

## CASH MANAGEMENT OF DAIRY CO-OPERATIVES

---

Dr. Kumari Soni\*

### ABSTRACT

*An efficient management of cash is an essential requirement for the success of the enterprise. Cash is the most liquid of all current assets; its management is the most crucial. Cash is always needed, but holding of excess cash is not only unprofitable but may also lead to loss. The dairy industry is different from other industry. It plays a vital role in maintaining and promoting the health of the people. The main purpose of dairy industry is to provide milk and milk products at reasonable cost that satisfy the consumer's needs and fulfills consumer's nutritional requirements. So, the cash management in Dairy sector is also important aspect under working capital management. This paper presents and analyses statistically the important ratios for highlighting the cash management of selected Milk Unions of COMFED in North Bihar.*

**KEYWORDS:** *Cash Management, Bihar State Milk Co- Operative Federation Limited (COMFED), Dairy co-operatives, Cash Turnover, Milk Unions, Cash Holding Period, Quick Ratio.*

### Introduction

Cash is the most crucial component of the working capital of a business unit. It is a highly liquid asset which is very essential to keep the business running on continuous basis. Just like blood flows in a human body, similarly cash flows in the veins of business. Hence, cash imparts life, strength, profits and solvency to the business concern. A firm is required to maintain a proper cash balance with it which should be neither more nor less. The shortage of cash will hamper the manufacturing operations of the firm and excessive cash being left ideal will contribute nothing towards the profitability of the firm. Therefore, the important function of the financial manager is not only limited to proper utilization of cash, but he has to determine the minimum amount of cash in such a way that maximum profits can be earned by maintaining necessary liquidity in the firm. "Cash management is defined as the planning, organizing and controlling of corporate fund to satisfy transaction related corporate requirements, precautionary corporate requirements and speculative opportunities. The Management of cash assets holds a central position in the area of short-term investment and financing decisions. The basic objective of cash management is to optimize liquidity and profitability. The cash assets are maintained with an objective to meet day to day operational expenses and obligations, to meet contingencies and uncertainties, to meet the future payment obligation etc. Cash normally indicates only cash balance but for the purpose of financial management, cash include cash in hand, cheque in hand, bank balances and near cash securities. Thus, management of cash is very essential for every business. good cash management has a double benefit: it can help you to avoid the debilitating downside of cash crises; and it can grant you a commercial edge in all transactions.

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. The dairy cooperatives are one of the largest and most important of food industries. Modern dairy industry plays a vital role in maintaining and promoting the health of the people. The main purpose of dairy industry is to provide milk and milk products at reasonable cost that satisfy the consumer's needs and fulfills consumer's nutritional requirements. The cash management in Dairy sector is also important aspect under working capital management. Accordingly, the present research paper has been devoted to analyze cash management practices in selected Milk Unions of COMFED in North Bihar.

---

\* Assistant Professor, Department of Commerce, N.J.M. College, Laheriasarai, Darbhanga, Bihar, India.

### Objectives of the Study

The main objectives of the study are to examine and evaluate Cash Management of the selected units of COMFED in North Bihar. To attain this main objective, the following incidental objectives are sought to be achieved:

- To examine the size of Cash in the selected units of COMFED in North Bihar,
- To analyze the liquidity position of the selected unit of COMFED in North Bihar and
- To assess the management of cash in selected Milk Unions.
- To study the Inter and Intra comparison of Cash management of selected Milk Unions.

### Methodology of the Study

The study is largely analytical and descriptive nature based on secondary data and focuses on Cash management in the selected milk unions of COMFED in North Bihar. In order to meet the objectives of the study data were collected from the annual reports of selected Milk Unions. There are three milk producer's co-operatives in North Bihar – Mithila Milk Union (MMU) Samastipur, Tirhut Milk Union(TMU) Muzaffarpur and Barauni Milk Union (BMU) Barauni which comes under the control of COMFED. The study covers for a period of 10 years from 2005-06 to 2014-15. For the purpose of data analysis and interpretation suitable mathematical and statistical technique have been used like ratio analysis, trend percentage, averages etc.

### Review of Literature

**Kaur, M (2012)** conducted a study on cash management of Milk Co-operatives: A Comparative study of MILKFED and HDDCF by using different ratios such as cash and bank balances to current assets ratios, liquid ratios, net cash flow coverage ratio and current ratio and also by using Z-Score Model. The study revealed that the average net cash flow coverage ratio of MILKFED was higher as compared to that of HDDCF during the period. This shows that the MILKFED is operationally efficient as far as the cash solvency position is concerned. The liquidity analysis revealed that the liquidity position of MILKFED was better as compared to that of HDDCF. In conclusion, the results of their analysis showed that the performance of MILKFED was better than that of HDDCF during the period of study.

**Sinha, A.K (1991)** studied cash Management in Indian Public sector by using ratio analysis techniques. Various ratios as current ratio, quick ratio, cash turnover ratio, cash flows to current liabilities ratio etc. The study concluded that selected undertakings have failed to manage their cash and bank balances effectively and efficiently during the years under review.

### Size and Growth of Cash in selected Milk Unions

We have seen that every manufacturing undertaking carries cash to meet their day to day requirements; however the level of cash balance varies as per the objectives, nature and practices of the firm. Cash balance maintained by the selected Milk Unions during the period from 2005-06 to 2014-15 has been exhibited in Table 1

**Table 1: Size and Growth of Cash in Selected Milk Unions**

Year	MMU		TMU		BMU		Mean	
	Cash & Bank (Rs. in Lakh)	Trend Percentage	Cash & Bank (Rs. in Lakh)	Trend Percentage	Cash & Bank (Rs. in Lakh)	Trend Percentage	Cash & Bank (Rs. in Lakh)	Trend Percentage
2005-06	44.4	100	78.3	100	-592.07	-100	-156.46	-100
2006-07	123.09	277	64.75	83	-430.7	-73	-80.95	-52
2007-08	172.79	389	43.02	55	-228.19	-39	-4.09	-3
2008-09	205.6	463	52.26	67	-611.3	-103	-117.81	-75
2009-10	65.8	148	32.18	41	-617.76	-104	-173.26	-111
2010-11	508.45	1145	35.82	46	3.42	1	182.56	117
2011-12	794.34	1789	106.1	136	299.02	51	399.82	256
2012-13	766.62	1727	13.09	17	234.94	40	338.22	216
2013-14	440.71	993	115.05	147	408.39	69	321.38	205
2014-15	789.12	1777	130.41	167	-2220.8	-375	-433.76	-277
Mean	391.02	881	67.10	86	-375.51	-63	27.57	18

Source: Self calculation based on financial statement of selected Milk Unions.

Table 1 portrays the size of cash in the selected Milk Unions during the period 2005-06 to 2014-15. From Table 1 we reveal that the total cash resources of the selected Milk Unions show a raising trend. Total cash resources increased by 118 per cent. In case of individual units, cash resources fluctuated widely. In MMU, size of cash and bank balances was on an average Rs 391.02 lakh which

fluctuated widely over the years. In the year 2014-15 its cash was Rs 789.12 lakh i.e the highest on an average. In TMU the size of cash and bank balances was 78.3 lakh in the year 2005-06 which increased to 130.41 lakh in 2014-15. BMU had small size of average cash and bank balances. In maximum years BMU had negative cash and bank balance. This makes it clear that this union do not have any settled policy about the size of cash and bank balances to be maintained. Hence, BMU was facing short term liquidity position during the years 2005-06, 2006-07,2007-08,2008-09,2009-10 and 2014-15.

#### Adequacy of cash in selected Milk Unions

Adequacy of cash resources has to be judged in relation to the operational and liquidity requirements of an enterprise. Both these functions are of great significance for its smooth functioning and well-being. Sufficiency of cash for operational requirements of an enterprise is judged by computation of the turnover ratio of cash. The resultant turnover rate divided into 365, gives the number of days for which the available cash resources were sufficient to finance the normal operational requirements of the enterprise. Financial analysts use various liquidity ratios as rough indices of the likely ability of the enterprise to meet its short term obligations. The most widely used ratios are the current ratio, the acid test ratio and the one that comprises cash and marketable securities to current liabilities. But modern financial analysts like professor James E. Walter do not agree that cash and near cash assets guarantee the liquidation of currently maturing obligations. They therefore, suggests that currently maturing obligations should be matched with the net cash flow and only then appropriate conclusions drawn. The net cash flow is computed as a percentage of current liabilities. Another method suggested is to multiply the turnover rate of current liabilities (i.e., the ratio of annual sales to current liability) with the profit margins (i.e. the percentage of net profit to sales) to find out what professor Walter calls the 'coverage of current liabilities'. For knowing the adequacy of Cash and Bank balances of selected Milk Unions we have analysed the cash to current assets ratio, Quick Ratio, cash turnover ratio, Cash Cycle period, and net cash flows to current liabilities.

#### Ratio of Cash to Current Assets of Selected Milk Unions

The ratio of cash (with bank balances) to current assets is an important indicator of utilization of cash balances as it directly affects the profitability of an undertaking. As a rule, the lower the proportion of cash balances to current assets, the greater is the profitability of the undertaking. A high balance in current assets also indicates better liquidity position of a firm. On the basis of summarized data related to cash and bank balances and current assets of selected Milk Unions of COMFED, the ratio of cash and bank balances to current assets of selected units of COMFED has been exhibited in Table 2.

**Table 2: Ratio of Cash to Current Assets of Selected Milk Unions**

(In Percentage)

Year	MMU		TMU		BMU		Mean	
	Ratio	Trend Percentage	Ratio	Trend Percentage	Ratio	Trend Percentage	Ratio	Trend Percentage
2005-06	2.70	100	7.75	100	-64.20	-100	-17.92	-100
2006-07	7.54	279	7.30	94	-21.66	-34	-2.27	-13
2007-08	7.07	262	5.28	68	-10	-16	0.78	4
2008-09	5.96	220	5.40	70	-24.41	-38	-4.35	-24
2009-10	1.43	53	2.09	27	-14.95	-23	-3.81	-21
2010-11	7.37	273	1.87	24	0.06	0	3.10	17
2011-12	16.01	593	4.06	52	4.35	7	8.14	45
2012-13	11.41	423	.35	5	2.49	4	4.75	27
2013-14	7.04	261	2.64	34	4.36	7	4.68	26
2014-15	7.47	277	1.46	19	-20.82	-32	-3.96	-22
Mean	7.4	274	3.82	49	-14.45	-23	-1.09	-6

Source: Self calculation based on financial statement of selected Milk Unions.

From the table 2, we observed that the average percentage of cash in hand and bank balances to current assets is lowest (i.e.-14.45 %) in the case of Barauni Milk Union and is highest (i.e. 7.4%) in the Mithila Milk Union. The percentage of cash and bank balances of MMU was varied between 2.70 to 7.47 per cent during the period 2005-06 to 2014-15 and the percentage of cash and bank balances of TMU was varied between 7.75 to 1.46 per cent with average 3.80 per cent during the period 2005-06 to 2014-15. MMU maintained a large proportion of cash and bank balances as compared to TMU and BMU. The percentage of cash and bank balances of BMU was varied between -64.20 to 20.82 per cent during the period 2005-06 to 2014-15. As a rule, the lower the proportion of cash balances to current assets, the

greater is the profitability of the undertaking. Hence, the Mithila Milk Union need to lower down their cash and bank balances. The amount should be utilized. However, cash shortage position should be avoided. The cash shortages can result in the making of sub-optimal investment decisions and sub-optimal financing decisions.

#### Quick ratio of selected Milk Unions

This ratio is also known as liquidity ratio or Acid test ratio. The quick ratio is the relationship between quick assets and current liabilities. The term quick assets refer to current assets, which can be converted in to cash immediately or at a short notice without diminution of value. Quick assets includes cash and bank balances, short – term marketable securities and debtors/ receivable. Thus Quick assets are current assets excluded inventories and prepaid expenses. Current liabilities are obligations payable within a period of one year. These are the liabilities which include trade creditors, bills payable, outstanding liabilities, advance income received, dividend payable, bank overdraft provision for taxation and other short term provision. Quick ratio is calculated by dividing current assets by current liabilities. The formula for calculating current ratio can be expressed as follows:

$$\text{Quick ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

Generally a Quick ratio of 1:1 is preferred. If the quick ratio is higher than 1:1 it would mean that firm has excessive cash or receivables, which has an adverse affect on profitability of the firm. On the other hand if the quick ratio is lower than 1:1 it means that firm does not have sufficient liquidity. A low ratio is usually an indication of possible difficulties in the prompt payment of future bill. In order to see the cash management of selected Milk Unions of COMFED, we have analysed the position of liquid assets and current liabilities relationship with the help of liquid ratio. The idea of liquid assets and current liabilities of different units of COMFED has been taken from their respective published financial statements. The liquid assets of the unit consist of sundry debtors, balances with units/union, cash and Bank balances, advances, cattle loan, deposits; on the other hand current liabilities of the unit consist of - sundry creditors, statutory liabilities, cattle loan, balances with units/union, other current liabilities, provision for income tax and other provisions. The quick ratio of selected units of COMFED has been exhibited in table 3

**Table 3: Quick Ratio of Selected Milk Unions**

(In times)

Year	MMU		TMU		BMU		Mean	
	Ratio	Trend Percentage						
2005-06	1.04	100	0.56	100	0.51	100	0.70	100
2006-07	0.80	77	0.53	95	1.97	383	1.1	156
2007-08	1.30	125	0.46	82	2.32	451	1.36	193
2008-09	1.38	133	0.44	79	3.01	585	1.61	229
2009-10	1.18	113	0.45	51	2.57	500	1.4	199
2010-11	1.36	131	0.39	70	2.19	426	1.31	187
2011-12	0.79	76	0.50	90	2.94	572	1.41	200
2012-13	0.63	61	0.34	61	2.13	473	1.03	147
2013-14	0.65	63	0.48	87	2.84	552	1.32	188
2014-15	0.97	93	0.69	124	1.96	381	1.21	172
Mean	1.01	97	0.49	88	2.24	439	1.25	177

Source: Self calculation based on financial statement of selected Milk Unions.

The average picture of quick ratio in MMU was 1.01; it shows a satisfactory liquid position. When we observe the same ratio for each and every individual year of this unit, the ratios are above 1 in the year 2005-06, 2007-08, 2008-09, 2009-10 and 2010-11 but the ratios are under 1 in the year 2006-07, 2011-12, 2012-13, 2013-14 and 2014-15. On the above all assessment, the liquidity position of MMU in terms of quick ratio was satisfactory. In TMU, average picture of quick ratio was 0.49. The ratios of the Union never reach the standard level 1, which shows an unsatisfactory condition of liquidity. As the inventory comprises almost all 50% of current assets and the liquid current assets is about half of the total current liabilities. The ratio of TMU implies that the preference is given to the inventory and the extent of risk taken by the management. In case of BMU, it can be seen that quick ratio in every year was

more than the standard level 1 except in the year 2005-06 and the average picture was 2.24. The ratio of BMU implies that the preference is given to the receivable and extent of risk taken by the management and the cash balances in maximum years showed negative. So, this situation is not good for better cash management. The unions' average picture of quick ratio was 1.25. Comparatively liquidity position of MMU is most satisfactory. Liquidity position of BMU is satisfactory but cash management is not satisfactory. The liquidity position of TMU is not satisfactory in terms of quick ratio.

#### Cash Turnover Ratio of Selected Milk Unions

Cash turnover ratio is calculated by dividing net sales by cash. It shows the efficiency of management in the utilization of cash funds. Since cash-holdings do not bring in return to the company but carry cost, the financial manager aims at maintaining cash funds at as low a level as possible. A lower level of cash funds enhances the profitability of the firm but at the same time, it exposes the greater financial risk. The financial manager, therefore, tries to maintain just the adequate amount of cash funds, keeping in mind the risk-return trade off. Table No. 4 presents the position of cash turnover ratio of Milk Unions.

**Table 4: Cash Turnover Ratio of Selected Milk Unions**

In times

Year	MMU		TMU		BMU		Mean	
	Ratio	Trend %	Ratio	Trend %	Ratio	Trend %	Ratio	Trend %
2005-06	184.35	100	64.09	100.00	-14.50	-100	77.98	100
2006-07	68.50	37	93.22	145	-22.53	-155	46.40	60
2007-08	48.80	26	132.74	207	-39.35	-271	47.40	61
2008-09	48.41	26	134.11	209	-15.47	-107	55.68	71
2009-10	234.96	127	327.75	511	-27.97	-193	178.25	229
2010-11	4.44	2	364.72	569	8165.03	56311	2844.73	3648
2011-12	32.11	17	130.20	203	96.41	665	86.24	111
2012-13	39.05	21	1333.61	2081	145.66	1005	505.44	648
2013-14	93.58	51	217.10	339	110.26	760	140.31	180
2014-15	57.65	31	193.41	302	-24.20	-167	75.62	97
Mean	81.18	44	299.10	467	837.33	5775	405.81	520

Source: Self calculation based on financial statement of selected Milk Unions

To examine the cash turnover ratio of the selected Milk Unions during the period from 2005-06 to 2014-15, we have prepared Table 4. It is evident from Table 4 that Cash Turnover Ratio of BMU is very high in comparison of MMU and TMU. As a rule high cash turnover ratio indicates that a given level cash balance requirement is less. It also indicates that cash is being used efficiently by cash management and in such a case cash balance in hand remains low. But a high cash turnover ratio also indicates less liquidity in the firm due to lower cash balance. The average cash turnover ratio of BMU was 837.33 times which was higher of all Unions average i.e. 405.81. In 2005-06 to 2009-10 and 20014-15 BMU had negative cash turnover ratio which indicate the shortage of cash and bad cash management followed by the organization. The management of BMU should care for holding sufficient amount of cash. The average cash turnover ratio of MMU was 81.18 times and of TMU was 299.10 times. Comparatively, the cash management policy of TMU was better than the MMU and BMU on the basis of cash turnover ratio.

#### Cash Cycle Period in Selected Milk Unions of COMFED

Cash cycle period or cash balance in terms of number of days of sales is an important indicator of the efficient use of cash balances. A high turnover ratio signals more liquidity and a low turnover rate less liquidity. The problem is to compromise the tendency for a too large turnover with the tendency for a too small turnover so that cash is utilized as fully as possible without subjecting the stockholders; capital to undue risk. Cash balance in terms of less number of days' sales will indicate the effective utilization of cash resources and such businesses may not require proportionate increase in cash resources with the increase in sales volume. Thus, it affects the profitability of a concern. Cash cycle period can be calculated by following formula:

$$\text{Cash Cycle Period} = 365/\text{Cash Turnover Ratio.}$$

The Cash Cycle period in selected Milk Unions of COMFED is also presented in comparative form in table 5.

**Table: 5 Cash Cycle Period in Selected Milk Unions****(in days)**

Year	MMU	TMU	BMU	Mean
2005-06	2	6	-25	-6
2006-07	5	4	-16	-2
2007-08	7	3	-9	0
2008-09	8	3	-24	-4
2009-10	2	1	-13	3
2010-11	82	1	0	28
2011-12	12	3	4	6
2012-13	9	0	3	4
2013-14	4	2	3	3
2014-15	6	2	-15	-2
Mean	14	2	-9	3

Source: Self calculation based on Annual Reports of MDUSS Ltd., TDUSS Ltd; and DRPDUSS Ltd.

From Table 5 it is evident that, on an average, the cash cycle period represent varied between - 9 days in BMU, 2 days in BMU and 14 days in MMU. The cash cycle period of MMU and BMU fluctuated widely over the years under review. In MMU, it was on high side. In BMU, it remained on a very low side and actually varied between -25 days and 4 days. On an average it remained negative in all the selected Milk Unions. Negative Cash cycle period indicates unsatisfactory cash management. Hence, the cash management policy of BMU is not good on the basis of cash cycle period but the cash management policy of TMU is better than the MMU.

**Net Cash Flows to Current liabilities of Selected Milk Unions**

The study of net Cash Flow to Current Liabilities is also essential tools to judge the cash management of Dairy Co-operatives. **Prof. Walter** holds the view that better results can be obtained by matching current obligations with net cash flows. He are used that as most of the current liabilities continue getting new lease of life, the net cash flows are more important in going concern since there are regular flows whereas current liabilities indicate only the outstanding obligations on a particular date which are in fact being replaced continuously. Prof. Walter has not laid down in any standard as a cut of point to distinguish between liquid and illiquid undertakings however, in a study it has been held that a firm should have 10% net cash flow to current liabilities and only then it may be taken as solvent or liquid undertakings. However, this view could not be appreciated as undertakings below 100% net cash flow to current liabilities may be taken as solvent because in any positive net cash flow to current liabilities may be taken as liquid and solvent, nevertheless, the real stands that the higher the ratio, the greater is the degree of liquidity of the under taking under consideration. A cash flow shows the sources of cash receipt and the purpose for which payments are made. Cash flow arises from three activities- operating, investing and financing. Table 6 shows the Percentage of Net cash flows to Current liabilities of selected Milk Unions of COMFED during the period from 2005-06 to 2014-15.

**Table 6: Ratio of Net Cash Flows to Current Liabilities of Selected Milk Unions****(In percentage)**

Year	MMU		TMU		BMU		Mean	
	Ratio	Trend percentage	Ratio	Trend percentage	Ratio	Trend percentage	Ratio	Trend percentage
2005-06	5.96	100	4.45	100	-3.59	-100	2.27	100
2006-07	4.75	80	-1.87	-42	22.46	625	8.45	372
2007-08	3	50	-3.26	-73	23.20	646	7.65	337
2008-09	1.48	25	0.88	20	-53.76	-1497	-17.13	-755
2009-10	-4.12	-69	-1.27	-28	-0.46	-13	-1.95	-86
2010-11	9.70	163	0.16	4	26.85	748	12.24	539
2011-12	5.40	91	2.66	60	14.04	391	7.37	325
2012-13	-0.41	-7	-2.54	-57	-1.96	-54	-1.64	-72
2013-14	-4.44	-74	2.11	47	5.73	160	1.13	50
2014-15	5.20	87	0.27	6	-66.95	-1846	-20.49	-903
Mean	2.65	44	0.16	4	-3.44	-96	-0.21	-9

Source: Self calculation based on Financial statement of Selected Milk Union.

Table 6 reveals that the percentage of net cash flow to current liabilities has 2.65 in case of MMU, 0.16 in case of TMU and -3.44 in case of BMU, on an average, in all the selected Milk Unions during the period under review. It was highest in MMU. In all the selected Unions it has fluctuated and does not show any clear trend. In case of MMU, there was a negative cash flow to current liabilities in the year 2009-10 (-4.12%), 2012-13 (-0.41%) and in the year 2013-14 (-4.41%). However, average net cash flows to current liabilities was positive. In case of TMU, there was a negative cash flow to current liabilities in the year 2006-07 (-1.87%), 2007-08 (-3.26%), 2009-10 (-1.27%) and 2012-13 (-2.54%). In the case of BMU, there was a negative cash flow to current liabilities in the year 2005-06 (-3.59%), 2008-09 (-53.76%), 2009-10 (-0.46%), 2012-13 (-1.96%) and in 2014-15 (-66.95%). The average ratio was also negative i.e. 3.44%. Thus, the negative percentage of net cash flows to current liabilities reveals those there unions were not in a position to meet their currently maturing liability during these years out of their cash flows. This ratio indicates that all unions had no plan for cash management. However, comparatively cash management of MMU in terms of this ratio is better than the TMU and TMU is better than the BMU. The cash management of BMU showed adverse management

### Conclusion

Cash Management is the important aspect of working capital management in the area of Financial Management because cash is one of the current assets of business which is known as non earning assets. But, a business concern should always keep sufficient cash for meeting obligations. Any shortage of cash will hamper the operations of a concern and any excess of will be unproductive. So, the management of cash holds a central position in the area of short term investment and financing decisions. The basic objective of cash management is to optimize liquidity and profitability. The cash assets are maintained with an objective to meet day to day operational expenses and obligations to meet contingencies and uncertainties, to take advantage of speculative opportunities, to meet the future payment obligations.

For evaluation of cash management in selected milk unions of COMFED we have used ratio of cash and bank balances to current assets, quick ratio, cash turnover ratio, cash cycle period, and Net cash flows to current liabilities. Our study reveals that the cash and bank balances to current assets ratio of MMU was higher than the TMU and BMU had negative cash and bank balances in maximum years. This ratio indicates that BMU was facing short term liquidity position during the period under study. The cash shortage can result in the making of sub-optimal investment decisions and sub-optimal financing decisions. On the basis of quick ratio, liquidity position of BMU is also satisfactory but cash management is not satisfactory due to negative cash balances and the liquidity position of TMU is not satisfactory. The cash cycle period of BMU was negative during the study period which was the sign of unsatisfactory cash management. The cash in terms of number of days of current liabilities was satisfactory only in MMU. It can be acceptable in case of TMU but in case of BMU it cannot be acceptable. Net cash flows to current liabilities ratio also indicates that BMU had not sufficient cash flow for meeting obligations. Thus, on the basis of overall measurement it is clear that the selected Milk Unions accept MMU have failed to manage their cash and bank balances effectively and efficiently during the years under review. The management of BMU and TMU should try to increase his cash balance for daily cash payment.

### References

- ❖ Agrawal, N.K (1983) Management of working capital, sterling publishers [P] LTD., New Delhi p.30.
- ❖ Audited Accounts Report of Tirhut Dugdha Utpadak Sahkari Sangh Ltd., Muzaffarpur, Mithila Dugdha Utpadak Sahkari sangh ,samastipur, Deshratna Dr Rajendra Prasad Dugdha Utpadak sahkari sangh Ltd , Barauni.
- ❖ Bhunia,A and Brahma, B (2011) , Importance of Liquidity management on profitability,. Asian Journal of Business Management, vol.3 (2), pp.108-117.
- ❖ Guthmann, H.G., and Dugall, H.E., Corporate Financial Policy, Prentice Hall, New York, 1955, p.395
- ❖ Jayalakshmi "H.Y. and Udayachandra P.N., (2015)," Analysing Financial Efficiency of Co-Operative Milk Unions in Karnataka with special reference to Tumkur Milk Union", IJCBM, Vol. 4, No. – 5,PP. 677 to 684.
- ❖ Kaur M (2012), "Cash Management of Milk Cooperatives: A Comparative Study of MILKFED and HDDCF", IJMR, Vol. 2, No 4, PP. 410-419, www.zenithresearch.org.in

- ❖ Kishore, R. M (2008), Financial Management, Taxmann Allied Services Pvt. Ltd., New Delhi, pp. 362-63
- ❖ Mathur S.P and Swarnkar. R (2014), "Working Capital Management of Rajasthan Cooperative Dairy Federation Ltd. in India", IJTEER, Vol. 2, No. – 10, PP. 81-85.
- ❖ Mehta, B.K (2016), "Financial Management," Shikshasagar Publications, Agra, P. 66
- ❖ Mohan, C.M. (1989), Dairy Management in India, Mittal Publications, Delhi, P. 167
- ❖ Pandey, I.M (2005), Financial Management, Vikas Publishing House Pvt. Ltd, New Delhi, p. 529
- ❖ Periasamy, p (2005), working capital management, Himalaya Publishing House, Mumbai, p. 92
- ❖ Selvi V.D. (2016), "Financial Performance of Kanyakumari District Cooperative Milk Producers Union (KDCMPU)", IJR – GRANTHALAYAM, Vol. 4, No. – 4, PP. 29-40, [www.granthaalayah.com](http://www.granthaalayah.com)
- ❖ Sikidar, S and Gautam H. C (1999) , Financial Statement Analysis, pp 353-354.
- ❖ Sinha, A.K. (1991), cash management in Indian Public Sector, Janki Prakashan, New Delhi, p.8
- ❖ Soni, K.(2018), Working Capital Management of Dairy Cooperatives (with special reference to selected milk unions of COMFED in North Bihar), Ph.D. Thesis, L.N.M.U.Darbhanga.
- ❖ Srinivas K T, "A study on Working Capital Management through ratio analysis with reference to Karnataka Power Corporations Limited", [www.sudhatimul.in](http://www.sudhatimul.in)

