

Consumer Co-Operatives With Special Reference To Receivable Management In Fmcg Products

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Abstract : *Receivables management assumes great importance in any organisation in the context of global competitive business environment. It has become an inevitable feature of the organisation as most industrial units are adopting credit sales as one of the most important sales devices. Sales on credit basis have become a regular feature of the day. In order to lure more customers as a part of sales promotion package and thus reach the target set forth, industrial undertakings are going for credit sales. It is only the option they seem to have in the severe competitive environment. The current study has tried to examine the sources used by the companies to finance their working capital requirements and to analyse and evaluate the receivables management for FMCG products. Trade credit is an important market tool. It acts like a bridge for mobilisation of goods from production to distribution stages in the field of marketing. Receivables provide protection to sales from competitions. It acts no less than a magnet in attracting potential customers to buy the product at terms and conditions favourable to them as well as to the firm.*

Keywords: *Receivable management, Consumer cooperatives, Trade Credit*

1. INTRODUCTION

Management of trade credit is commonly known as Management of Receivables. Receivable's turnover is one of the three primary components of working capital, the other being inventory and cash. Receivables occupy second important place after inventories and thereby constitute a substantial portion of current assets in several firms. The capital invested in receivables is almost of same amount as that invested in cash and inventories. Receivables thus, form about one third of current assets in India. Trade credit is an important market tool. It acts like a bridge for mobilisation of goods from production to distribution stages in the field of marketing. Receivables provide protection to sales from competitions. It acts no less than a magnet in attracting potential customers to buy the product at terms and conditions favourable to them as well as to the firm.

Determinants of Receivables

The size of receivable of an enterprise influences many factors inside and as well as outside the environment of the enterprise. It should be, however, noted that these factors affect

different enterprises differently. They also vary from time to time. However, the factors of turnover, terms of trade, profits, market, grant of credit, paying habits of customers, collection policies of the firm, operation efficiency and volume of sales on credit generally influence the size of receivables. Study of receivables management is very crucial for all firms. Unless the working capital is planned, managed and monitored effectively, company cannot earn profit and increase its turnover and it also helps in removing bottlenecks. Many companies go under because of cash flow issues, rather than declining profitability. Hence, traditional prudence always suggests that a firm should have sufficient cash to cover its immediate liabilities.

However, there is a growing breed of FMCG companies that claim otherwise. Unlike most other industries, the turnover of a FMCG company is not limited by its ability to produce, but its ability to sell. They can generate cash so quickly they actually have a negative working capital. This happens because customers pay upfront and so rapidly, the business has no problem raising cash. In these companies' products are delivered and sold to the customer before the company even pays for them.

Tamil Nadu Consumer Cooperative Federation (TNCCF)

The Tamil Nadu Consumer Cooperative Federation (TNCCF) is an apex organization for all Consumer Cooperatives in the State. The prime objective of the TNCCF is to coordinate and facilitate the working of the affiliated societies by making bulk purchase and supplying the required Fast Moving Consumer Goods (FMCG). The Tamil Nadu Consumer Cooperative Federation also supplies stationeries and printing materials to the District Consumer Cooperative Wholesale Stores, Primary Cooperative Stores and Cooperative Printing Presses. The Federation also coordinates purchase of crackers for Cooperative Institutions.

District Consumer Cooperative Wholesale Stores

In Tamil Nadu, 34 District Consumer Cooperative Wholesale Stores are functioning. The District Consumer Cooperative Wholesale Stores operate 17 Super Markets, 48 Mini Super Markets, 61 Retail Stores, 54 Self Service Units, 77 Cooperative Medical Shops, 31 Amma Marundagams, 36 Farm Fresh Consumer Outlets, 12 Petrol Bunks, 30 LPG supply units and 82 Kerosene Bunks throughout the State. District Consumer Cooperative Wholesale Stores also play a vital role in the successful implementation of Public Distribution System by acting as lead societies in supplying the essential commodities to the Fair Price Shops.

Primary Cooperative Stores

In Tamil Nadu, 370 Primary Cooperative Stores are functioning. The Primary Cooperative Stores run 24 Cooperative Medical Shops, 26 Amma Marundhagams, 18 Farm Fresh Consumer Outlets and 3 Petrol Bunks.

2. REVIEW OF LITERATURE

Yacine Belghitar, Ephraim Clark and Nitin Deshmukh (2017) examined the importance of the Receivable management company in the performance of U.K.-based socially responsible mutual Receivables. It is stated that the Receivable management company plays a major role in the outperformance of both socially responsible investment and conventional Receivables. Matched-pair analysis is applied. Size, age, investment

universe, and Receivable Management were the variable used. It is found that the socially responsible investment Receivables in our sample perform better in the pre- and post-financial crisis periods.

Shollapur and Baligatti (2010) examines the profitability of Receivables management of the select Indian banks with a cost-benefit perspective. The Indian banking witnessed a paradigm shift in their operations after the financial sector reforms in 1991. These reforms led to the emergence of new banks, new instruments, new methods of doing business, and finally heightened competition in the banking industry. In this context, it is imperative on the part of the Indian banking industry to strengthen financial base, increase overall efficiency, and improve profitability by designing appropriate Receivables management policies and practices.

3. METHODOLOGY

The present study explores to identify receivable management in FMCG products of consumer Co-Operative in Tamilnadu Region. Descriptive technique method is applied for this study. In Tamil Nadu, Consumer Co-operatives are functioning with a three-tier structure with the Tamil Nadu Consumers' Co-operative Federation at the apex level, 34 Consumer Co-operative Wholesale Stores at the district level and 370 Primary Co-operative Stores at the field level. The secondary data collected from consumer cooperative in Tamilnadu region. Further, tend analysis is applied for analysis.

Performance of Consumer Cooperatives

During the year 2017-18, the District Consumer Cooperative Wholesale Stores have sold controlled commodities to the tune of Rs.730.85 crore and it has increased to Rs. 870.30 crore during 2018-19. During the year 2017-18, the District Consumer Cooperative Wholesale Stores have sold non controlled commodities to the tune of Rs.776.66 crore and it has increased to Rs. 921.20 crore during 2018-19. During the year 2017-18, Primary Cooperative Stores have sold controlled commodities worth Rs.156.36 crore and it has increased to Rs.179.49 crore during the year 2018-19. Primary Cooperative Stores have sold non-controlled commodities to the tune of Rs.277.55 crore during the year 2018-19.

AmmaMarundhagam

The Government of Tamil Nadu have taken an initiative to sell quality medicines at affordable price to the public. Accordingly, Amma Marundhagams were opened in prime locations throughout the State. At present, in Tamil Nadu 112 Amma Marundhagams and 172 Cooperative medical Shops are functioning. Through these medical shops, medicines are being sold to the public with a maximum of 20% discount and thereby the Cooperatives are rendering their services to the general public in saving their expenses towards the purchase of medicines. During the year 2017-18, medicines worth Rs. 154.38 crore have been sold through Amma Marundhagams and Cooperative Medical shops and it has increased to Rs. 159.39 crore during the year 2018-19. Upto 31.03.2019, medicines to the value of Rs. 797.15 crore have been sold to consumers through these Amma Marundhagams and Cooperative Medicals. Generic medicines are also being sold in medical shops run by Cooperative Institutions to provide quality medicines to the public at a lesser price. Cooperative Wholesale Stores functioning in Chennai (TUCS, Park Town), Kancheepuram, Dharmapuri, Salem, Sivagangai, Tirunelveli, Thoothukudi, Vellore and Virudhunagar Regions and Primary Cooperative Stores viz., Nilgiris- Coonoor Nickelson,

Uthiramerur and Nanganallur are selling Generic Medicines along with branded medicines. Steps are being taken to extend the sale of Generic Medicines throughout the State.

Farm Fresh Consumer Outlets

As a market intervention measure, Farm Fresh Consumer Outlets were opened in urban areas to help people to purchase quality vegetables at affordable price. Fresh vegetables are procured directly from the farmers without intermediaries at reasonable rate at their farm gates, on spot payment and are made available at these outlets. At present, 79 Farm Fresh Consumer Outlets are functioning in the State, which includes 3 mobile Farm Fresh Consumer Outlets, 14 Farm Fresh Consumer Outlets run by Tamil Nadu Civil Supplies Corporation and 4 Farm Fresh Consumer Outlets in Tiruchirappalli District which are opened during the month of November 2018.45,806 MTs of vegetables amounting to Rs.133.21 crore have been sold through Farm Fresh Consumer Outlets up to 23.06.2019.

Market Intervention Activities

Whenever the price of essential commodities like Tur dal, Urad dal, Chillies, Tamarind, Rice, Gingely oil, Onion and potato witness a sudden increase in the open market, Cooperatives intervene the market so as to control the price rise by way of procuring the essential commodities from the places where they are abundantly available and are being sold through Cooperative outlets at lower price than the market price by utilising State Price Stabilisation Receivable.

State Price Stabilization Receivable

For market intervention activities by Cooperatives, a Price Stabilization Receivable with a corpus of Rs.100 crore. The period of operation of the Price Stabilisation Receivable has been extended for the further period of three years from 1.11.2017 to 31.10.2020. So far, Government has sanctioned Rs. 56.40 crore from the State Price Stabilisation Receivable for the following market intervention activities. Rs.15.73 crore has been released to undertake market intervention activities at the time of rise in the price of essential commodities like Tur dal, Urad dal, round Chillies, Tamarind, Rice, Gingely oil in the market.

4. ANALYSIS AND INTERPRETATION

Table 1 Members' Share Capital of Co-operative Federation

Years	2014-15	2015-16	2016-17	2017-18	2018-19*
Members' Share Capital	1,052.70	1,248.49	1,252.23	1,308.93	1,421.28

Table 1 explains the Members' Share Capital of Co-operative Federation during 2014 to 2019. The Share Capital of Co-operative Federation has increased every year. It is inferred that Co-operative Federation growing every year.

Chart 1

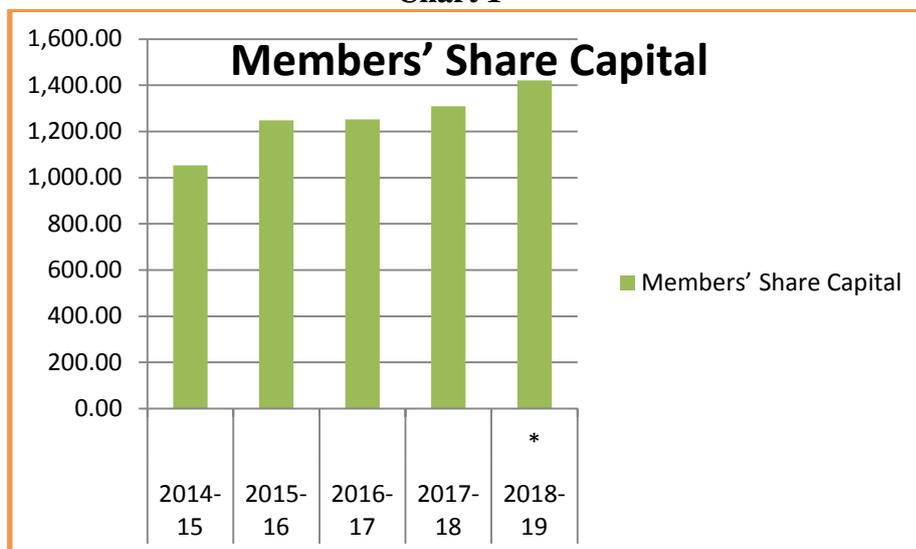


Table 2 State Government Share of Co-operative Federation

Years	2014-15	2015-16	2016-17	2017-18	2018-19*
State Government Share	63.70	63.70	67.94	68.32	62.87

Table 2 describes the State Government Share of Co-operative Federation during 2014 to 2019. The federation Receivable has changed every year like 2014-15 (63.70), 2015-16 (63.70), 2016-17 (67.94), 2017-18 (68.32) and 2018-19 (62.87).

Chart 2

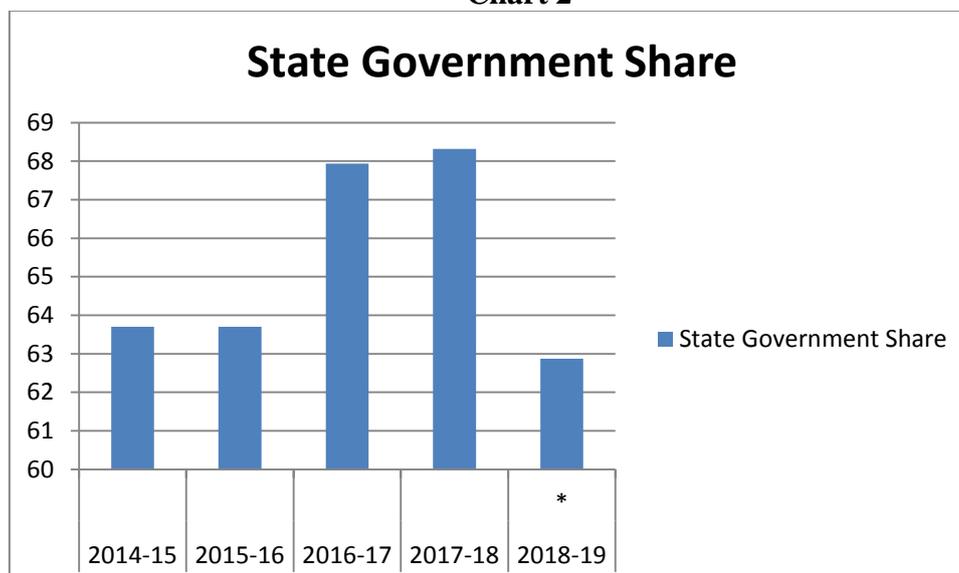


Table 3 Reserves and Surplus of Co-operative Federation

Years	2014-15	2015-16	2016-17	2017-18	2018-19*
Reserves and Surplus	3,351.33	3,537.67	3,460.53	3,480.12	4,142.41

Table 3 discusses the reserves and surplus of co-operative federation. The Reserves and Surplus Receivable managed by the co-operative federation for the years like 2014-15 (3,351.33), 2015-16 (3,537.67), 2016-17 (3,460.53), 2017-18 (3,480.12) and 2018-19 (4,142.41).

Chart 3

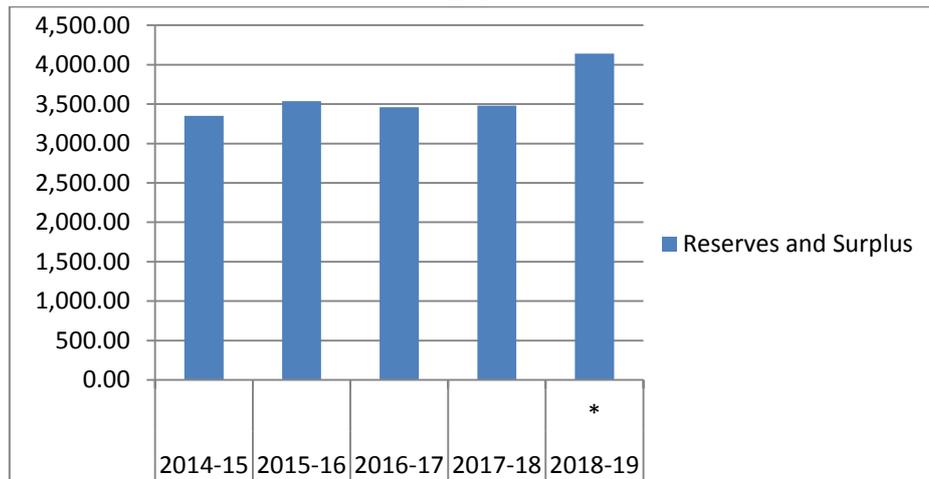


Table 4 Borrowings of Co-operative Federation

Years	2014-15	2015-16	2016-17	2017-18	2018-19*
Borrowings	5,609.60	5,043.30	4,340.41	4,885.59	6301.52

Table 4 describes the Borrowings of Co-operative Federation for 2014 to 2019. The federation Receivable has changed every year like 2014-15 (5,609.60), 2015-16 (5,043.30), 2016-17 (4,340.41), 2017-18 (4,885.59) and 2018-19 (6301.52).

Chart 4

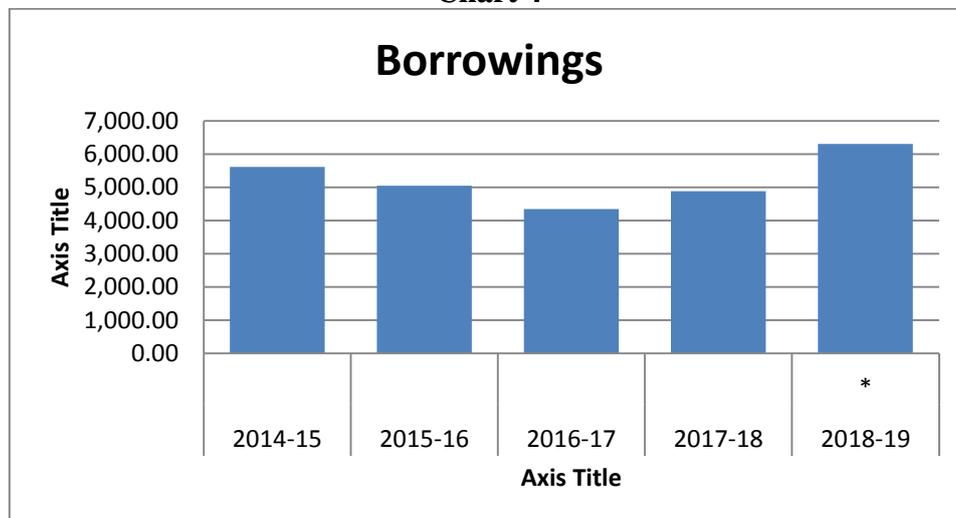
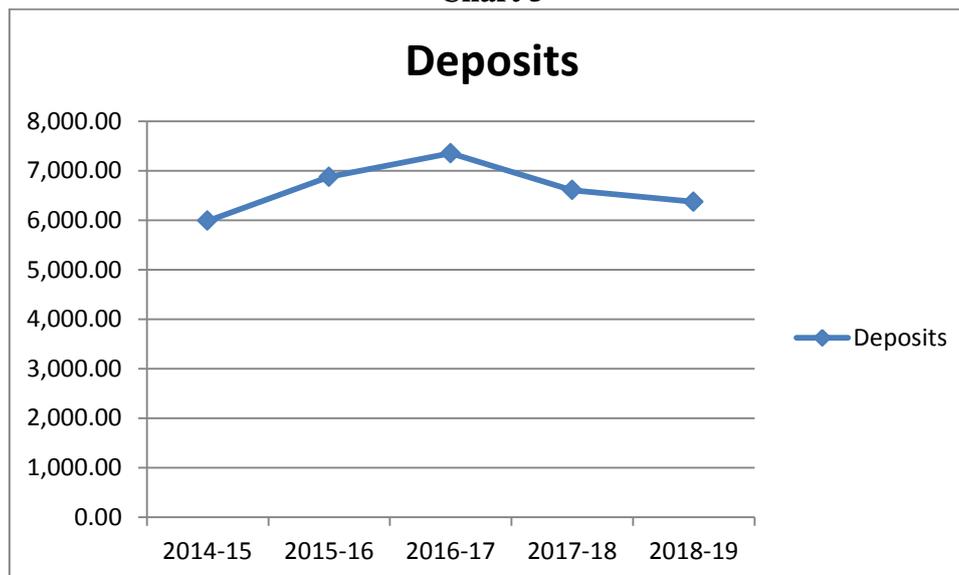


Table 5 Deposits of Co-operative Federation

Years	2014-15	2015-16	2016-17	2017-18	2018-19
Deposits	5,987.72	6,874.66	7,352.64	6,606.17	6,371.79

Table 5 explains the Deposits of Co-operative Federation during 2014 to 2019. The Deposits of Co-operative Federation has increased every year. It is inferred that the deposits of co-operative Federation growing every year.

Chart 5



5. FINDING OF THE STUDY

- It is found that the Members' Share Capital of Co-operative Federation during 2014 to 2019. The Share Capital of Co-operative Federation has increased every year. It is inferred that Co-operative Federation growing every year.
- The State Government Share of federation Receivable has changed every year like 2014-15 (63.70), 2015-16 (63.70), 2016-17 (67.94), 2017-18 (68.32) and 2018-19 (62.87).
- The Reserves and Surplus Receivable managed by the co-operative federation for the years like 2014-15 (3,351.33), 2015-16 (3,537.67), 2016-17 (3,460.53), 2017-18 (3,480.12) and 2018-19 (4,142.41) to be found.
- It is inferred that the Borrowings of Co-operative federation Receivable has changed every year like 2014-15 (5,609.60), 2015-16 (5,043.30), 2016-17 (4,340.41), 2017-18 (4,885.59) and 2018-19 (6301.52).
- It is found that the Deposits of Co-operative Federation has increased every year. It is inferred that the deposits of co-operative Federation growing every year.

6. SUGGESTION OF THE STUDY

- ✓ Receivable amental analysis involves evaluating all the factors that affect an investment's performance. For a stock, it would mean looking at all of the company's financial information, and it may also entail meeting with company executives, employees, suppliers, customers and competitors.
- ✓ It is suggested that the dividend Receivables buy stocks with a strong record of earnings

and dividends. Because of the stock market volatility of recent years, many investors like the idea of a Receivable that offers them a regular payout.

7. CONCLUSION

Receivable management is associated with managing the cash flows of a financial institution. The responsibility of the Receivable manager is to assess the maturity schedules of the deposits received and loans given to maintain the asset-liability framework. Since the flow of money is continuous and dynamic, it is of critical importance that asset-liability mismatch can be prevented. It is essential for the financial health of the entire banking industry is dependent, which in turn has an impact on the overall economy of the country. Trade credit is an important market tool. It acts like a bridge for mobilisation of goods from production to distribution stages in the field of marketing. Receivables provide protection to sales from competitions. It acts no less than a magnet in attracting potential customers to buy the product at terms and conditions favourable to them as well as to the firm. So, receivables are assets accounts representing amounts owed to the firm as a result of credit sale of goods and services in the ordinary course of business.

8. BIBLIOGRAPHY

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