

Liquidity, Profitability and Efficiency of the Silk Co-Operative Societies From 2002-03 to 2011-12 – A Study in Murshidabad of West Bengal

Abstract

The silk co-operative societies are undoubtedly democratic institutions and they are expected to have democratic management as well. Each of them is governed by its own bye-laws. Still the societies in the district Murshidabad of West Bengal are victims of mismanagement, malpractices and inefficiency. If they are not managed efficiently they will not be able to produce better results. The aim of this article is to measure and analyse the liquidity, profitability and efficiency of the silk co-operative societies in the district.

Keywords: Rigorous, Penetrating, Liquidity, Profitability, Deterioration, Receivables, Subsidy, Modernization, Pivotal, Viability

Introduction

At present there are 21 districts in the state of West Bengal. Of them, Murshidabad is an important district in respect of trade and commerce and it holds an important position since once it was the capital of Bangla, Bihar and Orissa and it is a place for historical interest. This district is traditionally famous for silk-weaving and can be termed as a predominantly silk-weaving centre of West Bengal. In the district the silk co-operative societies produce silk and silk products at a substantial quantity. These are sold at national and international level and can earn foreign exchange by exporting in the foreign markets. A large number of silk-worm rearers, reelers and weavers is engaged in the different silk co-operative societies that provide them livelihood and employment opportunity. These societies help them in respect of their financial and social needs. The beneficiaries who are financially and socially backward have been employed at a large scale and thus the societies help in the regional as well as in the national development.

The district has at present 35 silk co-operative societies of which 26 are active. Due to several reasons some societies have gradually become inactive during the last few years. The district has also been able to revive a few more societies during the period under study. Most of the societies are the silk weavers' co-operative societies. Out of 26 silk co-operative societies, 15 have been selected as sample from the study for analytical purpose.

In order to measure the liquidity, profitability and efficiency of the silk co-operative societies of the district from 2002-03 to 2011-12 under study, some important ratios like current ratio, liquid ratio, gross profit ratio, net profit ratio, debtors turnover, stock turnover, and working capital turnover ratios have been calculated and analysed.

Current ratio expresses the relation of the amount of current assets to the amount of current liabilities in the respective silk co-operative societies. It helps to assess the power of the respective societies to pay the current liabilities. It indicates the liquidity of each of the samabay samities for payment of current liabilities as and when they become due. This ratio is calculated by dividing current assets by current liabilities of a society. Current assets include stock, debtors, cash, bank, prepaid expenses and current liabilities means obligation maturing within a year like creditors, bills payable, outstanding expenses, bank overdraft or cash credit loan etc. of the societies. Current ratio shows the proportion of current assets available per unit of current liability. That is, a ratio of greater than one means that a



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society has more current assets than current claims against it. Ideal of current ratio is 2:1 in normal condition.

Liquid ratio establishes relationship between liquid or quick assets and current liabilities. Liquid or quick assets include current assets excluding inventories and prepaid expenses of the societies. Liquid or quick ratio is a more rigorous and penetrating test of liquidity position of a society than current ratio. Ideal liquid or quick ratio is 1:1.

Gross profit ratio in the societies is calculated by dividing gross profit by sales of the society. It shows the profit earned (as a percentage of sales) after matching direct expenses.

Net profit ratio in the societies indicates relationship between net profit and sales achieved by the societies.

Debtors turnover ratio indicates the velocity of debt collection of the societies. That means it indicates the number of time the debtors are turned over during a year. In other words, this ratio indicates how quickly receivables or debtors are converted into cash and reveals whether the debtors are slow paying or quick paying.

Inventory turnover ratio establishes relationship between cost of goods sold and average stock. It measures the velocity of conversion of stock into sales and indicates higher or lesser amount of money is required to finance the inventory.

Working capital turnover ratio is computed by dividing net sales by net working capital of the societies. This ratio measures the efficiency with which the working capital is being used by a society. It expresses managerial efficiency in the employment of working capital of a society.

Review of Literature

Keshav Sinha made an attempt in his article "Handlooms Co-operative Societies in Hooghly District - A Study" to discuss the general working and growth of the societies in respect of organisation, financial structure, production and marketing functions and problems of the societies, etc. He gives a few suggestions for effective production and sales performance of the societies and for removal of the problems faced by the societies. The societies may create mechanisms for the development of new product, design and quality production. Soumen Sikdar in his study "Problems and Prospects of Silk Industry in Murshidabad and Malda" narrated the production related problems of the sericulturists, weavers and reelers like wide fluctuation in the prices of cocoons and yarn, exploitation by the mahajans (money lenders) and marketing problems etc. He has suggested to modernize the silk industry with the help of new technology and formulation of production pattern, sales design, improvement in the process of marketing etc. in his study. He has also suggested that the Government should take appropriate steps to improve the organisational and financial status of the beneficiaries as well as the silk industry in the districts.

Objective of the Study

1. To measure the liquidity, profitability and efficiency of the silk co-operative societies in the district.
2. To make a comparative analysis of the silk co-operative societies on their liquidity, profitability and efficiency during the period under study.
3. To find out the various problems of the silk co-operative societies in the district.
4. To present a summary of findings and to draw suggestions and conclusion on the basis of the present study.

Methodology

The present study is mainly based on field survey and different published works accompanied by many valuable information obtained from different concerned Departments, Government of West Bengal, Government of India and other Research Institutes. The study work can neither be as purely theoretical nor an empirical one. The work may be based on an admixture of both theoretical and numerical approach.

The study covers 15 co-operatives out of 26 co-operatives working in the district of Murshidabad in the year 2002. These fifteen co-operatives have been selected on the basis of random sampling. The sample consists of small, medium and large sized co-operatives. The criteria for this classification of co-operatives have been made on the basis of rearing equipments, working charkas or looms under each co-operatives. Accordingly, a co-operative has been classified as the small one if the number of rearing equipments, charkas or looms is less than 200, a medium one if the number falls between 200 and 300 and a co-operative has been classified as the large one if the number of rearing equipments, working charkas or looms exceeds 300.

The data of the Silk Co-operative Societies for the period 2002-03 to 2011-12 used in this study have been collected from secondary sources i.e., Financial Statements of the respective societies. Editing, classification and tabulation of the financial data collected from the above mentioned sources have been furnished as per the requirement of the study.

For the purpose of analysing the liquidity, profitability and efficiency of the co-operatives in the present study the technique of ratio analysis, some statistical tools like mean, standard deviation and co-efficient of variation have been used.

Analysis

From table no. 1 and 2 it has been observed that the short-term liquidity position of the co-operatives was not satisfactory. It appears that the current ratio varied from 1.16 (in 2011-12 of Berhampore S.R.C.S. Ltd.) to 1.79 (in 2007-08 of Dahapara Anchal R.K.P.S.S. Ltd.) during the period of study. On an average, current ratio of the societies was 1.43. This ratio was less than the standard norm of 2:1, but greater than one which implies that the co-operatives has more current assets than current claims against it. But liquid ratio was unsatisfactory as compared to the standard requirement of 1 in respect

of Balashpur, Nutan Piarapur, Piarapur, Chak Islampur Union No.4 and Beldanga Silk Co-operatives Societies. The low liquidity ratio of the co-operatives was due to the fact that the societies had lower amount of liquid assets in comparison with current liabilities as the co-operatives had largely used short-term or cash credit loan and they were not able to increase current assets through better collection machinery from their marketing agencies like Tantuja, Tantushree, Manjusha, Bangashree etc.

Table no. 3 and 4 exhibit the profitability position of the Silk Co-operative Societies in the district on the basis of gross profit and net profit ratios. It has been observed from the tables that on an average the gross profit ratio and net profit ratio of the societies selected as samples from the study had been 15% and 5% respectively. It indicates that the co-operatives had excessive indirect expenses including burden of interest on loan which consumed up major part of the gross profit. Here we find low profitability of the societies in the district.

There are some silk co-operative societies whose net profit ratio had been even negative. These societies are Balasapur, Nutun Piarapur, Piarapur, Islampur Chalk Kendra, Chak Islampur Union No.4, Beldanga and Kapsadanga Mahantatala Silk Co-operative Societies. At the end of the study period, these societies had negative net profit ratios. The main reason for low profitability of the societies was that the co-operatives had low volume of production on the one hand and high cost of production on the other. Mismanagement and inefficiency were also the reasons for such low profitability of the societies.

Table no. 5, 6 and 7 depict the efficiency of the silk co-operative societies in the district on the basis of debtors, inventory and working capital turnover ratios. It has been observed from the tables that on an average Debtors Turnover, Inventory Turnover and Working capital Turnover ratios of the societies had been 2.61, 3.24 and 2.60 times respectively. The highest average Debtors Turnover Ratio was recorded by Sagarpara Union S.R & S.G.C.S Ltd. with 4.82 and it was 4.40 times in

Dahapara Anchal R.K.P.S.S. Ltd, 3.64 times in Miloni S.W.C.S Ltd, 3.50 times in Berhampore S.R.C.S Ltd., 2.18 times both in Joyguru and Raghunathganj Block-I R.S.S.S. Ltd. The lowest average Debtors Turnover Ratio was 1.99 both in Balashpur R.S.U.S.S Ltd. and Chak Islampur Union No. 4 S. C. S. Ltd. Credit collection policy of the societies is not sound as Debtors Turnover ratio is very low during the period of study except Sagarpara and Dahapara silk co-operative societies. It implies inadequate collection efforts and inefficiency of trade credit management of the co-operatives.

In table no. 6, inventory turnover ratios of the co-operatives exhibit a mixed trend during the period of study. The highest average inventory turnover ratio was 5.21 in Sagarpara Union S.R & S.G.C.S Ltd. and the lowest was 2.08 in Bhabaninagar R.S.S.S Ltd. The inventory turnover ratio was unsatisfactory in respect of almost all the societies under study. Low inventory turnover ratio of the societies indicates maintenance of a high level of stock and slow rotation of inventory in the operating cycle process. It implies unproductive blocking of funds which increased cost and reduced profits of the societies.

In relation to the efficiency of the societies under study, working capital turnover ratio has been ascertained in table no.7. It has been observed from the table that on an average the working capital turnover ratio of the societies selected as sample from the study had been 2.60. The low working capital turnover ratio was caused by increase in the collection period of debtors. Due to lack of sales and marketing management and indifference attitude of the salaried workers, the marketing agencies are not effectively supporting the co-operatives in their marketing. Rather, huge amount lying with them against the supply made by the co-operatives has caused erosion of working capital. As the co-operatives are to bear day to day interest on bank loan, in most of the cases when the receivables are realised from the apex societies, it is fully adjusted with the interest charged by the bank having no amount to be channelised in the working capital.

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Table No. 1
Statement showing Current Ratio of the Silk Co-operative Societies in Murshidabad

Name of the Societies	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Average	S. D.	C. V. (%)
1.Joyguru R.S.S.S.Ltd	1.60	1.55	1.54	1.51	1.44	1.54	1.48	1.56	1.66	1.70	1.56	0.08	5.03
2.Bhabaninagar R.S.S.S.Ltd	1.50	1.56	1.54	1.60	1.54	1.62	1.53	1.51	1.54	1.58	1.55	0.04	2.46
3.Miloni S.W.C.S.Ltd	1.28	1.37	1.35	1.38	1.34	1.29	1.29	1.30	1.35	1.36	1.33	0.04	2.80
4.Balashpur R.S.U.S.S.Ltd	1.48	1.35	1.37	1.36	1.34	1.42	1.33	1.44	1.40	1.44	1.39	0.05	3.63
5.Raghunathganj Block-I R.S.S.S.Ltd	1.47	1.66	1.55	1.45	1.44	1.58	1.59	1.48	1.34	1.35	1.49	0.10	6.97
6.Mirzapur R.S.S.S.Ltd	1.55	1.57	1.51	1.37	1.46	1.53	1.55	1.68	1.64	1.72	1.56	0.10	6.63
7.Nutan Piarapur R.T.S.S.Ltd	1.48	1.38	1.31	1.39	1.30	1.42	1.45	1.39	1.45	1.25	1.38	0.07	5.38
8.Piarapur R.B.S.S.S.Ltd	1.27	1.23	1.29	1.32	1.35	1.40	1.37	1.30	1.34	1.35	1.32	0.05	3.82
9.Islampur Chak Kendra R.T.S.S.Ltd	1.46	1.55	1.52	1.53	1.44	1.50	1.49	1.35	1.33	1.32	1.45	0.09	5.95
10.Chak Islampur Union NO.4 S.C.S. Ltd	1.31	1.28	1.23	1.22	1.20	1.25	1.26	1.35	1.31	1.30	1.27	0.05	3.72
11.Dahapara Anchal R.K.P.S.S.Ltd	1.29	1.30	1.36	1.37	1.44	1.79	1.77	1.41	1.44	1.39	1.46	0.18	12.24
12.Beldanga R.S.S.S.Ltd	1.41	1.53	1.36	1.32	1.32	1.35	1.37	1.32	1.34	1.66	1.40	0.11	7.99
13.Berhampore S. R. C. S. Ltd	1.40	1.42	1.45	1.25	1.37	1.31	1.19	1.18	1.17	1.16	1.29	0.11	8.82
14.Sagarpara Union S.R.&S.G.C.S.Ltd.	1.74	1.67	1.48	1.38	1.53	1.31	1.46	1.47	1.71	1.55	1.53	0.14	9.20
15.Kapasdanga Mahantatala R.S.S.S.Ltd	1.39	1.31	1.29	1.51	1.33	1.43	1.49	1.37	1.40	1.49	1.40	0.08	5.59
Total	21.63	21.73	21.15	20.96	20.84	21.74	21.62	21.11	21.42	21.62	21.38		
Average	1.44	1.45	1.41	1.40	1.39	1.45	1.44	1.41	1.43	1.44	1.43		

Source : Computed from data available from the financial statements of the Society

Table No. 2
Statement showing Liquid Ratio of the Silk Co-operative Societies in Murshidabad

Name of the Societies	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Average	S. D.	C. V. (%)
1.Joyguru R.S.S.S.Ltd	1.20	1.15	1.11	1.10	1.06	1.21	1.12	1.32	1.38	1.41	1.21	0.12	10.24
2.Bhabaninagar R.S.S.S.Ltd	0.98	1.02	1.06	1.11	1.07	1.14	1.12	1.07	1.08	1.15	1.08	0.05	4.90
3.Miloni S.W.C.S.Ltd	1.01	1.11	1.08	1.14	1.14	1.09	1.08	1.05	1.08	1.11	1.09	0.04	3.63
4.Balashpur R.S.U.S.S.Ltd	1.01	0.96	0.95	0.93	0.9	0.89	0.85	1.03	0.94	0.93	0.94	0.05	5.71
5.Raghunathganj Block-I R.S.S.S.Ltd	1.18	1.32	1.20	1.05	1.04	1.23	1.25	1.18	1.08	1.07	1.16	0.10	8.23
6.Mirzapur R.S.S.S.Ltd	1.15	1.12	1.06	0.95	0.97	1.02	1.08	1.23	1.21	1.29	1.11	0.11	10.21
7.Piarapur R.B.S.S.S.Ltd	0.95	0.93	0.97	0.98	1.02	1.04	1.05	0.95	0.97	0.99	0.99	0.04	4.07
8.Nutan Piarapur R.T.S.S.Ltd	1.10	1.01	0.93	0.92	0.96	0.98	0.97	0.85	0.83	0.78	0.93	0.09	10.06
9.Islampur Chak Kendra R.T.S.S.Ltd	1.15	1.20	1.19	1.17	1.10	1.14	1.12	0.95	0.93	0.91	1.09	0.11	10.32
10.Chak Islampur Union No.4 S.C.S. Ltd	1.07	1.03	0.98	0.95	0.93	0.91	0.85	1.05	0.95	0.93	0.97	0.07	7.07
11.Dahapara Anchal R.K.P.S.S.Ltd	1.10	1.11	1.18	1.19	1.26	1.63	1.61	1.21	1.25	1.18	1.27	0.19	14.97
12.Beldanga R.S.S.S.Ltd	0.99	0.95	0.96	0.99	0.99	0.76	0.87	1.07	0.89	1.15	0.96	0.11	11.17
13.Berhampore S. R. C. S. Ltd	1.17	1.19	1.25	1.07	1.18	1.07	1.01	0.98	0.97	0.96	1.09	0.11	9.74
14.Sagarpara Union S.R.&S.G.C.S.Ltd.	1.54	1.48	1.28	1.16	1.34	1.11	1.27	1.28	1.53	1.40	1.34	0.15	11.04
15.Kapasdanga Mahantatala R.S.S.S.Ltd	0.94	0.97	0.96	1.09	0.98	1.04	1.02	0.96	0.99	1.02	1.00	0.05	4.56
Total	16.54	16.55	16.16	15.80	15.94	16.26	16.27	16.18	16.08	16.28	16.21		
Average	1.10	1.10	1.08	1.05	1.06	1.08	1.08	1.08	1.07	1.09	1.08		

Source : Computed from data available from the financial statements of the Silk Co-operative Societies

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Table No. 3
Statement showing Gross Profit Ratio of the Silk Co-operative Societies in Murshidabad

Name of the Societies	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Average	S. D.	C. V. (%)
1.Joyguru R.S.S.S.Ltd	0.15	0.16	0.17	0.16	0.16	0.15	0.16	0.15	0.16	0.16	0.16	0.01	4.00
2.Bhabaninagar R.S.S.S.Ltd	0.14	0.15	0.14	0.16	0.17	0.16	0.16	0.16	0.17	0.17	0.16	0.01	7.19
3.Miloni S.W.C.S.Ltd	0.18	0.17	0.17	0.17	0.17	0.18	0.18	0.18	0.19	0.19	0.18	0.01	4.43
4.Balashpur R.S.U.S.S.Ltd	0.13	0.14	0.15	0.12	0.14	0.14	0.10	0.16	0.12	0.11	0.13	0.02	14.14
5.Raghunathganj Block-I R.S.S.S.Ltd	0.17	0.17	0.16	0.17	0.16	0.15	0.14	0.15	0.16	0.17	0.16	0.01	6.59
6.Mirzapur R.S.S.S.Ltd	0.15	0.14	0.14	0.15	0.15	0.16	0.15	0.15	0.16	0.16	0.15	0.01	4.89
7.Nutan Piarapur R.T.S.S.Ltd	0.14	0.14	0.15	0.14	0.13	0.14	0.12	0.14	0.10	0.09	0.13	0.02	15.27
8.Piarapur R.B.S.S.S.Ltd	0.14	0.16	0.15	0.15	0.13	0.15	0.14	0.14	0.14	0.13	0.14	0.01	6.63
9.Islampur Chak Kendra R.T.S.S.Ltd	0.14	0.15	0.16	0.14	0.14	0.13	0.12	0.10	0.09	0.10	0.13	0.02	18.58
10.Chak Islampur Union NO.4 S.C.S. Ltd	0.15	0.16	0.14	0.13	0.12	0.10	0.10	0.11	0.10	0.08	0.12	0.03	21.50
11.Dahapara Anchal R.K.P.S.S.Ltd	0.20	0.22	0.23	0.22	0.21	0.22	0.24	0.22	0.21	0.25	0.22	0.01	6.65
12.Beldanga R.S.S.S.Ltd	0.06	0.12	0.10	0.09	0.11	0.08	0.09	0.07	0.07	0.11	0.09	0.02	22.22
13.Berhampore S. R. C. S. Ltd	0.18	0.19	0.17	0.16	0.17	0.15	0.13	0.14	0.13	0.12	0.15	0.02	15.37
14.Sagarpara Union S.R.&S.G.C.S.Ltd.	0.20	0.26	0.27	0.25	0.24	0.23	0.22	0.24	0.21	0.23	0.24	0.02	9.25
15.Kapasdanga Mahantatala R.S.S.S.Ltd	0.08	0.10	0.11	0.13	0.10	0.12	0.12	0.08	0.09	0.09	0.10	0.02	17.17
Total	2.21	2.43	2.41	2.34	2.30	2.26	2.17	2.19	2.10	2.16	2.26		
Average	0.15	0.16	0.16	0.16	0.15	0.15	0.14	0.15	0.14	0.14	0.15		

Source : Computed from data available from the financial statements of the Society

Table No. 4
Statement showing Net Profit Ratio of the Silk Co-operative Societies in Murshidabad

Name of the Societies	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Average	S. D.	C. V. (%)
1.Joyguru R.S.S.S.Ltd	0.05	0.06	0.06	0.06	0.06	0.05	0.05	0.06	0.06	0.07	0.06	0.01	10.90
2.Bhabaninagar R.S.S.S.Ltd	0.03	0.05	0.04	0.06	0.07	0.06	0.06	0.06	0.07	0.07	0.06	0.01	23.46
3.Miloni S.W.C.S.Ltd	0.08	0.07	0.07	0.07	0.07	0.08	0.08	0.08	0.09	0.09	0.08	0.01	10.11
4.Balashpur R.S.U.S.S.Ltd	0.02	0.03	0.03	-0.01	0.02	0.02	-0.01	0.03	-0.01	-0.02	0.01	0.02	200.00
5.Raghunathganj Block-I R.S.S.S.Ltd	0.05	0.05	0.05	0.06	0.06	0.05	0.04	0.05	0.06	0.07	0.05	0.01	15.62
6.Mirzapur R.S.S.S.Ltd	0.04	0.04	0.04	0.05	0.05	0.06	0.05	0.05	0.06	0.06	0.05	0.01	16.33
7.Nutan Piarapur R.T.S.S.Ltd	0.04	0.05	0.05	0.04	0.03	0.03	0.02	0.04	-0.01	-0.02	0.03	0.02	89.11
8.Piarapur R.B.S.S.S.Ltd	0.03	0.05	0.05	0.05	0.04	0.05	0.04	0.03	0.04	0.03	0.04	0.01	21.36
9.Islampur Chak Kendra R.T.S.S.Ltd	0.05	0.05	0.05	0.04	0.04	0.03	0.02	-0.01	-0.03	-0.02	0.02	0.03	140.18
10.Chak Islampur Union NO.4 S.C.S. Ltd	0.06	0.06	0.04	0.04	0.03	-0.01	-0.01	0.02	-0.01	-0.02	0.02	0.03	152.75
11.Dahapara Anchal R.K.P.S.S.Ltd	0.09	0.11	0.11	0.10	0.10	0.10	0.12	0.12	0.11	0.13	0.11	0.01	10.98
12.Beldanga R.S.S.S.Ltd	-0.01	0.01	0.02	0.01	0.02	-0.01	0.01	-0.02	-0.02	-0.03	0.00	0.02	-906.76
13.Berhampore S. R. C. S. Ltd	0.05	0.05	0.04	0.04	0.03	0.03	0.05	0.04	0.03	0.02	0.04	0.01	27.18
14.Sagarpara Union S.R.&S.G.C.S.Ltd.	0.11	0.13	0.14	0.12	0.12	0.12	0.11	0.13	0.09	0.11	0.12	0.01	11.85
15.Kapasdanga Mahantatala R.S.S.S.Ltd	0.02	0.03	0.03	0.03	0.02	0.02	0.02	-0.01	-0.01	-0.01	0.01	0.02	122.34
Total	0.71	0.84	0.82	0.76	0.76	0.68	0.65	0.67	0.52	0.53	0.69		
Average	0.05	0.06	0.05	0.05	0.05	0.05	0.04	0.04	0.03	0.04	0.05		

Source : Computed from data available from the financial statements of the Society

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Table No. 5
Statement showing Debtor Turnover Ratio of the Silk Co-operative Societies in Murshidabad

Name of the Societies	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Average	S. D.	C. V. (%)
1.Joyguru R.S.S.S.Ltd	2.01	2.08	2.00	2.11	2.18	2.26	2.14	2.35	2.38	2.27	2.18	0.13	6.14
2.Bhabaninagar R.S.S.S.Ltd	2.08	2.12	2.22	2.05	2.22	2.03	2.10	1.99	2.17	2.25	2.12	0.09	4.19
3.Miloni S.W.C.S.Ltd	4.13	4.10	3.67	3.51	3.63	3.57	3.55	3.45	3.46	3.36	3.64	0.26	7.26
4.Balashpur R.S.U.S.S.Ltd	2.2	2.23	1.81	1.98	2.16	1.91	2.11	1.90	1.84	1.73	1.99	0.18	8.91
5.Raghunathganj Block-I R.S.S.S.Ltd	2.26	2.11	2.19	2.17	2.33	2.13	2.13	2.25	2.12	2.08	2.18	0.08	3.67
6.Mirzapur R.S.S.S.Ltd	2.01	2.10	2.10	2.10	2.08	2.06	2.51	2.50	2.04	1.85	2.14	0.21	9.78
7.Nutan Piarapur R.T.S.S.Ltd	2.12	2.22	1.93	2.20	2.19	1.94	1.93	2.08	1.85	1.77	2.02	0.16	7.88
8.Piarapur R.B.S.S.S.Ltd	1.82	1.93	2.25	2.20	2.21	1.84	1.94	1.92	2.19	2.13	2.04	0.17	8.22
9.Islampur Chak Kendra R.T.S.S.Ltd	2.00	2.00	2.10	2.06	2.20	1.97	1.96	1.99	1.97	1.93	2.02	0.08	4.00
10.Chak Islampur Union No.4 S.C. S. Ltd	2.05	2.06	2.00	2.01	1.98	2.02	2.11	2.01	1.81	1.89	1.99	0.09	4.33
11.Dahapara Anchal R.K.P.S.S.Ltd	2.62	4.08	4.44	4.57	4.58	3.96	3.52	4.76	5.54	5.97	4.40	0.95	21.67
12.Beldanga R.S.S.S.Ltd	2.14	1.57	2.65	2.51	2.10	1.89	2.19	2.08	1.98	1.11	2.02	0.44	21.74
13.Berhampore S. R. C. S. Ltd	2.88	2.63	2.55	4.03	2.70	3.68	4.98	4.29	4.11	3.13	3.50	0.84	23.96
14.Sagarpara Union S.R.&S.G.C.S.Ltd.	2.86	3.47	3.73	4.16	4.41	5.76	5.86	6.12	6.11	5.76	4.82	1.23	25.54
15.Kapasdanga Mahantatala R.S.S.S.Ltd	2.07	2.59	2.34	1.81	2.09	1.94	1.73	2.12	1.96	1.72	2.04	0.27	13.39
Total	35.25	37.29	37.98	39.47	39.06	38.96	40.76	41.81	41.53	38.95	39.11		
Average	2.35	2.49	2.53	2.63	2.60	2.60	2.72	2.79	2.77	2.60	2.61		

Source : Computed from data available from the financial statements of the Society

Table No. 6
Statement showing Inventory Turnover Ratio of the Silk Co-operative Societies in Murshidabad

Name of the Societies	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Average	S. D.	C. V. (%)
1.Joyguru R.S.S.S.Ltd	2.50	2.50	2.20	2.36	2.59	2.91	2.70	3.19	3.70	3.40	2.81	0.49	17.31
2.Bhabaninagar R.S.S.S.Ltd	1.89	1.79	2.09	2.01	2.13	2.08	2.42	2.17	2.06	2.20	2.08	0.17	8.25
3.Miloni S.W.C.S.Ltd	4.02	3.86	3.90	3.98	4.69	4.80	4.70	4.17	3.75	3.85	4.17	0.40	9.64
4.Balashpur R.S.U.S.S.Ltd	2.01	2.38	2.28	2.25	2.21	1.85	2.09	2.28	2.21	1.94	2.15	0.17	7.92
5.Raghunathganj Block-I R.S.S.S.Ltd	3.44	2.94	2.90	2.54	2.52	2.67	2.91	3.25	3.61	3.76	3.05	0.44	14.44
6.Mirzapur R.S.S.S.Ltd	2.52	2.28	2.18	2.13	2.03	1.93	2.14	2.23	2.33	2.30	2.21	0.17	7.50
7.Nutan Piarapur R.T.S.S.Ltd	2.69	2.84	2.59	2.16	2.47	2.31	1.90	1.81	1.56	1.79	2.21	0.44	19.69
8.Piarapur R.B.S.S.S.Ltd	3.02	2.94	3.17	2.96	3.08	2.66	2.84	2.62	2.72	2.73	2.87	0.19	6.55
9.Islampur Chak Kendra R.T.S.S.Ltd	3.15	2.87	2.93	2.80	2.95	2.70	2.80	2.86	2.41	2.34	2.78	0.25	8.81
10.Chak Islampur Union No.4 S.C.S. Ltd	3.98	4.12	3.96	3.70	3.61	3.47	3.25	3.21	2.82	2.80	3.49	0.47	13.42
11.Dahapara Anchal R.K.P.S.S.Ltd	5.26	5.38	5.51	5.24	4.77	4.49	4.84	6.10	5.11	4.69	5.14	0.47	9.16
12.Beldanga R.S.S.S.Ltd	2.32	1.70	2.57	3.05	3.01	2.93	2.58	3.89	2.86	1.96	2.69	0.62	22.99
13.Berhampore S. R. C. S. Ltd	4.69	3.99	4.36	6.91	4.06	4.34	6.60	6.12	5.71	4.69	5.15	1.09	21.18
14.Sagarpara Union S.R.&S.G.C.S.Ltd.	5.00	5.50	5.32	5.04	4.95	5.18	4.96	4.91	4.95	6.25	5.21	0.41	7.94
15.Kapasdanga Mahantatala R.S.S.S.Ltd	2.17	3.12	3.22	2.41	2.83	2.60	2.10	2.48	2.40	2.13	2.55	0.40	15.63
Total	48.66	48.21	49.18	49.54	47.90	46.92	48.83	51.29	48.20	46.83	48.56		
Average	3.24	3.21	3.28	3.30	3.19	3.13	3.26	3.42	3.21	3.12	3.24		

Source : Computed from data available from the financial statements of the Society

Asian Resonance

Table No. 7
Statement showing Working Capital Turnover Ratio of the Silk Co-operative Societies in Murshidabad

Name of the Societies	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Average	S. D.	C. V. (%)
1.Joyguru R.S.S.S.Ltd	1.69	1.85	1.75	2.10	2.47	1.95	2.03	3.50	2.12	2.07	2.15	0.52	24.24
2.Bhabanagar R.S.S.S.Ltd	1.85	1.77	2.01	1.62	1.95	1.67	2.13	1.89	1.84	1.89	1.86	0.15	8.16
3.Miloni S.W.C.S.Ltd	3.58	2.96	3.06	3.01	3.21	3.62	3.64	3.50	3.04	3.03	3.27	0.28	8.72
4.Balashpur R.S.U.S.S.Ltd	1.85	2.92	3.05	2.50	2.77	2.25	3.03	2.95	2.08	2.18	2.56	0.44	17.31
5.Raghunathganj Block-I R.S.S.S.Ltd	1.95	1.18	1.80	2.10	2.20	1.92	1.97	2.27	2.90	3.04	2.13	0.53	25.00
6.Mirzapur R.S.S.S.Ltd	1.76	1.77	1.92	2.48	2.16	1.88	2.02	1.63	1.76	1.57	1.90	0.27	14.26
7.Nutan Piarapur R.T.S.S.Ltd	2.01	2.44	2.92	1.99	3.38	2.21	1.92	2.38	1.98	3.28	2.45	0.55	22.53
8.Piarapur R.B.S.S.S.Ltd	3.46	3.78	3.37	2.90	2.82	2.69	2.74	3.42	2.82	2.68	3.07	0.40	12.98
9.Islampur Chak Kendra R.T.S.S.Ltd	2.18	1.86	1.94	1.87	2.28	2.07	2.13	3.04	2.50	2.74	2.26	0.39	17.26
10.Chak Islampur Union No.4 S.C. S. Ltd	3.50	3.65	4.09	4.01	4.14	3.89	3.69	2.97	2.96	3.18	3.61	0.45	12.35
11.Dahapara Anchal R.K.P.S.S.Ltd	2.88	3.06	2.83	2.90	2.53	1.35	1.46	2.49	2.43	2.64	2.46	0.59	24.03
12.Beldanga R.S.S.S.Ltd	2.46	2.13	2.27	2.97	3.05	2.68	2.90	3.08	2.93	2.16	2.66	0.38	14.15
13.Berhampore S. R. C. S. Ltd	2.45	2.55	2.48	3.63	3.36	2.90	4.78	5.02	5.61	4.93	3.77	1.21	32.06
14.Sagarpara Union S.R.&S.G.C.S.Ltd.	1.35	1.61	2.23	2.81	2.14	3.30	2.51	2.27	1.67	1.98	2.19	0.59	26.77
15.Kapasdanga Mahantatala R.S.S.S.Ltd	2.53	3.00	3.30	2.09	3.17	2.31	2.33	2.57	2.69	2.16	2.62	0.42	16.11
TOTAL	35.50	36.53	39.02	38.98	41.63	36.69	39.28	42.98	39.33	39.53	38.95		
Average	2.37	2.44	2.60	2.60	2.78	2.45	2.62	2.87	2.62	2.64	2.60		

Source : Computed from data available from the financial statements of the Society

Findings

Credit Policy

It has been observed that credit collection policy of the societies is not sound as debtors turnover ratio of each society was very low during the period of study. It implies long collection period. Marketing agencies like Tantuja, Tantushree, Manjusha, Bangashree etc. are not able to pay their dues promptly. Debtors turnover ratios of the societies reveal slow realization from debtors. So the efficiency of trade credit management of the societies is not sound.

Liquidity Position

The analysis of the ratios relating to the liquidity position indicate that there has been a considerable deterioration in the liquidity position of the societies like Balashpur Resham Silpi Unnayan Samabay Samity, Piarapur Resham Bayan Silpi Samabay Samity, Nutun Piarapur Resham Tantubay Samabay Samity, Chak Islampur Union No.4 Silk Co-operative Society, Beldanga Resham Silpi Samabay Samity, Kapasdanga Mahantatala Resham Silpi Samabay Samity etc. The current ratio was less than the standard requirement of 2 and the liquid ratio was reasonably unsatisfactory as compared to the requirement of 1. vide table no.1 & 2. Thus, the society' ability to meet short-term obligations was inadequate. It has been observed that the decrease in the liquidity ratios were caused by – a)

increase in the collection period of debtors and b) increase in the inventory holding period as reflected in the decrease of the inventory turnover figures.

Erosion of Working Capital

In order to give the silk co-operative societies of the district marketing support, central marketing agencies like Tantuja, Tantusree, Manjusha, Bangasree are entrusted to lift their produce of silk. It is observed that Tantuja and Tantusree are not effectively supporting the societies in their marketing. Rather, huge amount lying with them against the supply made by the societies has caused erosion of working capital. As the societies are to bear day to day interest on bank loan, in most of the cases when the receivables are realised from the agencies, it is fully adjusted with the interest charged by the District Central Co-operative Bank Ltd. leaving no amount to channelise in the working capital. This has caused gradual loss / erosion of working capital leading to closer of some of the societies. So some of the societies become financially weak and at present they have enormous bank dues without any payment to be received from the central marketing agencies. Total outstanding lying with institutions are amounting to Rs. 232.38 lakh out of which Rs. 173.92 lakh to Tantuja and Rs. 58.46 lakh to Tantusree.

Recommendations

Decrease in the Rate of Interest

Since some of the silk co-operative societies of the district have been suffering from paying interest on loan taken from the District Central Co-operative Bank Ltd. it is necessary to reduce the rate of interest or to allow interest subsidy for survival / revival of the suffering societies.

Co-Operative Society Administration

The study reveals a number of weakness of the silk co-operative societies situated within the jurisdiction of the district. The state of affairs lead to several implications for the societies administration. Suitable steps should be taken by the respective head of the societies to remove the exiting weakness. The following recommendations are made in this regard: Society's administration should

- i) Take necessary steps to improve the infrastructure of each society of the district.
- ii) Take active steps to improve the quality of product. For this purpose each society should arrange yearly training programme for the artisans, employees in respect of using of raw materials in a proper way, using of equipments / handlooms more effectively, how to increase production, sale proceeds and profit of a society.
- iii) Redress the difficulties faced by the artisans, employees so that the financial position of the societies will be more healthy.
- iv) Provide adequate welfare amenities to the members of each society.

Utilization of Credit [Fund]

The credit received from the District Central Co-operative Bank Ltd. should be utilized for productive purposes. The heads / managers of the societies have to keep close watch over the proper utilization of loans for which these are sanctioned. The bank officials are also to verify the utilization of loan sanctioned to the silk co-operative societies of the district. The management of each society should follow an efficient supervisory method in respect of enquiring the actual implementation of plans and policies of the society so that the cash credit can be utilized properly.

Better Collection Machinery

Efforts should be made to make the collection machinery efficient so that the amount due from debtors / apex societies may be realised in time. Otherwise, there will be frequent chances of bad debts and erosion of working capital. It may lead to the closure of the co-operatives.

The short-term liquidity position of the societies cannot be considered very satisfactory. It appears that the current ratio ranges from 1.16 times to 1.79 during the study period, yet it is still lower than the standard norm of 2 times and the liquid ratio is reasonably unsatisfactory as compared to the standard norm of 1 in respect of Balashpur, Nutun Piarapur, Piarapur, Chak Islampur Union No.4 and Beldanga Silk Co-operative Societies. The low liquidity ratio of the co-operatives is due to the fact that they have largely used short-term or cash credit loan and the societies are not able to increase current assets

through better collection machinery from their marketing agencies like Tantuja, Tantushree, Manjusha, Bangashree etc. The management of the co-operatives must take steps to improve this ratio to ensure better liquidity. They should set up an efficient system of credit management.

Active Role of the Government

The performance of the societies cannot be increased unless the improved problems like modernization, sufficient working capital, cost control, interest on loan etc. are solved. At the same time the Government should play a pivotal role in extending financial support to the societies at a concessional rate and should take suitable policy measures for their development. Financial institutions as well as the Government should minimise / remove all restrictions on granting loans to the small weavers / societies. The Government will have to act as a guarantor of repayment of loan if the weavers / societies are defaulters.

Not only financial help but also technical help (use of modern technology) and marketing support are necessary to make the craft internationally tradable. The Government should highlight the craft in international trade fairs.

Conclusion

The development of sericulture in Murshidabad is largely due to the credit facilities given by the District Central Co-operative Bank Ltd. and the Government. These credit facilities have helped in the extension process. These financiers example the viability of sericulture and sanction loans to both the unorganized and organized sectors. The financiers are encouraging for establishing Silk Co-operative Societies for increasing production and developing the silk industry. The necessity and possibility of organized reeling and weaving sectors of sericulture in the district have been recognized by the financiers.

The maximum credit facilities from the District Central Co-operative Bank Ltd. are made available to the Silk Co-operative Societies. The bank prefers to provide necessary finance to Silk Co-operative Societies rather than private individual.

Adequate financial support, proper labour management, positive support of the Government, prompt marketing facilities including regulated market, improved and modern technology and proper training can provide the district silk co-operative societies a new dimension to the society. Eventually, it will contribute a substantial part for an overall development of the district.

Above all, the sincerity and promptness at every level are desirable for making production, marketing and financing system efficient and sericulture more enterprising in the district.

A comprehensive scheme for silk and co-operative organizations should be taken so that rural economy of the district may get a new dimension and it can remove poverty from village areas.

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