



International Journal of Multidisciplinary and Scientific Emerging Research (IJMSERH)

Volume 13, Issue 3, July-September 2025

Impact Factor: 9.274



A Study on Fund Management at TAFE, Chennai

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ABSTRACT: This study explores the critical role of fund management in ensuring the financial stability and operational success of organizations, with a particular focus on Tractors and Farm Equipment Limited (TAFE). Fund management involves the strategic oversight of financial resources—such as investments, cash flows, and asset-liability balances—to optimize returns and minimize risk. The paper outlines the responsibilities of fund managers, including asset allocation, risk assessment, and maintaining investor confidence, and highlights the importance of efficient fund management in capital-intensive industries like manufacturing.

The research emphasizes that poor fund management can result in financial imbalances, reduced service delivery, and missed growth opportunities. In contrast, effective fund management strengthens investor trust, enhances liquidity, and supports sustainable organizational growth. The study also aims to evaluate TAFE's existing fund management practices, identify gaps, and recommend improvements for better financial performance. Overall, the paper underlines fund management as not just a financial necessity, but a strategic pillar for long-term organizational success.

KEYWORDS: Fund Management, Financial Planning, Asset Allocation, Investment Strategies, Liquidity Management, Risk Mitigation, Portfolio Management.

I. INTRODUCTION

Funds management is the process of managing money or financial assets on behalf of individuals, organization, or institutions. It means overseeing and controlling an organizations financial resource to achieve its goals. It involves managing money, investment, and financial risks to ensure the organizations financial health and stability. Fund Management is the process in which a company that takes the financial assets of a person, company or another fund management company (generally this will be high net worth individuals) and use the funds to invest in companies that use those as an operational investment, financial investment or any other investment in order to grow the fund; post which, the returns will be returned to the actual investor and a small amount of the returns are held back as a profit for the fund. Fund management involves using financial resources from individuals, businesses, or other fund management companies to invest in various businesses and grow the fund. The returns generated from these investments are distributed back to the original investors, with a portion retained as profit for the fund management business.

The fund manager plays a crucial role in the investment management sector, responsible for tasks such as asset allocation, pursuing long-term returns, diversifying investments, and ensuring investor confidentiality. Fund management is associated with managing the cash flows of a financial institution. The responsibility of the fund 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 to be dependent, which in turn has an impact on the overall economy of the country. Funds management can be simply explained as the task of managing a pool of money on behalf of others, with the aim of maximising the amount it grows by. This leads to the alternative name of investment management, which is also often used to describe this activity.

II. OBJECTIVES OF THE STUDY

- To determine the effect of liquidity position on working capital.
- To evaluate the effectiveness of fund management practices in TAFE.
- To study on fund management at TAFE – Tractor and Farm Equipment Limited
- To identifying strengths, weakness, and areas for improvement to enhance financial performance and accountability.
- To analyse the sources and application of fund and its effective and efficient utilization.

III. SCOPE OF THE STUDY

- The study examines the financial planning and budgeting processes followed by TAFE.
- It investigates how funds are allocated across different departments and their utilization.
- It assesses the financial reporting system and accountability practices within the company.
- The research focuses on evaluating fund management efficiency through ratio and trend analysis.
- It provides insights into improving fund utilization and enhancing financial performances.

IV. REVIEW OF LITERATURE

G. Vara Kumar (2017), in his study stated that the fund is the lifeblood and nerve and centre of any business. No business can run successfully without adequate funds. Hence, managing the funds is very important of corporate finance because it directly deals the liquidity and profitability of the firm. Fund management has a significant effect the creation of firm's value.

Jimmy D Moss, Bert Stine *Managerial Finance* 19(8) 2017, in their study stated that many businesses are faced with liquidity problems for various reasons. This is especially true for small business, since most must operate with fewer sources of both short- and long-term financing than larger firms.

Madhavi K. (2018) stated that she has done research based on empirical study of co relation among liquidity position profitability of the paper mills in Andhra Pradesh. That has been evaluated ineffective working capital negatively effect on profitability of the paper mills.

HY Chang (2018) in his Cost-Benefit Analysis of Applying SM570 Steel to Tall Buildings in Taiwan, the stress ratios and story drift ratios are limited to 0.9 and 0.005, respectively. The drift demands are then evaluated by using nonlinear time history analyses with 14 sets of ground motions scaled to the intensity for the return periods of 475 and 2500 years..

Mihaela Pestilential (2018) in their study "Cost-effective steel building design", the factors in the cost of steel construction are discussed with emphasis on the dominant.

Fazeel (2017) in his study examined that, in the present era where diseases are ubiquitous in every country, affecting every level of population, expenditure on medication creates a significant impact on an individual's pocket..

Palle Thoft-Christensen (2017) in his study Infrastructures and Life-Cycle Cost-Benefit Analysis stated that Design and maintenance of infrastructures using Lifecycle Cost-Benefit analysis is discussed in this paper with special emphasis on user's

Dr. Shaikh Sirajuddin (2013) in his study Social Cost Benefit Analysis - A Study stated that 'Profit Maximisation' is no more the any aim of business. It is being felt that business owners, the business should evolve a balance in the interests of employees, customers, suppliers, government and the general public.

V. RESEARCH METHODOLOGY

A research methodology describes the techniques and procedures used to identify and analyses information regarding a specific research topic. It is a process by which researchers design their study so that they can achieve their objectives using the selected research instruments. It includes all the important aspects of research, including research design, data collection methods, data analysis methods, and the overall framework within which the research is conducted.

This study employs a quantitative research approach, utilizing secondary data from TAFE's financial statements, industry reports, and market analysis. The data will be analyzed using financial ratio analysis, trend analysis, and regression analysis to identify patterns and relationships.

Research design is the framework or blueprint that guides the collection, measurement, and analysis of data in a study. It provides a structured approach to answering research questions, ensuring that the study's goals are met in an organized, reliable, and valid manner. It is a systematic plan outlining how a study is conducted, including methods of data collection, procedures, and tools for analysis. It aligns the research question with the

When data is collected from beginning to end for the first time by an institution or researcher, such data is called primary data.

Secondary data is data that has already been collected by an institution or researcher and the new researcher generates new information about the use of this already collected data.

VI. DATA ANALYSIS & INTERPRETATION

RATIO ANALYSIS CURRENT RATIO

Year	Current assets (cr.)	Current liabilities (cr.)	Current ratio
2019-2020	43,911	36,643.54	1.20
2020-2021	48,787.76	39,832.47	1.22
2021-2023	59,076.02	49,149.54	1.20
2022-2023	69,406.04	58,743.33	1.18
2023-2024	64,045.43	54,009.52	1.19

Interpretation

The above table shows that the current ratio in the year 2019-2020 was 1.20 and then it increases to 1.22 and it goes downward to 1.20,1.18. In the next years and in 2023-2024 it goes upward to 1.19. The current ratio of the firm is lower than 2% in all five years. The average ratio of the company is not satisfactory.

QUICK RATIO

Year	Quick assets (cr.)	Current liabilities (cr.)	Quick ratio
2019-2020	34,795.08	36,643.54	0.95
2020-2021	39,901.75	39,832.47	1
2021-2023	49,740.45	49,149.54	1.01
2022-2023	57,205.88	58,743.33	0.97
2023-2024	52,933.57	54,009.52	0.98

Interpretation

Quick ratio is the test of business solvency. The standard quick ratio is 1:1. A higher ratio indicates sound financial position, here the ratio is 0.95, 1.00, 1.01, 0.97, 0.98 and the average ratio is 0.98. We can conclude that firm is in position to meet its current liabilities immediately or within a month.

ABSOLUTE LIQUIDITY RATIO

Year	Absolute liquid asset (cr.)	Current liabilities (cr.)	Absolute liquidity ratio
2019-2020	4,527.55	36,643.54	0.12
2020-2021	4,654.03	39,832.47	0.12
2021-2023	6,547.60	49,149.54	0.13
2022-2023	8,734.91	58,743.33	0.15
2023-2024	7,910.90	54,009.20	0.15

The acceptable norm for the ratio is 1:2 to attain liquidity position. In Tafe ltd the absolute liquidity ratio is very low in the years 2019-2020 and 2023-2024 then the ratio upturn in the next year. The average ratio of the company is 0.13, when the ratios are less than the recommended level; the company fails to manage day to day cash management progression.

DEBT EQUITY RATIO

Year	Debt ratio (cr.)	Equity ratio (cr.)	Debt Equity ratio
2019-2020	68,219.23	26,492.65	2.58
2020-2021	78,647.26	29,737.99	2.64

2021-2023	92,185.25	36,775.19	2.51
2022-2023	1,15,047.59	39,983.41	2.88
2023-2024	1,19,345.61	39,969.31	2.99

Interpretation:

An acceptable norm for this ratio is considered to be 2:1. A high ratio shows that the claims of creditors are greater those of owners. A very high ratio is unfavourable from the point of view of the firm. Here the ratios are 2.58, 2.64, 2.51, 2.88 and 2.99 respectively for the continuous five years and the average ratio of the company is 2.72. Hence, we can conclude that long term solvency position of the firm is bad.

PROPRIETARY RATIO

Year	Fixed asset (cr.)	Shareholders fund (cr.)	Ratio
2019-2020	56,720.88	26,492.65	2.14
2020-2021	65,954.39	29,737.99	2.22
2021-2023	36,775.19	36,775.19	2.12
2022-2023	39,983.41	39,983.41	2.35
2023-2024	39,969.31	39,969.31	2.58

The proprietary ratio is computed for the purpose of knowing how much funds have been provided by the shareholder towards the total asset. A high ratio indicates safety to the creditors and low ratio shows greater risk to the creditors. The acceptable norm of the ratio is 1:3. But the company shows the proprietary ratio less than that of the general ratio and the average ratio of the company is 0.25. This indicates greater risk to the creditors. Hence, we can conclude that the firm takes the advantage of trading on equity.

FIXED ASSET TO NET WORTH RATIO

Year	Fixed asset (cr.)	Shareholders fund (cr.)	Ratio
2019-2020	56,720.88	26,492.65	2.14
2020-2021	65,954.39	29,737.99	2.22
2021-2023	36,775.19	36,775.19	2.12
2022-2023	39,983.41	39,983.41	2.35
2023-2024	39,969.31	39,969.31	2.58

Interpretation:

If the ratio is greater than one, it means that creditors fund has been used to acquire a part of fixed asset. The average ratio of the company is 2.28; here the ratios are very much satisfactory. So, we can conclude that TAFE Ltd does not need creditors fund for acquiring fixed asset.

FIXED ASSET TURNOVER RATIO

Year	Net sales (cr.)	Fixed asset (cr.)	Ratio
2019-2020	74,762.30	56,720.88	1.32
2020-2021	82,069.37	65,954.39	1.24
2021-2023	90,770.68	78,134.89	1.16
2022-2023	1,03,015.23	93,985.53	1.1
2023-2024	93,764.51	1,02,961	0.91

Interpretation:

The effective utilization of fixed asset will result in increased production and reduced cost. Yearly there is a decreasing trend in the ratio except the period 2015-2016. The ineffective utilization of fixed assets shows a lower ratio in the year 2019-2020 and the average ratio of the company is 1.15. The fluctuation in the ratio indicates the need of better utilization of fixed asset.

WORKING CAPITAL TURNOVER RATIO

Year	Net sales (cr.)	Working capital (cr.)	Ratio
2019-2020	74,762.30	7,267.66	10.29
2020-2021	82,069.37	8,955.29	9.16
2021-2023	90,770.68	9,926.48	9.14
2022-2023	1,03,015.23	10,662.71	9.66
2023-2024	93,764.51	10,035.91	9.34

Interpretation:

Fluctuation in the working capital due to the variation of net working capital shows that the need of consistent working capital management policy.

CAPITAL TURNOVER RATIO

Year	Net sales (cr.)	Shareholders fund	Ratio
2019-2020	74,762.30	26,492.65	2.82
2020-2021	82,069.37	29,737.99	2.76
2021-2023	90,770.68	36,775.19	2.47
2022-2023	1,03,015.23	39,983.41	2.58
2023-2024	93,764.51	39,969.31	2.35

Interpretation:

The above table shows the relationship between the sales and proprietors funds. In the year 201516 the ratio is 2.82 and then it decreasing to 2.76, 2.47, in the next two years and it increased to 2.58 in the next year and in 2019-20 it is 2.35. The average ratio of the company is 2.59. It shows the firms is maintaining the better utilization of own funds.

GROSS PROFIT RATRATIO

Year	Gros profit (cr.)	Net Sales (cr.)	Ratio
2019-2020	4,794.25	74,762.30	6.41
2020-2021	5,003.75	82,069.37	6.1
2021-2023	6,590.14	90,771	7.26
2022-2023	7,280.00	1,03,015.23	7.07
2023-2024	2,585.92	93,764.51	2.76

Interpretation:

Mostly higher gross profit ratio is considered better. The above table shows the relationship between the gross profit and net sales in percentage. In 2015-2016 the gross profit was 6.41 and it decreased to 6.10 in the next year and increasing to 7.26 in 2017-18 and in the last two years it again decreased to 7.07, 2.76. The average ratio is 5.92.

NET PROFIT RATIO

Year	Net profit (cr.)	Net sales (cr.)	Net profit Ratio
2019-2020	2,708.47	74,762.30	3.62
2020-2021	3,151.13	82,069.37	3.84
2021-2023	6,850.53	90,770.68	7.55
2022-2023	4,650.33	1,03,015.23	4.51
2023-2024	-1,363.58	93,764.51	-1.45

This ratio is used to measure the overall profitability and hence it is very useful to proprietors. Here the ratio shows increasing trend year after year till 2017-18. So operational efficiency of the concern reaches the highest level in the year 2017-2018 and efficiency of the concern is very poor in the year 2019 – 2020. This fluctuating trend indicates the need of cost management and sales promotion.

VII. FINDINGS OF THE STUDY

The following were the findings from the research.

- The current ratio of TAFE Ltd is not adequate. The average ratio for the period 2015-2020 is 1.20. It is found that the liquidity position of the company is not satisfactory.
- The ideal quick ratio is 1:1, the company has an average of 0.98, and hence we can say that the ratio is satisfactory. We can conclude that firm has a position to meet its current liabilities immediately or within a month.
- The recommended level of absolute liquidity ratio is 1:2 and the average ratio of the company is 0.13. It is found that the company fails to manage its day-to-day cash management process
- On the whole liquidity position of the company is not satisfactory.
- The accepted norm of debt-equity ratio is 2:1 and here the average ratio is 2.72. This indicate that the claim of creditors is greater those of owners. A high debt-equity ratio is unfavourable to the company.
- The Proprietary ratio of the firm in very low, the average ratio is 0.25. This indicate that the creditors will have no guarantee for their money.
- Fixed assets to net worth ratio of the firm is above one. Here the ratios are very much satisfactory. We can conclude that company need to use creditors fund for acquiring fixed asset.
- The firm was able to maintain a good level fixed assets turnover ratio. The ideal ratio is 0.75:1 and the firm achieved an average of 1.15, which is very good for a business concern.
- Fluctuations in the working capital due to the variation of net working capital shows that the need of consistent working capital management policy.
- The capital turnover ratio of the company is decreased in 2020-2021 and 2021-2024, and then it increased. It is found that the company is maintaining the better utilization of own fund.
- TAFE Ltd show a high gross profit in the year 2022-2023 and show a lower gross profit in the year 2019-2020 and 2020-2023.
- The net profit ratio measures the overall profitability and hence it is very useful to proprietors. Here the ratio shows increasing trend year in the first three years decreasing trend in the last two years. After year so operational efficiency of the concern is bad.

VIII. SUGGESTIONS

Improve Liquidity

Increase current and absolute liquidity by managing receivables more efficiently, reducing unnecessary inventories, and maintaining sufficient cash reserves.

Reduce Dependency on Debt

Improve the debt-equity structure by retaining more earnings, reducing long-term borrowing, and focusing on equity financing.

Strengthen Proprietor's Contribution

To lower financial risk, the firm should increase shareholder funds through retained earnings or fresh equity.

Enhance Asset Utilization

Improve asset turnover by increasing sales or optimizing asset base (e.g., reducing idle or obsolete assets).

Implement Efficient Working Capital Policy

Maintain a consistent and well-monitored working capital strategy to ensure a smooth operational cycle.

Cost and Efficiency Management

Address the decline in gross and net profit ratios by tightening control over costs, improving production efficiency, and enhancing marketing efforts.

Cash Flow Monitoring

Develop a daily/monthly cash flow monitoring system to ensure better control of liquid assets and immediate obligations.

Strategic Financial Planning

Undertake regular financial health checks and use forecasting tools for better planning of investments, borrowing, and operations.

IX. CONCLUSION

The study has been undertaken to the objective of evaluating the fund management of TAFE Ltd. Specific objectives has been set for the study and secondary data for the period of 5 years from 2019-2020 to 2023-2024 were analysed. The analysis done with the help of collected from different sources and it shows the overall performance of the organization. It can be concluded that finance is the backbone, which help in running of economic activity, without funds no business can flourish. Funds are essential in the economy. The business needs both long term and short-term finance. TAFE is playing an important role in management of funds from various sources and use the funds for Agriculture equipment sources. The company is performing very well in every aspect of its dealing. The study on Fund Management at the TAFE has been a great source of knowledge. TAFE mobilizes & deploys its funds in very efficient & systematic way giving a good scope for the growth & development. The company has been flaunting a good financial health & performance.

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Impact Factor: 9.274

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