

## A STUDY ON THE PERFORMANCE OF AKKUR FINANCIAL CHIT CORPORATION LTD WITH REFERENCE TO SEMBANARKOIL

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### Abstract

*Akkur Financial Chit Corporation Private LTD is started in the year of 1950. It is established with limited liability in accordance with and subject to the provision of the companies act, 1956. It is the Non Banking Financial Company (NBFC) Subject as here in after provided; the regulations contained in table 'A' in the first schedule of the companies act, 1956 shall apply to the company in so far they shall apply to private company. Their deals only with the Chit Fund in the amount of Rs.30,000 to 10,00,000. The company is a private one within the meaning of section 3(1) (iii) of the companies act, 1956. In this study an attempt is made to study on the performance of Akkur financial chit corporation Ltd with reference to Sembanarkoil. The study consist of Financial performance and working capital management of Akkur. Financial Chit Corporation Private LTD. The study covers the Period of five years from 2010-2011 to 2014-2015.*

**Key words:** Chit corporation, Finance, working capital.

### Background

Chit means a transaction under which a person entering into an agreement with specified of members that every one of them subscribes a certain sum of money by piecemeal justalmenty over a definite period and that each subscriber shall in his turn as determined by auction tenders or lot. When a country is developed from a stage of substance to a stage of surplus there is a need for different system of credits, there credit system include individual tenders as one end to giant commercial banks at the other. "In between there are number of financial intermediary" the importance of financial intermediaries in the economy is derived from the convenience which they provide for the saver and turnover. That chit deemed to be a chit value of Rs.6,00,000/- spread over

a period of 60 months, the monthly subscription Rs.10,000/- consisting of 60 subscription.

Every month Rs.6,00,000 are collected from those 60 subscribers subscribing Rs.10,000 from each subscriber before the auction date. In the auction and who ever discounts for higher discounts not exceeding 30% on the chit value would be determined as prized subscriber the dividend earned of Rs.2500 will be adjusted in the subsequent installment by the subscribers.

Out of subscription of Rs. 10000 - 2500 = 7500 towards payment of subscription shall be paid prior to the next auction date prescribed.

### SCOPE OF THE STUDY

- The study reveals the liquidity position of the unit. It shows the firm's ability to meet its immediate maturity obligation.
- The study reveals the information of finance required in the subsequent years and help for financial planning.

### OBJECTIVES OF THE STUDY

- To analyze the actual financial performance of the Akkur financial chit corporation ltd.
- To know the problems faced by the Akkur chit corporation.
- To understand the effectiveness of working capital management.
- To offer suitable suggestions.

### METHODOLOGY

Regarding the corporation the study is used for Analytical tool. The data required for the study were collected only from secondary source. The secondary data have been secured from, mainly annual reports, Auditor report and balance sheet.

### PERIOD OF THE STUDY

A five years period from 2011-2015 has been taken for study.

### CHAPTER SCHEME

- The **First** chapter deals with the introduction of the study.
- The **Second** chapter covers the area of the profile.
- The **Third** chapter highlights the data analysis and interpretation.
- The fourth chapter summaries the finding and suggestions.

**FINDINGS:**

- The working capital position increasing every year during the study period in the year 2011-2015.
- The common size statement of company was earning profit at during the year 2011-2013, and the last two year decreased.
- Current asset trend is increasing for the study period from 2011-2015.
- Current liability trend is increasing for the study period from 2011-2015.
- The current ratio gradually increased from 2011-2013, then 2014 decreased and during the year 2015. It was increased suddenly to high level i.e 50.99. Due to the financial chit corporation repaid the trade payable amount and also reduced the short term provision amount.
- The quick ratio is fluctuated during the study period from 2011-2015.
- Debt equity ratio is reduced from the year 2011-2015.
- Proprietary ratio is stable from 0.6 in 2011 to 0.7 in 2012 for three years. It shows continuously same value for that period.
- A company is solvent if it can meet its outside liabilities out of its total assets. The ratio is increasing and then changes for every year.
- Fixed asset to current asset ratio was decreased from the study period 2011 to 2015.
- The company received commission level was increasing gradually at every year.

**SUGGESTION:**

- The working capital of the Akkur Chit fund is increasing in the position so they have to maintain its present level.
- The profit of the Akkur Chit fund is still increasing so they have to invest in other things.
- Akkur Chit fund have to solve ideal of funds.
- The current ratio decreased during the study period 2014. That time asset value may be highly so in this current ratio is safety for the company. This ratio should be maintained compulsorily for every year, otherwise the company may face liquidity problem.
- Liquidity position so good the company should maintain its cash flow for meeting out their long term obligation.
- The received chit commission level possible will increase in future.

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