

Financial Trend Analysis of Selected NACC Societies in Solapur District.



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I) Introduction

The Co-operative movement in Maharashtra has played a significant role in the social and economic development of the state. We have seen that the development of NACC societies from last 50 years. The NACC societies have occupied an important place in the state's economy in terms of financing the major economic activities. Today we are living in a competitive age. So we have found competition in every field. NACC societies have also faced the competition of other banking sectors. i. e. Nationalized bank, scheduled bank, Urban co-operative bank etc. So the financial trend analysis was helpful in making a comparative study of the financial statement for several years for survival, growth and development of NACC societies. There are 24500 NACC societies in Maharashtra in the year 2008-09 out of these NACC societies 1327 NACC societies are established in Solapur District. i. e. 05.41% of Maharashtra level.

2) Objectives of the Paper:

- I) To measure the financial strength of NACC societies.
- II) To evaluate the financial trend of NACC societies.

3) Methodology

There are 1327 NACC societies registered in Solapur District. Out of these only 200 NACC societies are selected for the financial trend analysis. The percentage of selected NACC societies is 15.07%. The stratified random sample method was applied for the selection of individual NACC societies in Solapur District.

4) Limitations of the Paper:

- I) The paper covers only study of 200 NACC societies.
- II) The paper has been undertaken for the study period of only five years. (2004-05 to 2008-09)
- III) The paper covers only financial trend analysis of NACC societies.

5) Trend Analysis and Findings

Trend percentage is helpful in making a comparative study of the financial statement for several years. The method of calculating trend percentage involves the calculation of percentage relationship that each item bears to the same item in the base year. For this analysis one year is taken as a base year. Each item of base year is taken as 100 and on the basis the percentage for each of them of each of the years is calculated.

See Table 1

Table 5.1 shows the following trends. Paid up capital, Reserve fund and other funds, Deposits, current liabilities and provisions are showing an increasing trend during the period of five years. Other liabilities of NACC societies, during the period of study (except in the year 2008-09) is showing an increasing trend.

In the property and Assets side Investments, Loans & Advances, Fixed Assets and other Assets of NACC societies are remarkably increasing during the study period of five years. The cash in hand and cash at Bank amount shows an increasing trend except in the year 2007-08 and 2006-07 respectively.

Table 5.1 Trend percentages of Capital and Liabilities, property and Assets of selected NACC societies for five years as on 31st March 2005 to 31st March 2009.

		(Taken 2004-05 as Base Year)											
Sr. No.	Capital & Liabilities	2004-05	05-06	06-07	07-08	08-09	Sr. No.	Property & Assets	2004-05	05-06	06-07	07-08	08-09
1)	Paid up Capital	100.00	106.93	120.49	133.33	139.06	1)	Cash in Hand	100.00	131.63	151.20	148.82	162.55
2)	Reserve Fund and Other Fund	100.00	145.54	163.02	197.54	221.73	2)	Cash in Bank	100.00	127.48	123.46	159.66	177.66
3)	Deposits	100.00	115.66	150.96	167.90	188.02	3)	Investments	100.00	110.98	180.65	200.94	237.12
4)	Current Liabilities and Provisions	100.00	137.24	149.98	159.59	168.49	4)	Loans and Advances	100.00	107.51	122.96	136.10	144.09
5)	Other Liabilities	100.00	124.12	135.33	142.99	139.23	5)	Fixed Assets	100.00	135.33	136.20	159.20	172.40
6)	Other Assets	100.00	199.79	254.33	300.70	423.79							
	Total	100.00	117.58	145.28	161.60	177.50		Total	100.00	117.58	145.28	161.60	177.50

(Source: Primary data compiled)

Table 5.2 Trend percentages of Income and Expenditure of selected NACC Societies for five years from 2004-05 to 2008-09
(Taken 2004-05 as Base Year)

Sr. No.	Expenditure	2004-05	05-06	06-07	07-08	08-09	Sr. No.	Income	2004-05	05-06	06-07	07-08	08-09
1)	Interest paid on Deposits	100.00	126.87	171.08	205.50	226.34	1)	Interest Received on Loans&Advances.	100.00	122.99	161.74	186.38	207.24
2)	Salary & Allowances	100.00	126.70	146.50	203.52	214.21	2)	Interest Received on Investment	100.00	113.80	143.58	169.65	197.26
3)	Establishment Expenses	100.00	110.23	132.59	162.33	170.51	3)	Commission Received	100.00	138.87	187.63	253.71	317.31
4)	Travelling Expenses	100.00	109.06	183.70	263.77	270.29	4)	Dividend Received	100.00	121.68	144.06	200.00	233.33
5)	Depreciation	100.00	103.23	147.86	199.86	224.59	5)	Other Income	100.00	173.38	232.27	298.40	352.40
6)	Other Expenses	100.00	129.49	174.34	214.93	212.29							
7)	Profit	100.00	110.76	139.53	136.93	170.28							
	Total	100.00	121.14	157.90	183.20	205.91		Total	100.00	121.14	157.90	183.20	205.91

(Source: Primary data compiled)

Table 5.2 shows the following trends relating to income and expenditure and Net Profit of five years.

There is a significant increase in the amount of Interest Received on Loans and Advances, Interest Received on Investments and commission Received of NACC societies.

The Income from Dividend Received & Other Income is also increased during the period of five years. All types of expenses shows an increasing trend during the period of five year except Excepenses during the priod 2008-09.

The Net Profit of NACC Societies shows increasing trend upto the year 2006-07. It is increased upto 139.53 per cent. In the year 2007-08 Net Profit of NACC Societies are decreased to 136.93 per cent and again in the year 2008-09 it is increased to 170.28 per cent compare to base year 2004-05.

In order to face the challenges of 21 century the financial trend analysis is useful to NACC societies directors to compare and know the trend and their directions. It is calculated only for major items not for each item.

*NOTE: NACC=NonAgricultural Co-operative Credit.