

**A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF  
ALANGULAM PRIMARY AGRICULTURE CO-OPERATIVE CREDIT  
SOCIETY, ALANGULAM, TIRUNELVELI DISTRICT**

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**ABSTRACT:**

The present study deals with the “Financial Performance Evaluation of **Alangulam Primary Agriculture Co-Operative Credit Society**”. In this present era of Liberalization, Privatization and Globalization the Market has become globally competitive; hence the survival of an enterprise depends upon the efficiency and accuracy. Hence, it is necessary to evaluate the financial performance to know whether the companies stand in the market and how they can improve further in the future by knowing their shortcomings. In the present study, the Researcher has discussed the Liquidity, Profitability, Efficiency and Leverage of both the companies to arrive at any conclusion.

This research is undertaken **A study on Financial Performance Analysis of Alangulam Primary Agriculture Cooperative Credit Society (PACCS)**. The importance is based on the objectives of financial performance. The study of analysis is on financial performance of PACCS was under taken on the bases of last 5 years annual report data. The scope of the study consists of secondary data from the **PACCS** that is the balance sheet from 2014-2019 for five years. The research methodology consists of design, data collections and tools for analyzing the past and future performance of PACCS, Financial analysis. The various tools used for a ratio analysis, regression analysis, comparative balance sheet, common size balance sheet, time series analysis. Through the analysis of the study, it finds out the increase and decrease position in particular field of the PACCS.

**Keywords:** Profitability, Efficiency, Leverage, Liberalization, Privatization and Globalization

#### **MEANING OF FINANCE PERFORMANCE ANALYSIS:**

Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of balance sheet and profit and loss account. It also helps in short-term and long-term forecasting and growth can be identified with the help of financial performance analysis.

The dictionary meaning of 'analysis' is to resolve or separate a thing in to its element or components parts for tracing their relation to the things as whole and to each other.

#### **FINANCIAL PERFORMANCE:**

Information about financial performance of an enterprise during the financial period is primarily provided in an **income statement** or **profit and loss account**. This shows income, expenditure and finally net profit.

#### **FEATURES OF FINANCIAL STATEMENTS**

The following are the features of financial statements:

- ◆ Financial statements are always expressed in monetary terms. They ignore qualitative aspects. In other words, the non-monetary events do not come under the scope of financial statements.

- ◆ Financial statements are always prepared for a certain period of time. They generally cover the period of one year.
- ◆ Financial statements are historical in nature since they always present the past performance. Hence, they do not carry the futuristic approach.

### **SIGNIFICANCE OF FINANCIAL PERFORMANCE ANALYSIS:**

Interest of various related groups is affected by the financial performance of a firm. Therefore, these groups analyze the financial performance of the firm.

The type of analysis varies according to the specific interest of the party involved.

#### **Trade creditors:**

Interested in the liquidity of the firm (appraisal of firm's liquidity)

#### **Bond holders:**

Interested in the cash-flow ability of the firm (appraisal of firm's capital structure, the major sources and uses of funds, profitability over time, and projection of future profitability)

#### **Investors:**

Interested in present and expected future earnings as well as stability of these earnings (appraisal of firm's profitability and financial condition)

#### **Management:**

Interested in internal control, better financial condition and better performance (appraisal of firm's present financial condition, evaluation of opportunities in relation to this current position, return on investment provided by various assets of the company, etc)

### **ABOUT THE ALANGULAM PRIMARY AGRICULTURAL COOPERATIVE CREDIT SOCIETY LTD:**

Alangulam Primary Agricultural Cooperative Credit society on 03.12.1958, 358 members were registered on 30.10.1958 with the Rs .6150 / - to start his career with the 4463 stock 'A' Class members, 25060 'B' Class members and above along with Rs .77.33 lakh stock Alangulam, Nallur, Kuruvankottai, Kurippankulam one of the new branch is located within the Nallur village panchayats affairs launched, has fared better. Society building with a modern facade, the profitability is implemented in the following 29 years: Rs.38.80 core as working capital, for 6 people, with excellent staff service is not on time.

Short-term loans to farmers, the members of the Rs.491.05 lakh, 23 members to build a new house for Rs .55.36 lakh, home and property, as mortgage loans Rs.345.06 lakh to 134 members, Rs.2296.61 lakh to 8413 members are about to grant a loan of jewellery. Also on deposits of over Rs .130.61 lakh credit, consumer credit has provided a loan of Rs .10.70 lakh. Besides these 39 self-help groups has provided a loan of Rs .51.69 lakh. Members and non-members, who have received the deposit of Rs .2689.98 lakh, So that it is the best bank in district.To find its own source of funding with the Bank of Central Cooperative Bank for low-interest loans for crop loans, debts and has been getting money and jewellery. As well as its capital and the remaining Rs.4.95 core as loans to members of the Central Bank has led to the liquid asset.

#### PACCS ALANGULAM – DEVELOPMENT VIEW:

Year	Own fund	Deposit	Member Loan	Working Capital	Borrowings	Investments
2014-2015	54.86	133.2	1186.64	1379.60	291.46	314.62
2015-2016	98.25	1890.62	2867.30	2713.17	724.32	156.49
2016-2017	120.56	2060.30	3193.14	2990.74	810.55	182.39
2017-2018	131.94	2434.70	3493.33	3664.82	1138.63	697.09
2018-2019	180.23	2689.98	3626.04	3880.15	1071.43	754.44
Year	No of Member		Member of share	Govt. share Loan	Total share	
2014-2015	6069		51.08	0.33	51.41	
2015-2016	6055		49.89	--	51.58	
2016-2017	6612		53.17	--	53.17	
2017-2018	4375		59.98	--	59.98	
2018-2019	4462		77.09	--	77.09	

**OBJECTIVES OF THE STUDY:**

- \* To study the financial performance analysis of Co-operative Credit Society, Alangulam.
- \* To know the profitability, liquidity and solvency position of Co-operative Credit Society, Alangulam.
- \* To compare and interpret financial statements of the Co-operative Credit Society, Alangulam with comparative and common-size statement analysis.
- \* To forecast the annual growth rate of income of the Co-operative Credit Society, Alangulam with the help of regression analysis.

**LIMITATION OF THE STUDY:**

- \* The study is mainly carried out based on the secondary data provided in the financial statement.
- \* The study based on the past five year financial statement

**LITERATURE REVIEW:**

- **Kennedy and Muller (2012)**, has explained that “The analysis and interpretation of financial statements are an attempt to determine the significance and meaning of financial statements data so that the forecast may be made of the prospects for future earnings, ability to pay interest and debt maturities (both current and long term) and profitability and sound dividend policy.”
- **Peeler J. Patsula (2013)**, he define that a sound business analysis tells others a lot about good sense and understanding of the difficulties that a company will face. We have to make sure that people know exactly how we arrived to the final financial positions. We have to show the calculation but we have to avoid anything that is too mathematical. A business performance analysis indicates the further growth and the expansion. It gives a physiological advantage to the employees and also a planning advantage.
- **Chidambaram Rameshkumar & Dr. N. Anbumani (2013)**, he argue that Ratio Analysis enables the business owner/manager to spot trends in a business and to compare its performance and condition with the average performance of similar businesses in the same industry.

**RESEARCH METHODOLOGY:****ANALYTICAL RESEARCH**

In this type of research has to use facts or information already available, and analyze these to make a critical evaluation of the material. The researcher depends on existing data for his research work. The analysis revolves round the material collected or available.

**SOURCE OF DATA**

- **SECONDARY DATA** - Secondary Data refers to the information or facts already collected such data are collected with the objectives of understanding the past status of any variable or the data collected and reported by some source is accessed and used for the objective of a study. Normally in research, the scholars collect published data, journals, annual reports and websites.

**TOOLS USED FOR ANALYSIS**

- Ratio Analysis
- Comparative Statement Analysis
- Time series analysis

**DATA ANALYSIS & INTERPRETATION:****RETURN ON EQUITY FOR THE YEAR 2014-15 TO 2018-19**

Return on equity = (Net profit After interest and tax/shareholder's funds)\*100

<b>Year</b>	<b>Net profit after interest And tax</b>	<b>Shareholder's funds</b>	<b>Ratio</b>
2014-2015	16,73,940	52,11,401	32.12
2015-2016	19,71,461	50,93,668	38.70
2016-2017	22,34,952	55,31,885	40.40
2017-2018	2,646,840.16	5,998,429	44.12
2018-2019	3,093,866.71	7,733,169	40.00

The above the table shows that the return on equity from the year 2014-2015, to 2018-2019 the return on equity for the year 2017-2018, is 44.12. For the year 2016-2017, is 40.40. The for the year 2017-2018, is 44.12 for the year 2015-2016, is 38.70 and for the year 2014-2015, is 32.12.

## DEBT EQUITY RATIO FOR THE YEAR 2014-15 TO 2018-19

Debt equity ratio = (loan-term debt /shareholders fund)

Year	Long-term debt	shareholders' funds	Ratio
2014-2015	55,950,446	5,21,1460	10.7
2015-2016	55,950,446	5,093,668	14.21
2016-2017	86,576,679	5,531,885	15.6
2017-2018	112,589,569	5,998,429	18.9
2018-2019	107,1434,27	7,733,169	13.85

The above the table shows that the return on debt equity from the year 2014-2015, to 2018-2019 the return on debt equity for the year, 2017-2018, is 18.9. For the year 2016-2017, is 15.6. For the year 2015-2016, is 14.21. For the year 2018-2019, is 13.85.and for the year 2014-2015, is 10.7.

## TIME SERIES ANALYSIS PREDICTED VALUES FOR SHARE HOLDER FUNDS:

YEAR	ACTUAL (RS)	LCL (RS)	UCL (RS)
2014	5,211,401.00	2,804,724.83	6,642,851.81
2015	5,093,668.00	3,399,695.48	7,237,822.45
<b>2016</b>	<b>5,531,885.00</b>	<b>3,994,666.12</b>	<b>7,832,793.10</b>
<b>2017</b>	<b>5,99,8429.00</b>	<b>4,589,636.77</b>	<b>8,427,763.75</b>
<b>2018</b>	<b>7,733,169.00</b>	<b>5,184,607.42</b>	<b>9,022,734.39</b>
<b>2019</b>	<b>7,698,641.55</b>	<b>5,779,578.06</b>	<b>9,617,705.04</b>
<b>2020</b>	<b>8,293,612.20</b>	<b>6,374,548.71</b>	<b>10,212,,675.69</b>
<b>2021</b>	<b>8,888,582.84</b>	<b>6,969,519.36</b>	<b>10,807,646.33</b>
<b>2022</b>	<b>9,483,553.49</b>	<b>7,564,490.00</b>	<b>11,402,616.98</b>

It is inferred that, share holder funds it is predicted that, it will have shareholder funds Rs. 7,698,641.55 in the year 2019, Rs. 8,293,612.20 in the year 2020, 8,888,582.84 Rs. in the year 2021 and 9,483,553.49 in the year 2022. It has the lower confident limit of Rs, 5,779,578.06 in the year 2019, Rs. 6,374,548.71 in the year 2020, Rs, 6,969,519.36 in the year 2021 and Rs. 7,564,490.00 in the year 2022. It has the Upper confident limit of Rs 9,617,705.04 in the year 2019, Rs. 10,212,675.69 in the year 2020, Rs, 10,807,646.33 in the year 2021 and Rs, 11,402,616.98 in the year 2022.

**COMPARATIVE BALANCE SHEET OF PRIMARY AGRICULTURE  
CO-OPERATIVE CREDIT SOCIETY ALANGULAM FOR THE YEAR ENDED 2018-19**

Particulars	2018 (Rs.)	2019 (Rs.)	Amount Increase 2014-2015 (Rs.)	Amount decrease 2014- 2015 (Rs.)	Percentage Increase / Decrease during 2014- 2015 (In %)
<b>Assets:</b>					
Current Assets	23,713,23.79	36,354,261.8	33,982,938.01	-----	6.97
Loans & Advance	341,905,807	354,130,599	12,224,792	-----	2796.6
Investment	69,575,622.71	75,310,569.71	5,734,947	-----	1,213
Fixed Asset	3,345,270.01	11,955,192.13	8,609,922.12	-----	2.79
<b>Total Asset</b>	<b>417,198,023.5</b>	<b>477,750,622.0</b>	<b>60,552,599.13</b>	<b>-----</b>	<b>209.05</b>
<b>Liabilities and Capital:</b>					
Current Liability	83,202,808.07	19,390,547.76	66,810,260.31	-----	124.5
<b>Total Liabilities (A)</b>	<b>83,202,808.07</b>	<b>19,390,547.76</b>	<b>66,810,260. 31</b>	<b>-----</b>	<b>124.5</b>
<b>Capital and Reserve:</b>					
Share Capital	5,386,985	7,733,169	2,346,184	-----	229.6
Reserve & funds	14,585,958.81	56,887,348.82	42,301,390.01	-----	145.3
<b>Total Shareholders' Funds (B)</b>	<b>19,972,943.81</b>	<b>64,620,517.82</b>	<b>44,647,574.01</b>	<b>-----</b>	<b>374.9</b>
<b>Total Liabilities and Capital (A+B)</b>	<b>103,175,751.9</b> =====	<b>84,011,065.58</b> =====	<b>11,457,834.3</b> =====	<b>-----</b> =====	<b>374.9</b> =====

In the year of 2018 -2019 Secured loans shows uptrend by Rs.354, 130,599 over the previous year of Rs.341, 905,807 and increase in percentage of 2796.6%



**MAJOR FINDINGS:**

- The return on equity ratio for the study period in the decreasing trend and the year 2017 - 2018 show the maximum value of 44.12.
- The debt equity ratio for the study period in the decrecreasing trend and the year 2017- 2018 show the maximum value of 18.9
- In the year of 2018 -2019 Secured loans shows uptrend by Rs.354, 130,599 over the previous year of Rs.341, 905,807 and increase in percentage of 2796.6%
- The predicted value for share holder the study period is in the increasing trend and the year 2022 show the maximum value of Rs.9, 483,553.49

**SUGGESTION RECOMMENDED:**

- The PACCS Alangulam has maintained the current ratio, debt equity, equity, debt total fund and fixed assets will affect the PACCS position.
- The PACCS Alangulam must be increasing the standard assts, but to control the doubtful assets.
- It working member only 6 so that will be affected in the time period.

**CONCLUSION:**

In order to improve their financial performance, PAACS – Alangulam must advised to do the following based on the analysis:

- The PAACS Alangulam should motivate and impart right knowledge about banking to their staff and also should bring new products/services based on the aspirations of customers.
- They have to fundamentally reorient its business models by moving from product centric silos to customer centric strategies.
- It must become more clients centric by leveraging sophisticated insights to improve risk management pricing, channel performance and client satisfaction.

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