CHAPTER V

FINANCIAL STRUCTURE AND OPERATIONAL PERFORMANCE -II
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FINANCIAL STRUCTURE

AND

OPERATIONAL PERFORMANCE –II

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CHAPTER V
FINANCIAL STRUCTURE
AND
OPERATIONAL PERFORMANCE -II

5.1 Introduction:

This Chapter is entirely devoted for the detailed analysis of financial structure and performance of the Employees Co-Operative Credit Societies on the basis of management accounts techniques and tools of financial analysis. Here the researcher has applied ratio analysis techniques on the basis of accepted parameters such as

1. Current Ratio
2. Debt Equity Ratio
3. Operating Ratio
4. Return on Capital Employees
5. Capital Adequacy etc.

The researcher has also attempted to develop special parameters for employees co-operative credit societies.

In order to evaluate the financial performance in respect of Employee’s co-operative credit societies, on attempt is made to study the
inter-relations between the items of the balance sheet and profit and loss account with the help of following financial ratios.

i) Current Ratio

ii) Debt Equity Ratio

iii) Equity Loan Ratio

iv) Net profit Ratio

v) Credit performance

Ratio analysis is a very valuable tool of management control. The relationship of one item to another expressed in a simple mathematical relationship between two quantities a Ratio is calculated by dividing one item of the relationship with the other.

Note : Average figures are shown in the analysis during the period 1998-99 tc 2002-2003

5.2 Short Term Solvency :

Current ratio helps to understand the liquid position and concerns ability to meet current obligations i.e. short term solvency. It is essential that, for the comprehensive interpretation of financial statements and for determining the underlying weakness of the business unit, management must go behind ratios. Current ratio is calculated with the following formula.

Current Ratio = Current Assets / Current Liabilities.

Current Assets are those, which are in the form of cash or convertible in to cash within a short period in the normal course of business.
Current liabilities are those, which have to be met within a short period. Current Assets include those assets which can be realized within one year like cash, short term loans, investments, overdrafts and interest, whereas current liabilities include deposits, cash credit overdrafts and outstanding expenses.

As a conventional rule, a current ratio of 2:1 i.e. current Assets twice of current liabilities or more is considered to be satisfactory. This 2:1 ratio is considered as a very safe margin of solvency. The current ratio shows the proportion of current assets to current liabilities. A current ratio of 2:1 is considered as a norm but it depends on the quality and character of the current assets.

The researcher has calculated current ratio of the sample societies for the period on the basis of average currents assets and average current liabilities during the period under study i.e. the financial year 1998-99 to 2002-03. This is shown in Table No. 5.1
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the ECC Society</th>
<th>Current Assets Rs.</th>
<th>Current Liability Rs.</th>
<th>Current Ratio</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>MSEB Workers CCS Ltd.</td>
<td>168.70</td>
<td>104.92</td>
<td>1.60</td>
</tr>
<tr>
<td>2</td>
<td>Painganga Project ECCS Ltd.</td>
<td>72.89</td>
<td>46.14</td>
<td>1.57</td>
</tr>
<tr>
<td>3</td>
<td>NDCC Bank Staff CCS Ltd.</td>
<td>54.38</td>
<td>36.75</td>
<td>1.47</td>
</tr>
<tr>
<td>4</td>
<td>Bhagirath Irrigation ECCS Ltd.</td>
<td>32.41</td>
<td>17.26</td>
<td>1.87</td>
</tr>
<tr>
<td>5</td>
<td>Dakshatana police ECCS Ltd.</td>
<td>26.58</td>
<td>12.68</td>
<td>2.09</td>
</tr>
<tr>
<td>6</td>
<td>B&amp;C Office ECCs Ltd.</td>
<td>20.16</td>
<td>15.15</td>
<td>1.33</td>
</tr>
<tr>
<td>7</td>
<td>NMC Employee’s CCS Ltd.</td>
<td>17.83</td>
<td>8.49</td>
<td>2.10</td>
</tr>
<tr>
<td>8</td>
<td>Yeshwant Mahabidalya ECCs Ltd.</td>
<td>13.22</td>
<td>6.45</td>
<td>2.04</td>
</tr>
<tr>
<td>9</td>
<td>Mechanical division ECCS Ltd.</td>
<td>12.54</td>
<td>11.09</td>
<td>1.13</td>
</tr>
<tr>
<td>10</td>
<td>Sharda Dhanvardhini ECCS Ltd.</td>
<td>10.81</td>
<td>5.90</td>
<td>1.83</td>
</tr>
<tr>
<td>11</td>
<td>Gurudwara Sachkhand Bord ECCS Ltd.</td>
<td>7.95</td>
<td>4.73</td>
<td>1.68</td>
</tr>
<tr>
<td>12</td>
<td>Govt. Medical college ECCS Ltd.</td>
<td>6.89</td>
<td>3.55</td>
<td>1.94</td>
</tr>
<tr>
<td>13</td>
<td>Forest office ECCs Ltd.</td>
<td>6.43</td>
<td>3.71</td>
<td>1.73</td>
</tr>
<tr>
<td>14</td>
<td>Ayurved Employee’s CCS Ltd.</td>
<td>5.78</td>
<td>3.12</td>
<td>1.85</td>
</tr>
<tr>
<td>15</td>
<td>NSB College ECCS Ltd.</td>
<td>5.16</td>
<td>2.68</td>
<td>1.92</td>
</tr>
<tr>
<td>16</td>
<td>KRM Mahila College ECCS Ltd.</td>
<td>2.46</td>
<td>1.24</td>
<td>1.98</td>
</tr>
<tr>
<td>17</td>
<td>Agri. Market Committee ECCS Ltd.</td>
<td>1.94</td>
<td>1.72</td>
<td>1.12</td>
</tr>
<tr>
<td>18</td>
<td>Shri Hajur sahib ITI ECCS Ltd.</td>
<td>0.90</td>
<td>0.51</td>
<td>1.76</td>
</tr>
<tr>
<td>19</td>
<td>Ekata sales Tax Office ECCS Ltd.</td>
<td>0.50</td>
<td>0.27</td>
<td>1.85</td>
</tr>
<tr>
<td>20</td>
<td>Akashwani &amp; Doordarshan ECCS Ltd.</td>
<td>0.11</td>
<td>0.05</td>
<td>2.20</td>
</tr>
<tr>
<td></td>
<td><strong>Totals</strong></td>
<td><strong>467.54</strong></td>
<td><strong>286.41</strong></td>
<td><strong>32.60</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Average Current Ratio</strong></td>
<td><strong>23.38</strong></td>
<td><strong>14.32</strong></td>
<td><strong>1.63</strong></td>
</tr>
</tbody>
</table>

**Source:** Annual reports of ECC Societies from 1998-99 to 2002-2003.
Observations regarding the working capital current ratio and the short-term liquidity position of the sample societies are as follows;
1. **MSEB Workers Co-operative Credit Society Ltd.**: The average current assets of the societies are Rs. 168.70 lac whereas the average current liabilities of the society are Rs. 104.92 lac. This shows that the average working capital of the society for the period under study was Rs. 63.78 lac and the average current ratio was 1.60 : 1. If a conservative standard of 2:1 is accepted this average is less than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short-term solvency of this society remained satisfactory during the period under study.

2. **The Painganga Project Employees Co-operative Credit Society Ltd.** The average current assets of the societies are Rs. 72.89 lac whereas the average current liabilities of the society are Rs. 46.14 lac. This shows that the average working capital of the society for the period under study was Rs. 26.78 lac and the average current ratio was 1.57. If a conservative standard of 2:1 is accepted this average is less than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short-term solvency of this society remained satisfactory during the period under study.

3. **NDCC Bank Staff Employees Co-operative Credit Society Ltd.** The average current assets of the societies are Rs. 54.38 lac whereas the average current liabilities of the society are Rs. 36.75 lac. This shows
that the average working capital of the society for the period under study was Rs. 17.63 lac and the average current ratio was 1.47 : 1. If a conservative standard of 2:1 is accepted this average is less than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short term solvency of this society remained satisfactory during the period under study.

4. **Bhagirath Irrigation Employees Co-operative Credit Society Ltd.**

The average current assets of the societies are Rs.32.41 lac whereas the average current liabilities of the society are Rs. 17.26 lac. This shows that the average working capital of the society for the period under study was Rs. 15.15 lac and the average current ratio was 1.87 : 1. If a conservative standard of 2:1 is accepted this average is more than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short term solvency of this society remained very good during the period under study.

5. **Dakshata Police Employees Co-operative Credit Society Ltd.** The average current assets of the societies are Rs.26.58 lac whereas the average current liabilities of the society are Rs. 12.68 lac. This shows that the average working capital of the society for the period under study was Rs. 14.3 lac and the average current ratio was 2.09 : 1. If a conservative standard of 2:1 is accepted this average is more than the standard however if it is compared with a liberal standard of 1:1 it can
be said that the average liquidity position and short term solvency of this society remained very good during the period under study.

6. B & C Office Employees Co-operative Credit Society Ltd. The average current assets of the societies are Rs.20.16 lac whereas the average current liabilities of the society are Rs. 15.15 lac. This shows that the average working capital of the society for the period under study was Rs. 5.01 lac and the average current ratio was 1.33 : 1. If a conservative standard of 2:1 is accepted this average is less than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short term solvency of this society remained satisfactory to some extent during the period under study.

7. NMC Employees Co-operative Credit Society Ltd. The average current assets of the societies are Rs.17.83 lac whereas the average current liabilities of the society are Rs. 8.49 lac. This shows that the average working capital of the society for the period under study was Rs. 9.34 lac and the average current ratio was 2.10 : 1. If a conservative standard of 2:1 is accepted this average is more than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short term solvency of this society remained very good during the period under study.
8. Yeshwant Mahavidyalaya Employees Co-operative Credit Society

The average current assets of the societies are Rs. 13.22 lac whereas the average current liabilities of the society are Rs. 6.45 lac. This shows that the average working capital of the society for the period under study was Rs. 6.77 lac and the average current ratio was 2.04 : 1. If a conservative standard of 2:1 is accepted this average is more than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short-term solvency of this society remained very good during the period under study.

9. Mechanical Division Employees Co-operative Credit Society Ltd.

The average current assets of the societies are Rs. 12.54 lac whereas the average current liabilities of the society are Rs. 11.09 lac. This shows that the average working capital of the society for the period under study was only Rs. 1.45 lac and the average current ratio was 1.13 : 1. If a conservative standard of 2:1 is accepted this average is much below the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short-term solvency of this society remained satisfactory to some extent during the period under study.

10. Sharda Dhanvardhini Employees Co-operative Credit Society Ltd. The average current assets of the societies are Rs. 10.81 lac whereas the average current liabilities of the society are Rs. 5.90 lac.
This shows that the average working capital of the society for the period under study was Rs. 4.91 lac and the average current ratio was 1.83 : 1. If a conservative standard of 2:1 is accepted this average is somewhat less than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short term solvency of this society remained very good during the period under study.

11. Gurudwara Sachkhand Board Employees Co-operative Credit Society Ltd. The average current assets of the societies are Rs. 7.95 lac whereas the average current liabilities of the society are Rs. 4.73 lac. This shows that the average working capital of the society for the period under study was Rs. 3.22 lac and the average current ratio was 1.68 : 1. If a conservative standard of 2:1 is accepted this average is more than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short-term solvency of this society remained satisfactory during the period under study.

12. Government Medical College Employees Co-operative Credit Society Ltd. The average current assets of the societies are Rs. 6.89 lac whereas the average current liabilities of the society are Rs. 3.55 lac. This shows that the average working capital of the society for the period under study was Rs. 3.34 lac and the average current ratio was
If a conservative standard of 2:1 is accepted this average is less than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short term solvency of this society remained very good during the period under study.

13. Forest Office Employees Co-operative Credit Society Ltd. The average current assets of the societies are Rs 6.43 lac whereas the average current liabilities of the society are Rs. 3.71 lac. This shows that the average working capital of the society for the period under study was Rs. 2.72 lac and the average current ratio was 1.73 : 1. If a conservative standard of 2:1 is accepted this average is less than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short term solvency of this society remained satisfactory during the period under study.

14. Ayurved Employees Co-operative Credit Society Ltd. The average current assets of the societies are Rs.5.78 lac whereas the average current liabilities of the society are Rs. 3.12 lac. This shows that the average working capital of the society for the period under study was Rs. 2.66 lac and the average current ratio was 1.85 : 1. If a conservative standard of 2:1 is accepted this average is less than the standard however if it is compared with a liberal standard of 1:1 it can
be said that the average liquidity position and short term solvency of 
this society remained good during the period under study.

15. N.S.B. College Employees Co-operative Credit Society Ltd. The 
average current assets of the societies are Rs.5.16 lac whereas the 
average current liabilities of the society are Rs. 2.68 lac. This shows 
that the average working capital of the society for the period under 
study was Rs. 2.48 lac and the average current ratio was 1.92 : 1. If a 
conservative standard of 2:1 is accepted this average is more than the 
standard however if it is compared with a liberal standard of 1:1 it can 
be said that the average liquidity position and short term solvency of 
this society remained good during the period under study.

16. KRM Mahila College Employees Co-operative Credit Society Ltd. 
The average current assets of the societies are Rs.2.46 lac whereas the 
average current liabilities of the society are Rs. 1.24 lac. This shows 
that the average working capital of the society for the period under 
study was Rs. 1.22 lac and the average current ratio was 1.98 : 1. If a 
conservative standard of 2:1 is accepted this average is less than the 
standard however if it is compared with a liberal standard of 1:1 it can 
be said that the average liquidity position and short term solvency of 
this society remained good during the period under study.

17. Agri. Market Committee Employees Co-operative Credit Society 
Ltd. The average current assets of the societies are Rs.1.94 lac whereas
the average current liabilities of the society are Rs. 1.72 lac. This shows that the average working capital of the society for the period under study was Rs. 0.22 lac and the average current ratio was 1.12 : 1. If a conservative standard of 2:1 is accepted this average is much less than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short term solvency of this society remained marginally satisfactory during the period under study.

18. Shri Huzur Saheb ITI Employees Co-operative Credit Society Ltd.
The average current assets of the societies are Rs.0.90 lac whereas the average current liabilities of the society are Rs. 0.51 lac. This shows that the average working capital of the society for the period under study was Rs. 0.39 lac and the average current ratio was 1.76: 1. If a conservative standard of 2:1 is accepted this average is less than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short term solvency of this society remained satisfactory during the period under study.

19. Ekata Sale Tax Office Employees Co-operative Credit Society Ltd. The average current assets of the societies are Rs.0.50 lac whereas the average current liabilities of the society are Rs. 0.27 lac. This shows that the average working capital of the society for the period under study was Rs. 0.23 lac and the average current ratio was 1.85: 1.
If a conservative standard of 2:1 is accepted this average is less than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short term solvency of this society remained satisfactory during the period under study.

20. Akashwani & Doordarshan Employees Co-operative Credit Society Ltd. The average current assets of the societies are Rs.0.11 lac whereas the average current liabilities of the society are Rs. 0.05 lac. This shows that the average working capital of the society for the period under study was Rs. 0.06 lac and the average current ratio was 2.20: 1. If a conservative standard of 2:1 is accepted this average is more than the standard however if it is compared with a liberal standard of 1:1 it can be said that the average liquidity position and short term solvency of this society remained very good during the period under study.

5.3 Long Term Solvency:

The Debt Equity Ratio is also an important determinant factor to find out the financial performance of business. This ratio measures the relationship between borrowed funds (debt) and owned funds (Equity) of any enterprise. It signifies the concern's ability to repay the long-term debts out of its net worth and helpful to identify the long-term solvency of the concern. The higher ratio is an indication for the greater claim of creditors than the owners, which is not a desirable one. Lower debt equity ratio implies greater
claim of owners than the creditors. It provides longer measure of safety to the owners.

The normal debt equity ratio practiced in business enterprises is 2:1. The following formula is applied for the purpose of calculating the debt equity ratio.

\[ \text{DER} = \frac{\text{Total debts}}{\text{Total Equity}} \]

OR

\[ \text{DER} = \frac{\text{Borrowed funds}}{\text{Owned funds}} \]
Table No. 5.2

Debt Equity Ratio

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the ECC Society</th>
<th>Debt (Rs. in lac)</th>
<th>Equity (Rs. in lac)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MSEB Workers CCS Ltd.</td>
<td>1205.54</td>
<td>595.88</td>
</tr>
<tr>
<td>2</td>
<td>Painganga Project ECCS Ltd.</td>
<td>331.67</td>
<td>242.60</td>
</tr>
<tr>
<td>3</td>
<td>NDCC Bank Staff CCS Ltd.</td>
<td>958.34</td>
<td>174.41</td>
</tr>
<tr>
<td>4</td>
<td>Bhagirath Irrigation ECCS Ltd.</td>
<td>306.06</td>
<td>118.84</td>
</tr>
<tr>
<td>5</td>
<td>Dakashata police ECCS Ltd.</td>
<td>105.41</td>
<td>47.61</td>
</tr>
<tr>
<td>6</td>
<td>B&amp;C Office ECCS Ltd.</td>
<td>58.89</td>
<td>47.28</td>
</tr>
<tr>
<td>7</td>
<td>NMC Employee's CCS Ltd.</td>
<td>8.42</td>
<td>39.90</td>
</tr>
<tr>
<td>8</td>
<td>Yeshwant Mahabidyalaya ECCS Ltd.</td>
<td>100.48</td>
<td>39.03</td>
</tr>
<tr>
<td>9</td>
<td>Mechanical division ECCS Ltd.</td>
<td>102.56</td>
<td>41.80</td>
</tr>
<tr>
<td>10</td>
<td>Sharda Dhanvardhini ECCS Ltd.</td>
<td>82.61</td>
<td>26.04</td>
</tr>
<tr>
<td>11</td>
<td>Gurudwara Sachkhand Bord Ltd.</td>
<td>59.07</td>
<td>22.64</td>
</tr>
<tr>
<td>12</td>
<td>Govt. Medical college ECCS Ltd.</td>
<td>49.53</td>
<td>15.87</td>
</tr>
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<td>13</td>
<td>Forest office ECCS Ltd.</td>
<td>41.51</td>
<td>23.04</td>
</tr>
<tr>
<td>14</td>
<td>Ayurved Employee's CCS Ltd.</td>
<td>63.58</td>
<td>34.65</td>
</tr>
<tr>
<td>15</td>
<td>NSB College ECCS Ltd.</td>
<td>52.52</td>
<td>18.86</td>
</tr>
<tr>
<td>16</td>
<td>KRM Mahila College ECCS Ltd.</td>
<td>11.85</td>
<td>4.49</td>
</tr>
<tr>
<td>17</td>
<td>Agri. Market Committee ECCS Ltd.</td>
<td>22.45</td>
<td>4.61</td>
</tr>
<tr>
<td>18</td>
<td>Shri Hajur sahib ITI ECCS Ltd.</td>
<td>18.78</td>
<td>4.32</td>
</tr>
<tr>
<td>19</td>
<td>Ekata sales Tax Office ECCS Ltd.</td>
<td>15.12</td>
<td>4.23</td>
</tr>
<tr>
<td>20</td>
<td>Akashwani &amp; Doordarshan ECCS Ltd.</td>
<td>1.92</td>
<td>1.09</td>
</tr>
<tr>
<td></td>
<td><strong>Totals</strong></td>
<td><strong>3596.31</strong></td>
<td><strong>1507.19</strong></td>
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</table>

Average Debt equity Ratio  

<table>
<thead>
<tr>
<th>Debt</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>179.81</td>
<td>75.36</td>
</tr>
</tbody>
</table>

Source: Annual reports of ECC Societies.
Graph No. 5.2
Debt Equity Ratio

1. MSEB Workers Co-operative Credit Society Ltd. : The average external debt of the society was Rs.1205.54 lac whereas the average internal equities of the society were Rs. 595.88 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 609.66 lac and the average debt ratio was 2.02 : 1. If a liberal standard of 2:1 is accepted this average is more
than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained satisfactory during the period under study.

2. The Painganga Project Employees Co-operative Credit Society Ltd.

The average external debt of the society was Rs.331.67 lac whereas the average internal equities of the society were Rs. 242.60 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 89.07 lac and the average debt ratio was 1.37 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long-term solvency of this society remained satisfactory during the period under study.

3. NDCC Bank Staff Employees Co-operative Credit Society Ltd. The average external debt of the society was Rs.958.34 lac whereas the average internal equities of the society were Rs. 174.41 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 783.93 lac and the average debt ratio was 5.49 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long-term solvency of this society remained unsatisfactory during the period under study.
4. Bhagirath Irrigation Employees Co-operative Credit Society Ltd. The average external debt of the society was Rs.306.06 lac whereas the average internal equities of the society were Rs. 118.84 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 187.22 lac and the average debt ratio was 2.57 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained unsatisfactory during the period under study.

5. Dakshata Police Employees Co-operative Credit Society Ltd. The average external debt of the society was Rs.105.41 lac whereas the average internal equities of the society were Rs. 47.61 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 57.80 lac and the average debt ratio was 2.21 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained unsatisfactory during the period under study.

6. B & C Office Employees Co-operative Credit Society Ltd. The average external debt of the society was Rs.58.89 lac whereas the average internal equities of the society were Rs. 47.28 lac. This shows that the average external debt of the society for the period under study was in excess of the
internal equities by Rs. 11.61 lac and the average debt ratio was 1.24 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained satisfactory during the period under study.

7. **NMC Employees Co-operative Credit Society Ltd.** The average external debt of the society was Rs.8.42 lac whereas the average internal equities of the society were Rs. 47.28 lac. This shows that the average internal equities of the society for the period under study was in excess of the external debt by Rs. 31.48 lac and the average debt ratio was 0.21 : 1. If a liberal standard of 2:1 is accepted this average is less than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained very good during the period under study.

8. **Yeshwant Mahavidyalaya Employees Co-operative Credit Society** The average external debt of the society was Rs.100.48 lac whereas the average internal equities of the society were Rs. 39.03 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 61.45 lac and the average debt ratio was 2.57 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of
1:1 it can be said that the average position of long-term solvency of this society remained unsatisfactory during the period under study.

9. Mechanical Division Employees Co-operative Credit Society Ltd. The average external debt of the society was Rs.102.56 lac whereas the average internal equities of the society were Rs. 41.80 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 60.76 lac and the average debt ratio was 2.45 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained very unsatisfactory during the period under study.

10. Sharda Dhanvardhini Employees Co-operative Credit Society Ltd. The average external debt of the society was Rs.82.61 lac whereas the average internal equities of the society were Rs. 26.04 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 56.57 lac and the average debt ratio was 3.17 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained very unsatisfactory during the period under study.

11. Gurudwara Sachkhand Board Employees Co-operative Credit Society Ltd. The average external debt of the society was Rs.59.07 lac whereas the
average internal equities of the society were Rs. 22.64 lac. This shows that
the average external debt of the society for the period under study was in
excess of the internal equities by Rs. 36.43 lac and the average debt ratio
was 2.61 : 1. If a liberal standard of 2:1 is accepted this average is more
than the standard however if it is compared with a conservative standard of
1:1 it can be said that the average position of long-term solvency of this
society remained unsatisfactory during the period under study.

12. Government Medical College Employees Co-operative Credit Society
Ltd. The average external debt of the society was Rs.49.53 lac whereas the
average internal equities of the society were Rs. 15.87 lac. This shows that
the average external debt of the society for the period under study was in
excess of the internal equities by Rs. 33.66 lac and the average debt ratio
was 3.12 : 1. If a liberal standard of 2:1 is accepted this average is more
than the standard however if it is compared with a conservative standard of
1:1 it can be said that the average position of long term solvency of this
society remained very unsatisfactory during the period under study.

13. Forest Office Employees Co-operative Credit Society Ltd. The average
external debt of the society was Rs.41.51 lac whereas the average internal
equities of the society were Rs. 23.04 lac. This shows that the average
external debt of the society for the period under study was in excess of the
internal equities by Rs. 18.47 lac and the average debt ratio was 1.80 : 1. If
a liberal standard of 2:1 is accepted this average is less than the standard
however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained very satisfactory during the period under study.

14. Ayurved Employees Co-operative Credit Society Ltd. The average external debt of the society was Rs.63.58 lac whereas the average internal equities of the society were Rs. 34.65 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 28.93 lac and the average debt ratio was 1.83 : 1. If a liberal standard of 2:1 is accepted this average is less than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long-term solvency of this society remained satisfactory during the period under study.

15. N.S.B. College Employees Co-operative Credit Society Ltd. The average external debt of the society was Rs.52.52 lac whereas the average internal equities of the society were Rs. 18.86 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 33.66 lac and the average debt ratio was 2.78 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long-term solvency of this society remained unsatisfactory during the period under study.
16. **KRM Mahila College Employees Co-operative Credit Society Ltd.**

The average external debt of the society was Rs. 11.85 lac whereas the average internal equities of the society were Rs. 4.49 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 7.36 lac and the average debt ratio was 2.64 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained very unsatisfactory during the period under study.

17. **Agri. Market Committee Employees Co-operative Credit Society Ltd.**

The average external debt of the society was Rs. 22.45 lac whereas the average internal equities of the society were Rs. 4.61 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 17.84 lac and the average debt ratio was 4.87 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained very unsatisfactory during the period under study.

18. **Shri Huzur Saheb ITI Employees Co-operative Credit Society Ltd.**

The average external debt of the society was Rs. 18.78 lac whereas the average internal equities of the society were Rs. 4.32 lac. This shows that the average external debt of the society for the period under study was in
excess of the internal equities by Rs. 14.46 lac and the average debt ratio was 4.35 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained very unsatisfactory during the period under study.

19. **Ekata Sale Tax Office Employees Co-operative Credit Society Ltd.**

The average external debt of the society was Rs.15.12 lac whereas the average internal equities of the society were Rs. 4.23 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 10.89 lac and the average debt ratio was 3.57 : 1. If a liberal standard of 2:1 is accepted this average is more than the standard however if it is compared with a conservative standard of 1:1 it can be said that the average position of long term solvency of this society remained very unsatisfactory during the period under study.

20. **Akashwani & Doordarshan Employees Co-operative Credit Society Ltd.**

The average external debt of the society was Rs.1.92 lac whereas the average internal equities of the society were Rs. 1.09 lac. This shows that the average external debt of the society for the period under study was in excess of the internal equities by Rs. 0.83 lac and the average debt ratio was 1.76: 1. If a liberal standard of 2:1 is accepted this average is less than the standard however if it is compared with a conservative standard of 1:1
it can be said that the average position of long-term solvency of this society remained satisfactory during the period under study.

5.4 Equity Loan Relationship:

The Equity represents own funds made up of share capital and reserve & surplus. The loans advanced are the assets of the society in the form of dues from members. The researcher has studied the relationship between equity and loan advanced by the employees co-operative credit societies selected as sample. The same is presented in Table No. 5.3 and the accompanying graph.
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the ECC Society</th>
<th>Equity Rs.</th>
<th>Loan Rs.</th>
<th>ELR Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MSEB Workers CCS Ltd.</td>
<td>595.88</td>
<td>1802.02</td>
<td>33.07</td>
</tr>
<tr>
<td>2</td>
<td>Painganga Project ECCS Ltd.</td>
<td>242.60</td>
<td>594.03</td>
<td>40.84</td>
</tr>
<tr>
<td>3</td>
<td>NDCC Bank Staff CCS Ltd.</td>
<td>174.41</td>
<td>1046.90</td>
<td>16.66</td>
</tr>
<tr>
<td>4</td>
<td>Bhagirath Irrigation ECCS Ltd.</td>
<td>118.84</td>
<td>445.81</td>
<td>26.66</td>
</tr>
<tr>
<td>5</td>
<td>Dakashata police ECCS Ltd.</td>
<td>47.61</td>
<td>159.42</td>
<td>29.86</td>
</tr>
<tr>
<td>6</td>
<td>B&amp;C Office ECCs Ltd.</td>
<td>47.28</td>
<td>106.11</td>
<td>44.56</td>
</tr>
<tr>
<td>7</td>
<td>NMC Employee's CCS Ltd.</td>
<td>39.90</td>
<td>47.69</td>
<td>83.66</td>
</tr>
<tr>
<td>8</td>
<td>Yeshwant Mahabidiyalya ECCs Ltd.</td>
<td>39.03</td>
<td>139.62</td>
<td>27.95</td>
</tr>
<tr>
<td>9</td>
<td>Mechanical division ECCS Ltd.</td>
<td>41.80</td>
<td>85.31</td>
<td>48.99</td>
</tr>
<tr>
<td>10</td>
<td>Sharda Dhanvardhini ECCS Ltd.</td>
<td>26.04</td>
<td>108.10</td>
<td>24.09</td>
</tr>
<tr>
<td>11</td>
<td>Gurudwara Sachkhand Bord Ltd.</td>
<td>22.64</td>
<td>75.52</td>
<td>29.98</td>
</tr>
<tr>
<td>12</td>
<td>Govt. Medical college ECCS Ltd.</td>
<td>15.87</td>
<td>64.61</td>
<td>24.56</td>
</tr>
<tr>
<td>13</td>
<td>Forest office ECCs Ltd.</td>
<td>23.04</td>
<td>61.82</td>
<td>37.27</td>
</tr>
<tr>
<td>14</td>
<td>Ayurved Employee's CCS Ltd.</td>
<td>34.65</td>
<td>86.28</td>
<td>40.16</td>
</tr>
<tr>
<td>15</td>
<td>NSB College ECCS Ltd.</td>
<td>18.86</td>
<td>66.42</td>
<td>28.39</td>
</tr>
<tr>
<td>16</td>
<td>KRM Mahila College ECCS Ltd.</td>
<td>4.49</td>
<td>17.29</td>
<td>25.97</td>
</tr>
<tr>
<td>17</td>
<td>Agri. Market Committee ECCS Ltd.</td>
<td>4.61</td>
<td>17.71</td>
<td>26.03</td>
</tr>
<tr>
<td>18</td>
<td>Shri Hajur sahib ITI ECCS Ltd.</td>
<td>4.32</td>
<td>22.26</td>
<td>19.41</td>
</tr>
<tr>
<td>19</td>
<td>Ekata sales Tax Office ECCS Ltd.</td>
<td>4.23</td>
<td>18.69</td>
<td>22.63</td>
</tr>
<tr>
<td>20</td>
<td>Akashwani &amp; Doordarshan ECCS Ltd.</td>
<td>1.09</td>
<td>2.96</td>
<td>36.82</td>
</tr>
<tr>
<td></td>
<td>Average Debt equity Ratio</td>
<td>75.36</td>
<td>248.43</td>
<td>30.33</td>
</tr>
</tbody>
</table>

Source: Annual Reports of ECC Societies.
1. **MSEB Workers Co-operative Credit Society Ltd.** : The average equity of the society was Rs. 595.88 lac whereas the average loans of the society were Rs. 1802.09 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 1206.14 lac and the average ELR ratio was 33.07%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50%
it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

2. **The Painganga Project Employees Co-operative Credit Society Ltd.**

The average equity of the society was Rs.242.60 lac whereas the average loans of the society were Rs. 594.03 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 351.43 lac and the average ELR ratio was 40.84%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

3. **NDCC Bank Staff Employees Co-operative Credit Society Ltd.** The average equity of the society was Rs.174.41 lac whereas the average loans of the society were Rs. 1046.90 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 872.49 lac and the average ELR ratio was 16.66%. If a liberal standard of 25% is accepted this average is less than the standard however if it is compared with a conservative standard of 50% it is also less than the standard. It can be said that the average
position of equity loans relationship of this society remained unsatisfactory during the period under study.

4 Bhagirath Irrigation Employees Co-operative Credit Society Ltd.
The average equity of the society was Rs.118.84 lac whereas the average loans of the society were Rs. 445.81 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 326.97 lac and the average ELR ratio was 26.66%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

5 Dakshata Police Employees Co-operative Credit Society Ltd. The average equity of the society was Rs.47.61 lac whereas the average loans of the society were Rs. 159.42 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 111.81 lac and the average ELR ratio was 29.86%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.
6. **B & C Office Employees Co-operative Credit Society Ltd.** The average equity of the society was Rs. 47.28 lac whereas the average loans of the society were Rs. 106.11 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 58.83 lac and the average ELR ratio was 44.56%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

7. **NMC Employees Co-operative Credit Society Ltd.** The average equity of the society was Rs. 39.90 lac whereas the average loans of the society were Rs. 47.69 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 7.79 lac and the average ELR ratio was 83.66%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is also more than the standard. It can be said that the average position of equity loans relationship of this society remained very good during the period under study.

8. **Yeshwant Mahavidyalaya Employees Co-operative Credit Society**

The average equity of the society was Rs. 39.03 lac whereas the average
loans of the society were Rs. 139.62 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 100.59 lac and the average ELR ratio was 27.95%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

9. **Mechanical Division Employees Co-operative Credit Society Ltd.**

The average equity of the society was Rs.41.80 lac whereas the average loans of the society were Rs. 85.31 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 43.51 lac and the average ELR ratio was 48.99%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

10. **Sharda Dhanvardhini Employees Co-operative Credit Society Ltd.**

The average equity of the society was Rs.26.04 lac whereas the average loans of the society were Rs. 108.10 lac. This shows that the average loans of the society for the period under study was in excess of the
internal equities by Rs. 82.06 lac and the average ELR ratio was 24.09%. If a liberal standard of 25% is accepted this average is less than the standard however if it is compared with a conservative standard of 50% it is also less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

11. Gurudwara Sachkhand Board Employees Co-operative Credit Society Ltd. The average equity of the society was Rs. 22.64 lac whereas the average loans of the society were Rs. 75.52 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 52.88 lac and the average ELR ratio was 29.98%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

12. Government Medical College Employees Co-operative Credit Society Ltd. The average equity of the society was Rs. 15.87 lac whereas the average loans of the society were Rs. 64.61 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 48.74 lac and the average ELR ratio was 24.56%. If a liberal standard of 25% is accepted this average
is less than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained unsatisfactory during the period under study.

13. **Forest Office Employees Co-operative Credit Society Ltd.** The average equity of the society was Rs.23.04 lac whereas the average loans of the society were Rs. 61.82 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 38.78 lac and the average ELR ratio was 37.27%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

14. **Ayurved Employees Co-operative Credit Society Ltd.** The average equity of the society was Rs.34.65 lac whereas the average loans of the society were Rs. 86.28 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 51.63 lac and the average ELR ratio was 40.16%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans
relationship of this society remained satisfactory during the period under study.

15. **N.S.B. College Employees Co-operative Credit Society Ltd.** The average equity of the society was Rs.18.86 lac whereas the average loans of the society were Rs. 66.42 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 47.56 lac and the average ELR ratio was 28.39%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

16. **KRM Mahila College Employees Co-operative Credit Society Ltd.**

The average equity of the society was Rs.4.49 lac whereas the average loans of the society were Rs. 17.29 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 12.80 lac and the average ELR ratio was 25.97% If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.
17. **Agri. Market Committee Employees Co-operative Credit Society Ltd.** The average equity of the society was Rs.4.61 lac whereas the average loans of the society were Rs. 17.71 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 13.10 lac and the average ELR ratio was 26.03%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

18. **Shri Huzur Saheb ITI Employees Co-operative Credit Society Ltd.**

The average equity of the society was Rs.4.32 lac whereas the average loans of the society were Rs. 22.26 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 17.94 lac and the average ELR ratio was 19.41%. If a liberal standard of 25% is accepted this average is also less than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained unsatisfactory during the period under study.

19. **Ekata Sale Tax Office Employees Co-operative Credit Society Ltd.**

The average equity of the society was Rs.4.23 lac whereas the average
loans of the society were Rs. 18.69 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 14.46 lac and the average ELR ratio was 22.63%. If a liberal standard of 25% is accepted this average is less than the standard however if it is compared with a conservative standard of 50% it is also less than the standard. It can be said that the average position of equity loans relationship of this society remained unsatisfactory during the period under study.

20 Akashwani & Doordarshan Employees Co-operative Credit Society Ltd. The average equity of the society was Rs.1.09 lac whereas the average loans of the society were Rs. 2.96 lac. This shows that the average loans of the society for the period under study was in excess of the internal equities by Rs. 1.87 lac and the average ELR ratio was 36.82%. If a liberal standard of 25% is accepted this average is more than the standard however if it is compared with a conservative standard of 50% it is less than the standard. It can be said that the average position of equity loans relationship of this society remained satisfactory during the period under study.

The loans advanced by the employees co-operative credit societies are against the security of salary deduction. Thus there is no recovery problem. If the ratio of equity loan is less than standard it cannot be said to be alarming position.
5.5 Return on Loans Advanced:

Profit is the result of the effective utilisation of capital and control of cost of management over a period of time. Earning of sufficient profits is essential to sustain the operations of the business to be able to the funds from the investors for expansion and to contribute towards the social overheads for the welfare of the society. The ultimate operating efficiency is measured in terms of profit ratio. In order to know the operating efficiency of the salary earners co-operative credit society the net profit ratio is used.

Net profit ratio identifies return on capital invested after meeting the management casts. The ratio is computed with the help of the following formula.

\[ \text{NPR} = \frac{\text{Net profit}}{\text{Loan Advances}} \times 100 \]

A greater ratio indicates better performance and efficiency of the managements in the operations of the employee’s co-operative credit society. The calculated Net profit ratio is presented in Table : 5.4 and the accompanying graph.

1. **MSEB Workers Co-operative Credit Society Ltd.** : The average loans advanced by the society were Rs. 1802.02 lac and the average net profit for the period was Rs. 64.96 lac. This show a average net return on loan advanced of 3.60% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.
2. The Painganga Project Employees Co-operative Credit Society Ltd. The average loans advanced by the society were Rs. 594.03 lac. and the average net profit for the period was Rs. 39.62 lac. This shows an average net return on loan advanced of 6.67% if an average standard of 5% is accepted the RLA is more than the standard and can be said to be satisfactory.
Table No. 5.4  
Net Profit Ratio  
(Rs. in lac)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the ECC Society</th>
<th>Loan Advances Rs.</th>
<th>Net Profit Rs.</th>
<th>NPR / RLA Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MSEB Workers CCS Ltd.</td>
<td>1802.02</td>
<td>64.96</td>
<td>3.60</td>
</tr>
<tr>
<td>2</td>
<td>Painganga Project ECCS Ltd.</td>
<td>594.03</td>
<td>39.62</td>
<td>6.67</td>
</tr>
<tr>
<td>3</td>
<td>NDCC Bank Staff CCS Ltd.</td>
<td>1046.90</td>
<td>10.89</td>
<td>1.04</td>
</tr>
<tr>
<td>4</td>
<td>Bhagirath Irrigation ECCS Ltd.</td>
<td>445.81</td>
<td>13.21</td>
<td>2.96</td>
</tr>
<tr>
<td>5</td>
<td>Dakashata police ECCS Ltd.</td>
<td>159.42</td>
<td>9.42</td>
<td>5.91</td>
</tr>
<tr>
<td>6</td>
<td>B&amp;C Office ECCs Ltd.</td>
<td>106.11</td>
<td>3.05</td>
<td>2.87</td>
</tr>
<tr>
<td>7</td>
<td>NMC Employee’s CCS Ltd.</td>
<td>47.69</td>
<td>2.71</td>
<td>5.68</td>
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<tr>
<td>8</td>
<td>Yeshwant Mahabidyalya ECCs Ltd.</td>
<td>139.62</td>
<td>3.85</td>
<td>2.76</td>
</tr>
<tr>
<td>9</td>
<td>Mechanical division ECCS Ltd.</td>
<td>85.31</td>
<td>-5.23</td>
<td>-6.13</td>
</tr>
<tr>
<td>10</td>
<td>Sharda Dhanvardhini ECCS Ltd.</td>
<td>108.10</td>
<td>1.81</td>
<td>1.67</td>
</tr>
<tr>
<td>11</td>
<td>Gurudwara Sachkhand Bord Ltd.</td>
<td>75.52</td>
<td>1.92</td>
<td>2.54</td>
</tr>
<tr>
<td>12</td>
<td>Govt. Medical college Eccs Ltd.</td>
<td>64.81</td>
<td>1.66</td>
<td>2.57</td>
</tr>
<tr>
<td>13</td>
<td>Forest office ECCs Ltd.</td>
<td>61.82</td>
<td>2.43</td>
<td>3.93</td>
</tr>
<tr>
<td>14</td>
<td>Ayurved Employee’s CCS Ltd.</td>
<td>86.28</td>
<td>3.78</td>
<td>4.38</td>
</tr>
<tr>
<td>15</td>
<td>NSB College ECCS Ltd.</td>
<td>66.42</td>
<td>1.51</td>
<td>2.27</td>
</tr>
<tr>
<td>16</td>
<td>KRM Mahila College ECCS Ltd.</td>
<td>17.29</td>
<td>0.86</td>
<td>4.97</td>
</tr>
<tr>
<td>17</td>
<td>Agri. Market Committee ECCS Ltd.</td>
<td>17.71</td>
<td>-1.18</td>
<td>-6.66</td>
</tr>
<tr>
<td>18</td>
<td>Shri Hajur sahib ITI ECCS Ltd.</td>
<td>22.26</td>
<td>0.44</td>
<td>1.98</td>
</tr>
<tr>
<td>19</td>
<td>Ekata sales Tax Office ECCS Ltd.</td>
<td>18.69</td>
<td>0.50</td>
<td>2.67</td>
</tr>
<tr>
<td>20</td>
<td>Akashwani &amp; Doordarshan ECCS Ltd.</td>
<td>2.96</td>
<td>0.13</td>
<td>4.39</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>4968.57</td>
<td>0156.34</td>
<td>62.93</td>
</tr>
<tr>
<td>Average Net Profit Ratio</td>
<td>248.43</td>
<td>7.82</td>
<td>3.15</td>
<td></td>
</tr>
</tbody>
</table>

3. **NDCC Bank Staff Employees Co-operative Credit Society Ltd.** The average loans advanced by the society were Rs. 1046.90 lac and the average net profit for the period was Rs. 10.89 lac. This shows an average net return on loan advanced of 1.04% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

4. **Bhagirath Irrigation Employees Co-operative Credit Society Ltd.** The average loans advanced by the society were Rs. 445.81 lac and the average net profit for the period was Rs. 13.21 lac. This shows an average net return on loan advanced of 2.96% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

5. **Dakshata Police Employees Co-operative Credit Society Ltd.** The average loans advanced by the society were Rs. 159.42 lac and the average net profit for the period was Rs. 9.42 lac. This shows an average net return on loan advanced of 5.91% if an average standard of 5% is accepted the RLA is more than the standard and can be said to be satisfactory.

6. **B & C Office Employees Co-operative Credit Society Ltd.** The average loans advanced by the society were Rs. 106.11 lac and the average net profit for the period was Rs. 3.05 lac. This shows an average net return on loan advanced of 2.87% if an average standard of 5% is
accepted the RLA is less than the standard and can not be said to be satisfactory.

7. **NMC Employees Co-operative Credit Society Ltd.** The average loans advanced by the society were Rs. 47.69% lac and the average net profit for the period was Rs. 2.71 lac. This show a average net return on loan advanced of 5.68% if an average standard of 5% is accepted the RLA is more than the standard and can be said to be satisfactory.

8. **Yeshwant Mahavidyalaya Employees Co-operative Credit Society**

The average loans advanced by the society were Rs. 139.62 lac and the average net profit for the period was Rs. 3.85 lac. This show a average net return on loan advanced of 2.76% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

9. **Mechanical Division Employees Co-operative Credit Society Ltd.**

The average loans advanced by the society were Rs. 85.31 lac and the average net loss for the period was Rs. 5.23 lac. This show a average net return on loan advanced of -6.13% if an average standard of 5% is accepted the RLA is much less than the standard and can not at all be said to be satisfactory.

10. **Sharda Dhanvardhini Employees Co-operative Credit Society Ltd.**

The average loans advanced by the society were Rs. 108.10 lac and the average net profit for the period was Rs. 1.81 lac. This show a average
net return on loan advanced of 1.67% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

11. Gurudwara Sachkhand Board Employees Co-operative Credit Society Ltd. The average loans advanced by the society were Rs. 75.52 lac. and the average net profit for the period was Rs. 1.92 lac. This show a average net return on loan advanced of 2.54% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

12. Government Medical College Employees Co-operative Credit Society Ltd. The average loans advanced by the society were Rs. 64.81 lac. and the average net profit for the period was Rs. 1.66 lac. This show a average net return on loan advanced of 2.57% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

13. Forest Office Employees Co-operative Credit Society Ltd. The average loans advanced by the society were Rs. 61.82 lac and the average net profit for the period was Rs. 2.43 lac. This show a average net return on loan advanced of 3.93% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.
14. Ayurved Employees Co-operative Credit Society Ltd. The average loans advanced by the society were Rs. 86.28 lac and the average net profit for the period was Rs. 3.78 lac. This show a average net return on loan advanced of 4.38% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

15. N.S.B. College Employees Co-operative Credit Society Ltd. The average loans advanced by the society were Rs. 66.42 lac and the average net profit for the period was Rs. 1.51 lac. This show a average net return on loan advanced of 2.27% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

16. KRM Mahila College Employees Co-operative Credit Society Ltd. The average loans advanced by the society were Rs. 17.29 lac and the average net profit for the period was Rs. 0.86 lac. This show a average net return on loan advanced of 4.97% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

17. Agri. Market Committee Employees Co-operative Credit Society Ltd. The average loans advanced by the society were Rs. 17.71 lac and the average net loss for the period was Rs. 1.18 lac. This show a average net return on loan advanced of –6.66% if an average standard
of 5% is accepted the RLA is less than the standard and not at all be said to be satisfactory.

18. Shri Huzur Saheb ITI Employees Co-operative Credit Society Ltd.
The average loans advanced by the society were Rs. 22.26 lac and the average net profit for the period was Rs. 0.44 lac. This show a average net return on loan advanced of 1.98% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

19. Ekata Sale Tax Office Employees Co-operative Credit Society Ltd.
The average loans advanced by the society were Rs. 18.69 lac and the average net profit for the period was Rs. 0.50 lac. This show a average net return on loan advanced of 2.67% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

20. Akashwani & Doordarshan Employees Co-operative Credit Society Ltd. The average loans advanced by the society were Rs. 2.96 lac and the average net profit for the period was Rs. 0.13 lac. This show a average net return on loan advanced of 4.39% if an average standard of 5% is accepted the RLA is less than the standard and can not be said to be satisfactory.

The employees co-operative credit societies are not profit making institutions in the strict sense of the term, however they are not also charitable
institutions. They must earn profit. But at the same time they must recognize social responsibility. The criteria of return cannot be applied to these societies as it can be to other commercial institutions.

The Table 5.4 reveals that, most of the surveyed Employee’s co-operative credit societies i.e. 18, in Nanded city showing positive Net profit ratio. It indicates better financial position and efficiency of the society. Where as remaining two surveyed ECC societies namely Mechanical division ECC society and Agriculture market committee ECC society showing negative Net profit ratio, i.e. -6.13 and -6.66 percent respectively. It means their financial performance is very weak and remediable. They are suffering from uncertainty during the period 1998-99 to 2002-2003 Due to poor recovery of loan and as well as an inefficient management of the society is responsible for this critical situation.

Painganga project ECC society possess highest net profit ratio, i.e. 6.67% almost among all the other societies in Nanded city during the year 1998-99 to 2002-2003. Later on the Net profit ratio of Dakshata police ECC society was 5.91 percent. As far as the average Net profit ratio of all surveyed ECC societies is concerned it was 3.15 percent under the period of study.

So we come to the opinion that according to the net profit ratio, most of the Employee’s co-operative credit societies in Nanded city has vastly improved and some of them were on the way of improvement and very few
societies failed to maintain the ideal profitability ratio. Thus negative Net profit ratio indicates the poor financial performance of the society.

5.6 Opinion Survey Review:

The researcher conducted opinion survey on important points of working of ECCS. Some highlights are given here under.

1. **Members Availing Loan**: The researcher has inquired into the members as to whether any loan was taken by them or not. The results of the inquiry are shown in the adjacent Table No. 5.5. Out of the 100 members inquired into it was observed that 82% have availed loan from the ECCS of which they are member whereas 18% of the members have not availed the loan.

2. **Purpose of the loan**: The researcher has inquired into the members as to what was the purpose of the loan. The results of the inquiry are shown in column of adjacent Table No. 5.5. Out of the 100 members inquired into it was observed that 66% have availed the loan for housing purpose & the others i.e. 34% have availed the same for non-housing purpose such as purchase of household, repayment of debts etc.

3. **Difficulties in Sanctioning Loan**: The researcher has also inquired into whether members have experienced any difficulty in getting the loan sanctioned. The results of the inquiry are shown in the adjacent Table No. 5.5. Out of the 100 members inquired into it was observed
that 73% of the members have not experienced any difficulty in sanctioning loan but 27% of the members have reported that they have experienced same difficulties.

4. Procedure of Loan Sanctioning: The researcher has also inquired into members opinion on procedure of sanctioning loan adopted by the ECCS. The results of the inquiry are shown in the adjacent Table No. 5.5. Out of the 100 members inquired into 68% of the members have opined that the procedure is easy one but 32% of the members have expressed negative opinion & stated that the loan sanctioning procedure is difficult.

5. Management of the ECCS: The researcher has also inquired the members regarding their opinion on management of the ECCS. The results of this inquiry are shown in Table No. 5.5. Out of the 100 members inquired into 84% of the members have expressed positive opinion and stated that the management has been effectively working however 16% of members have opined negatively in respect of effective working of the management.

6. Recovery Process: The researcher has also inquired into the members opinion regarding recovery procedure of the ECCS. The results of this inquiry are shown in Table No. 5.5. Out of the 100 members inquired into 92% of the members have expressed positive opinion regarding
the recovery procedure of the ECCS however only 8% of the members have opined that the recovery procedure was not satisfactory.

7. Audit System: The researcher has also inquired into the members' opinions regarding the audit system. The results are shown in the Table No. 5.5. Out of the 100 members inquired into 73% of the members have expressed that the audit system of the ECCS was satisfactory however 27% of the members opined that the same was not satisfactory.
Table No. 5.5
Table Showing Opinion Survey of Members

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Opinion Particulars</th>
<th>Positive</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Whether member has availed loan from ECCS ?</td>
<td>82</td>
<td>18</td>
</tr>
<tr>
<td>2</td>
<td>Whether the purpose of loan is housing or otherwise ?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Whether any difficulties are experienced in getting loan ?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Whether procedure of loan sanctioning is easy ?</td>
<td>68</td>
<td>32</td>
</tr>
<tr>
<td>5</td>
<td>Whether management of ECCS is effective ?</td>
<td>84</td>
<td>16</td>
</tr>
<tr>
<td>6</td>
<td>Whether recovery process is satisfactory ?</td>
<td>92</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>Whether audit system of ECCS is satisfactory ?</td>
<td>73</td>
<td>27</td>
</tr>
<tr>
<td>8</td>
<td>Whether the member has remained director ?</td>
<td>26</td>
<td>74</td>
</tr>
<tr>
<td>9</td>
<td>Whether meeting of the ECCS are held regularly ?</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>10</td>
<td>Whether the office bearers are honest &amp; general working of ECCS satisfactory ?</td>
<td>83</td>
<td>17</td>
</tr>
</tbody>
</table>

8. Directorship: The researcher has also inquired into whether the members have any time worked as a director of the society. The results of the inquiry are shown in Table No. 5.5. Out of the 100 members inquired into 26% of the members have stated that they have worked as the director of the societies of which they are members,
however 74% of the members have stated that they have never worked as directors.

9. Meetings: The researcher has also inquired into regarding the regularity of the various meetings. The results of the inquiry are shown in the Table No. 5.5. Out of the 100 members inquired into 80% of the members have replied that the meeting of the ECCS are held regularly however 20% of them have stated that the same are not held regularly.

10. Honesty & General Working: The researcher has also inquired into members opinion regarding the honesty of office bearers & overall working of the ECCS. The results of the inquiry are shown in the Table No. 5.5. Out of the 100 members inquired into 83% of the members have expressed positive opinion regarding honesty of the office bearers & general working of the society however 17% of the members have expressed negative opinion regarding the same.

From the opinions expressed by the members it can be concluded that the overall management and working of the Employees Co-operative Credit Society is satisfactory.
5.7 Conclusions:

The management accounting techniques, particularly the technique of ratio analysis cannot be strictly applied to the employees co-operative credit societies for the following reasons.

1. The assets and liabilities of these societies are very limited i.e. equity and borrowing are the main liabilities whereas loans to members are the only assets.

2. Interest paid on borrowing is the only main expenditure item and interest received on loans to members is the only source of income.

3. There are no other business transactions.

Similarly the criteria of various ratio is also not determined. However the researcher has tried to apply ratio analysis techniques and assess the financial stability of the societies.