

## **CAPITAL STRUCTURE OF COOPERATIVE SOCIETY: A COMPARATIVE STUDY BETWEEN TWO SOCIETIES IN KARIMGANJ, ASSAM**

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### **Abstract**

Financial planning is one of the important factors affecting firm's success in a way to maximize firm value through proper combination of assets, debts and equity. Policies of working capital management, real investment and capital structure are the most important components of financial planning. Today business organizations use a range of alternatives for collecting the funds. Small and Big organizations use the way of collecting funds according to their paying capacity, degree of risk, size of capital, working system of the business etc. so, here in this research paper, the researchers attempt to analyze the capital structure of two Cooperative Societies dealing in financial activities. Capital structure means the pattern of capital employed in the firm. It is a financial plan of the firm in which the various sources of capital are mixed in such proportion that those provide a distinct capital structure most feasible according to requirement of the firm. A firm should construct such a capital structure so that it can achieve its objectives easily. The main aim of present study is to comparatively analyze the capital structure of two Cooperative Societies dealing in financial activities. The nature of the study is descriptive and analytical research which is conducted on the basis of secondary data. The present study is based on the analysis of Five years annual report of the selected Cooperative Societies from 2011-12 to 2015-16.

*Keywords: Capital, Debt Equity, Capital Gearing, Proprietary, Fixed assets to net worth.*

### **Introduction**

In order to start and functioning of a firm smoothly, desired capital is needed. Finance is needed from the date of promotion to the date of incorporation and commencement. It is, therefore, necessary that correct estimate of the current and future need of capital be made to have an optimum capital structure which shall help the organization to run its work smoothly and without any stress. Capital structure of a company refers to composition or make up of its capitulation and it covers all long term Capital Resources, loans, Reserves, Shares and Bonds. Estimation of capital requirements is necessary, but the formation of a capital structure is important. For the present study two cooperative societies viz: Karimganj College Thrift & Credit Co-Operative Society Limited and Rabindra Sadan Girl's College Thrift & Credit Co-Operative Society Limited have been selected and analysis has been made by using ratio analysis. The period of the study is five years i.e. from 2011-12 to 2015-16.

### **Conceptual Framework**

Capital structure refers to the mix of capitalization. A firm can mobilize its required capital by issuing different type of securities i.e., equity shares, preference shares, bonds and debentures. In other words capital structure is the combination of various kinds of securities issued by the company.

**Definition:** According to Gerestern berg " Capital structure of a company refers to the makeup of its capitalization and it includes all long term sources viz, loans, reserves, shares, and bonds"

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