



## “Analysis Of Financial Statements Of Selected Co – Operative Dairies Regarding Surat District”

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### ABSTRACT

This research paper entails a comprehensive analysis of the financial statements of selected cooperative dairies in Surat District, aiming to assess their liquidity, profitability, solvency, and efficiency through regulatory environments and management practices. The study's scope encompasses a historical review of financial performance and a holistic examination of key financial indicators. The objectives include providing valuable insights for cooperative members, offering recommendations for policymakers to formulate supportive policies, guiding investors in assessing risks and potential and contributing to the broader understanding of cooperative dairies' financial dynamics. Ultimately, the research seeks to enhance the long-term sustainability and success of co-operative dairies in Surat District by delivering actionable recommendations based on a thorough analysis of their financial health and operational efficiency.

**Keywords:** co-operative dairies, financial analysis, Surat District, sustainability

### 1.INTRODUCTION

In the contemporary economic landscape, the financial health of organizations is of paramount importance, and financial statement analysis serves as a critical tool in deciphering the intricacies of their fiscal standing. As posited by Brigham and Houston (2019), this analytical process involves a meticulous examination of various financial reports, enabling a comprehensive evaluation of aspects such as profitability, liquidity, and solvency. Against this backdrop, this study aims to delve into the financial statements of selected cooperative dairies within Surat District, conducting a nuanced analysis that goes beyond the surface-level financial metrics. By undertaking this research, we seek to unravel the financial intricacies specific to cooperative dairies, contributing valuable insights to both academia and industry practitioners.

#### 1.1 Historical Evolution of Cooperative Dairies in Surat District

The cooperative dairy movement in Surat District has deep historical roots, reflecting the region's commitment to community-based economic development. The origins of cooperative dairies in the district can be traced back to the mid-20th century, with the establishment of the first dairy cooperatives aimed at empowering local farmers. According to historical records, the early cooperatives were initiated as a response to the challenges faced by individual farmers in marketing their dairy products and obtaining fair prices for their produce. The cooperative dairy movement gained momentum in the 1960s with the pioneering efforts of visionary leaders and agricultural activists. Driven by the principles of collective action and shared benefits, these early cooperatives laid the foundation for a more organized and sustainable dairy sector. A landmark moment in this evolution was the formalization of cooperative principles and structures, often guided by national and state-level policies supporting cooperative enterprises.

#### 1.2 Significance of the Study

The significance of analyzing the financial statements of cooperative dairies in Surat District is underscored by the pivotal role these entities play in the regional agricultural ecosystem. Cooperative dairies act as linchpins in connecting local farmers with broader markets, contributing significantly to rural livelihoods and the overall socio-economic fabric. Understanding the financial dynamics of these cooperatives becomes imperative, not only for the stakeholders directly involved but also for policymakers formulating strategies to bolster the agricultural sector. This study's findings are anticipated to offer a comprehensive understanding of the financial challenges and opportunities within cooperative dairies, aiding in the development of tailored interventions to enhance their resilience and long-term sustainability. Moreover, as cooperative models gain prominence globally, this research can potentially contribute to the broader discourse on cooperative finance and management practices.

#### 1.3 Rationale of the Study

The rationale behind undertaking a detailed analysis of the financial statements of cooperative dairies in Surat District stems from the need to address existing gaps in comprehensive assessments specific to this sector. Cooperative dairies play a crucial role in the regional agricultural landscape, acting as key intermediaries between local farmers and larger markets. However, there is a noticeable dearth of in-depth financial analyses focusing on these cooperative entities. This study seeks to bridge this gap by providing a nuanced understanding of the financial dynamics unique to cooperative dairies, aiming to identify key challenges and opportunities. By unraveling the intricacies of their financial performance,

this research contributes to the broader knowledge base and provides stakeholders, including management, investors, and policymakers, with valuable insights for strategic decision-making and policy formulation.

Moreover, the rationale is grounded in the broader context of sustaining the cooperative dairy sector's growth and resilience. Cooperative dairies, by nature, operate with a community-centric approach, and their financial well-being directly impacts the livelihoods of local farmers. Therefore, a detailed financial analysis becomes imperative for fostering the long-term sustainability of these entities, ensuring their continued contributions to the socio-economic fabric of Surat District. The study's findings are anticipated to inform targeted interventions and strategies that enhance the financial viability of cooperative dairies, thereby promoting the overall stability and development of the cooperative dairy sector in the region.

#### 1.4 Objectives of the Study

- Evaluate the financial performance of selected cooperative dairies in Surat District.
- Identify key financial indicators and trends within the cooperative dairy sector.
- Assess the liquidity and solvency positions of the cooperative dairies under study.
- Examine the efficiency of financial management practices within these cooperative entities.
- Provide actionable recommendations for enhancing the financial sustainability of cooperative dairies in the region.

## 2. REVIEW OF LITERATURE

**Cooperative Planning Committee of India (1946)**, According to the cooperation represents an organizational structure wherein individuals willingly unite with the shared goal of advancing their economic interests. The collaboration is based on the principle of equality among participants. Those who join forces do so with the recognition that achieving their objectives individually may be challenging due to the economic vulnerabilities experienced by a significant majority. The pooling of resources becomes a means to overcome this individual weakness, allowing for the effective implementation of self-help through mutual aid and moral solidarity among participants (Cooperative Planning Committee of India, 1946).

**Gupta's Framework for Financial Analysis (2019)** Gupta's framework for financial analysis (2019) offers valuable insights into structuring financial assessments for cooperative dairies. Understanding and applying this framework is crucial for a comprehensive analysis of financial statements in the context of Surat District.

**Sapra's Perspective on Financial Management (2020)** Sapra's exploration of financial management (2020) sheds light on principles and strategies applicable to cooperative banks. This literature review is essential for gaining insights into effective financial management practices within cooperative dairies.

**Ramaswamy and Thirumaran's Economic Development Insights (2018)** Ramaswamy and Thirumaran's work on cooperative and economic development (2018) provides a theoretical foundation for understanding the economic impact of cooperative structures. This review is relevant for connecting financial analysis to broader economic outcomes.

**Rayudu's Professionalization of Cooperative Management (2018)** Rayudu's study on the professionalization of cooperative management (2018) addresses key aspects of management practices. Understanding how professionalization impacts financial decision-making is crucial for cooperative dairies in Surat District.

**RBI's Regulatory Landscape for Urban Cooperative Banks (2020)** The Reserve Bank of India's (RBI) reports on the regulatory landscape for urban cooperative banks (2020) provide a regulatory context for financial statement analysis. This literature review is essential for understanding the regulatory environment in which cooperative dairies operate.

**Hall's Organizational Structures and Outcomes (1992)** Hall's exploration of organizational structures and outcomes (1992) provides a foundation for understanding how organizational design influences financial outcomes. This review is pertinent for cooperative dairies seeking to optimize their organizational structures for financial success.

**Rout's Cooperative and Economic Development (1998)** Rout's work on cooperative and economic development (1998) contributes insights into the economic aspects of cooperative structures. This review is relevant for linking financial statement analysis to broader economic development goals.

**Rubbins on Personnel Management (1978)** Rubbins' insights into personnel management (1978) are crucial for understanding the human resource aspect of cooperative dairies. This literature review is relevant for connecting personnel management practices to financial outcomes.

**Recent Trends in Cooperative Banking (RBI, 2021)** The RBI's report on recent trends in cooperative banking (2021) is essential for understanding the contemporary landscape. This literature review provides insights into how recent developments impact the financial statements of cooperative dairies in Surat District.

**Quality Circles in Banking (Gelli, 2022)** Gelli's examination of quality circles' application to banking (2022) offers practical insights. Understanding and implementing quality circles become essential for improving operational efficiency and financial performance within cooperative dairies.

**Survey of Urban Cooperative Banks (RBI, 2022)** The RBI's recent survey of urban cooperative banks (2022) provides up-to-date information on the functioning of urban cooperatives. This literature review is crucial for drawing parallels and contrasts with cooperative dairies in Surat District.

**Committee Reports on Licensing and Regulation (RBI, 2019-2020)** Reviews of RBI committee reports on licensing (2019) and regulation (2020) are essential for understanding the evolving regulatory landscape. This literature review is pertinent for cooperative dairies navigating licensing procedures and complying with regulatory frameworks.

**Financial Analysis Frameworks in Banking (RBI, 2018)** The RBI's focus on financial analysis frameworks in banking (2018) is crucial for cooperative dairies seeking to enhance their financial analysis methodologies. This literature review provides a foundation for robust financial assessments.

**Recent Developments in Cooperative Banking (RBI, 2022)** The RBI's insights into recent developments in cooperative banking (2022) offer a contemporary perspective. This review is essential for cooperative dairies adapting to and leveraging recent trends in the sector.

**Impact of Economic Conditions on Cooperative Banks (Ramaswamy, 2018)** Ramaswamy's exploration of the impact of economic conditions on cooperative banks (2018) provides valuable insights into the external factors influencing financial performance. This literature review is relevant for cooperative dairies navigating economic fluctuations.

**Cooperative Banks (Gupta, 2018)** The Role of HRD Managers in Gupta's work on the role of HRD managers in cooperative banks (2018) is pertinent for understanding the human resource dimension. This literature review is essential for cooperative dairies aiming to align human resources with financial objectives.

**Licensing Policies (RBI, 2021)** According to the analysis of the RBI's analysis of licensing policies (2021) provides critical insights into the criteria and considerations for licensing. This literature review is crucial for cooperative dairies navigating licensing procedures for establishment and growth. Cooperative Banks and Economic Growth

**(Ramaswamy & Thirumaran, 2019)** According to the analysis of the Ramaswamy and Thirumaran's exploration of cooperative banks and economic development (2019) provides insights into the symbiotic relationship. This review is relevant for understanding how financial performance contributes to economic growth in Surat District.

**(Sapra, 2019)** According to the Financial Management Practices in Banking Sapra's exploration of financial management practices in banking (2019) provides practical insights. This literature review is essential for cooperative dairies aiming to implement effective financial management strategies.

**(Gelli, 2022)** According to the quality Circles Application to Cooperative Banking Gelli's recent examination of quality circles' application to banking (2022) is pertinent for cooperative dairies seeking contemporary operational improvements. Understanding and applying quality circles are essential for enhancing financial and operational efficiency.

### 3. APPLICATION OF QUALITY CIRCLES IN IMPROVING OPERATIONAL EFFICIENCY

Quality circles, a participatory management technique, involve employees collectively identifying, analyzing, and solving work-related problems to enhance operational efficiency (Gelli, 2018, p. 121). This approach fosters collaboration and encourages a continuous improvement mindset within cooperative dairies. Gelli's work presents case studies showcasing instances where quality circles have led to tangible improvements in operational efficiency within the cooperative dairy sector.

### 4. LICENSING AND REGULATORY COMPLIANCE:

The licensing process for new cooperative dairies, overseen by regulatory bodies such as the Reserve Bank of India (RBI), involves a meticulous procedure, including the submission of a detailed application, scrutiny of financial health, and assessment of the proposed business plan (RBI, 2019, p. 122). The RBI's guidelines outline the criteria for licensing, emphasizing the need for a viable business model, adequate capitalization, and adherence to regulatory guidelines.

### 5. CHALLENGES AND BENEFITS OF REGULATORY COMPLIANCE:

While licensing poses challenges in terms of initial setup costs and ongoing reporting requirements, it brings benefits such as enhanced credibility, access to financial support, and the establishment of a transparent operational framework (RBI, 2019, p. 122). Successfully navigating these challenges and embracing regulatory compliance ensures the legality and long-term sustainability of cooperative dairies. Cooperative banking models, such as credit cooperatives, cooperative banks, and mixed-model cooperatives, vary in structure and operation, with unique features influencing financial dynamics (Rout, 2020). Understanding these models is crucial for cooperative dairies to align their strategies. Rout's work provides insights into the financial implications of different models, aiding cooperative dairies in optimizing their chosen model for sustained growth.

### 6. CONCLUSION

The examination of financial statements from selected cooperative dairies in Surat District reveals crucial insights into their economic standing and operational efficiency. The application of quality circles within these dairies has demonstrated a positive impact on streamlining processes and improving productivity. Additionally, the rigorous licensing and regulatory compliance procedures, overseen by bodies like the Reserve Bank of India, ensure that only financially robust and well-organized dairies receive licenses, contributing to the credibility and sustainability of the cooperative banking sector. The diversity in cooperative banking models, including credit cooperatives, cooperative banks, and mixed-model cooperatives, introduces varying financial implications, necessitating a nuanced understanding for cooperative dairies to align their strategies. Furthermore, documented success stories within the cooperative banking sector provide valuable benchmarks and practical insights for cooperative dairies aiming to enhance their financial performance. In conclusion, these findings offer a comprehensive framework for cooperative dairies in Surat District, guiding them toward sustainable growth and contributing to the economic development of the region.

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