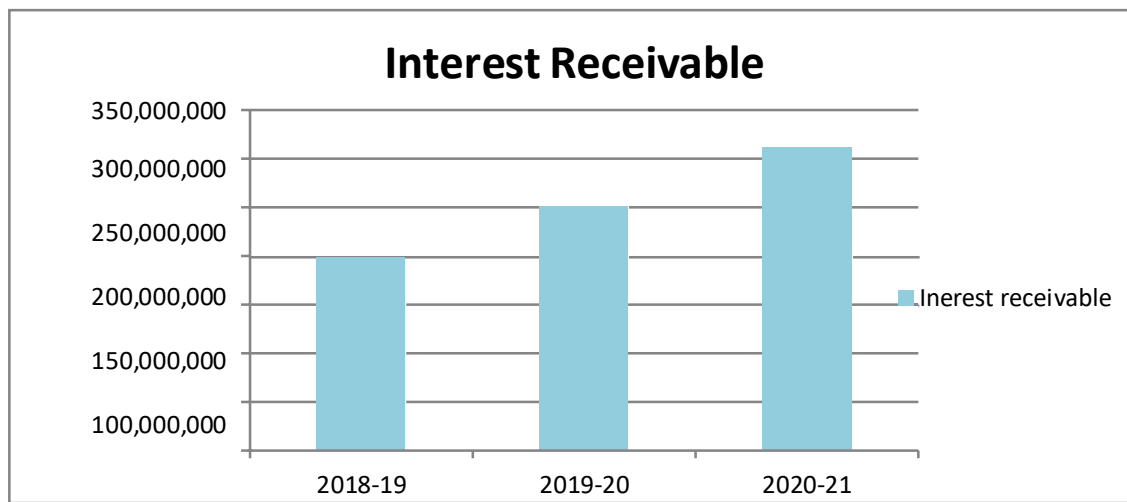
Source : Annual Reports from 2018-19 to 2020-21

2 Interpretation: -

This diagram shows that current liabilities have increased 2018-19 to 2020-21. Because there is increase in provision for overdue and Interest payable and other liabilities.

5.7 Interest Receivable

Year	Interest Receivable	%Change
2018-19	19,91,29,417	-
2019-20	25,16,37,550	20.86%
2020-21	31,19,64,193	19.33%



Source : Annual Reports from 2018-19 to 2020-21

3

Interpretation: -

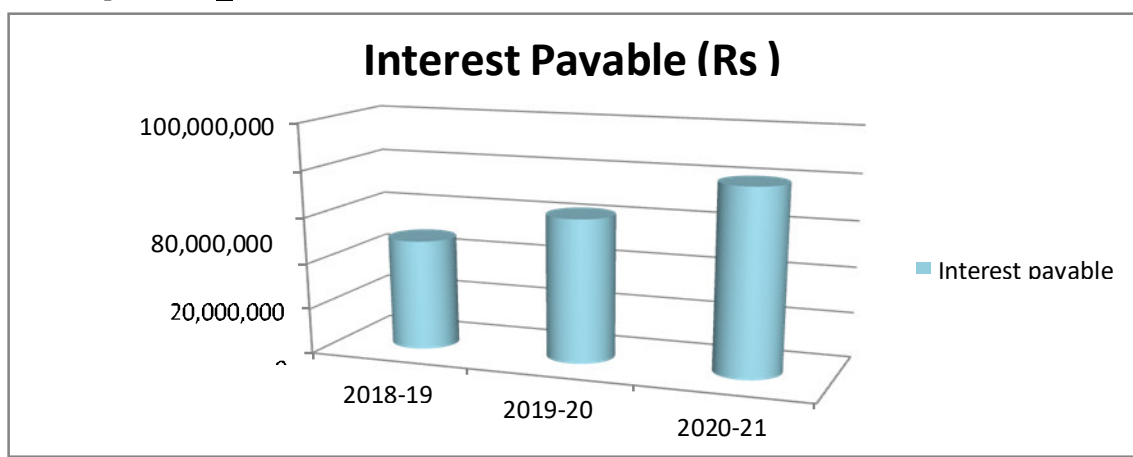
Above the pie chart shows that interest receivable have been increased for the years. In the year 2019-20 20.86% increased then 2018-19 and in the year 2020-21 it increased 19.33%.

5.8 Interest Payable

Year	Interest Payable	%Change
2018-19	4,83,46,731	-
2019-20	6,26,22,107	22.79%
2020-21	8,02,05,308	28.07%

Source : Annual Reports from 2018-19 to 2020-21

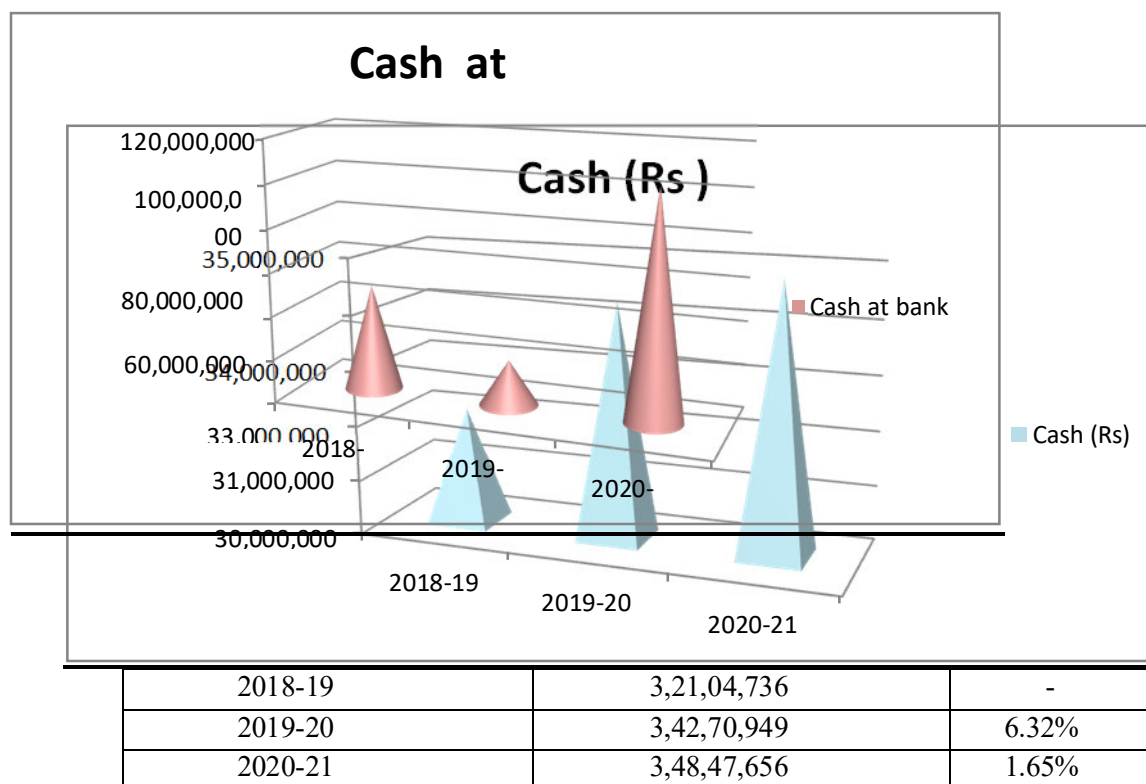
Interpretation :-



Above graph shows that the interest payable for the year 2018-19 to 2020-21. Interest payable has increased for all the three years.

5.9 Cash

Year	Cash (Rs)	%Change
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Source : Annual Reports from 2018-19 to 2020-21

4 Interpretation :-

Above graph shows that the cash for the year 2018-19 to 2020-21 Increases. Cash for the 2018-19 to 2019-20 increases by 6.32% and the year 2019-20 to 2020-21 increase by 1.65%. This graph shows that the cash has increased throughout the year.

5.10 Cash at bank

Year	Cash at bank (Rs)	%Change
2018-19	4,93,11,510	-
2019-20	2,09,05,308	6.32%
2020-21	10,43,52,229	52.7%

Source : Annual Reports from 2018-19 to 2020-21

Interpretation:-

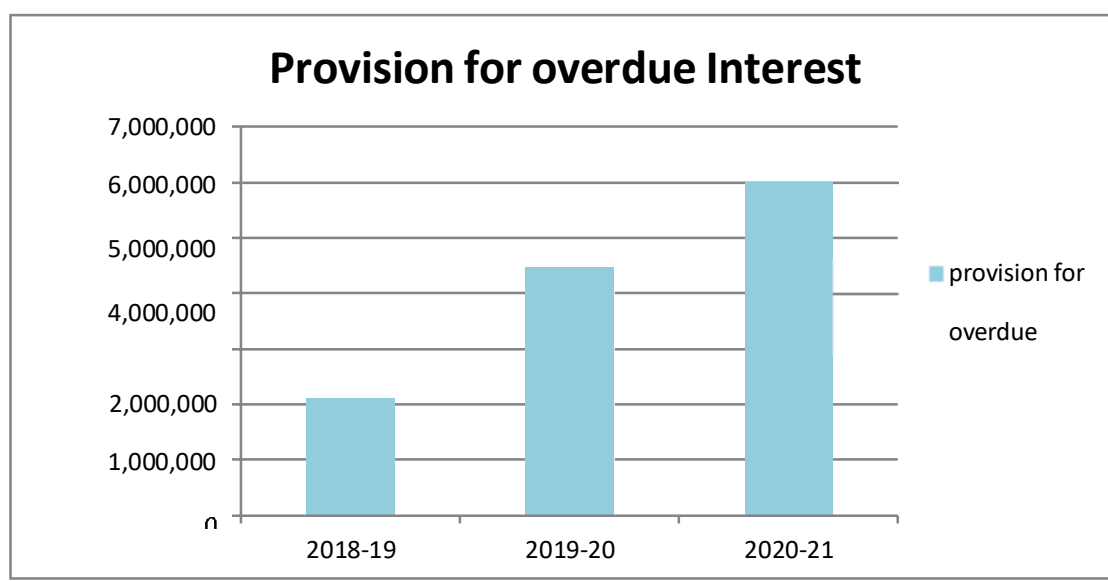
Above graph shows that the cash at bank for the 2018-19 to 2019-20 decreases while for the year 2019-20 to 2020-21 it increases. In the year 2020-21 cash at bank increased by 52.7%.

5.11 Provision for overdue interest

Year	Provision for overdue interest (Rs)	%Change

2018-19	21,10,836	-
2019-20	44,60,863	52.68%
2020-21	60,10,863	25.78%

Source : Annual Reports from 2018-19 to 2020-21



5 Interpretation :-

Above graph shows that the provision for overdue interest for the year 2018-19 to 2020-21 have been increased for all the three years.

6 Findings

- Working capital in the year 2019 to 21. There is an increase in working capital of Rs 38,92,15,770 from 2019-20 to increase in 72,14,59,343 for 2020-21. Due to decrease in cash at bank in 2019-20 and increase cash at hand, increase in interest receivable and loan and advances.
- Current ratio for all the three years remain approximately constant. The current ratio remain constant due to, as current assets increases the current liabilities of Society also increases so finally ratio remain the constant.
- Current assets have increased from 2018-19 to 2020-21 because of increased balance of interest receivable and short term loans and advances.
- Current liabilities have increased 2018-19 to 2020-21. Because there is increase in provision for overdue and Interest payable and other liabilities.
- Interest receivable have been increased for the years. In the year 2019-20 20.86% increased then 2018-19 and in the year 2020-21 it increased 19.33%.
- Interest payable for the year 2018-19 to 2020-21. Interest payable has increased for all the three

years.

- Cash for the year 2018-19 to 2020-21 Increases. Cash for the 2018-19 to 2019-20 increases by 6.32% and the year 2019-20 to 2020-21 increase by 1.65%.
- Provision for overdue interest for the year 2018-19 to 2020-21 have been increased for all the three years.

7. Conclusion

Effective working capital management is crucial for a company's financial health, ensuring smooth operations and long-term stability. By efficiently managing short-term assets and liabilities, businesses can optimize cash flow, improve profitability, and reduce financial risk. Strategic planning and ongoing monitoring are essential for successful working capital management.

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