



FINANCIAL PERFORMANCE OF KHADI AND VILLAGE INDUSTRIES IN KARUR DISTRICT

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Abstract: *Khadi and village Industries Board has been started in the month of September 1960 in Tamil Nadu. The main object of the Khadi and village Industries Board is to encourage and promote faster economic growth in rural areas and also raised more employment opportunities. This board uses only local raw materials. The present study focus on the financial performance of Khadi and Village Industries Board (KVIB) in Tamilnadu with special reference to Karur district. It concentrates on the finance of soul rather than sources for the salvation of the Khadi and Village Industries Board in Tamilnadu.*

Key words: *Khadi and village industries, implementing, employment opportunities, rural artisans, socio-economic*

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INTRODUCTION

Before Independence the development of Khadi and Village Industries was entirely a non-governmental activity under the guidance of Mahatma Gandhi. After Independence, the government of India took the responsibility to promote village industries within the overall framework of the five year plans.

Therefore the government of India established the Khadi and Village Industries Commission (KVIC) which is a statutory organization by an Act of Parliament. This organization came up in 1956 and it plays a pivotal role in the strengthening of rural economy by promoting and developing Khadi and Village Industries. The Khadi and Village Industries Programme play a predominant role in providing employment opportunities to rural artisans, more specifically the socio-economic weaker section of the society.

Since agricultural sector has been losing its ability to generate additional employment opportunities for the past increasing work force in rural areas, the importance of Khadi and Village Industries Commission (KVIC) has increased in finding alternative and appropriate employment for rural people.

The Khadi and Village Industries Commission (KVIC) is a statutory body formed by an Act of Parliament (No.61 of 1956 and as amended by act No.12 of 1987). It was established in April 1957 and took over the work of the formation of All India Khadi and Village Industries Board. The government is implementing various programmes and schemes through KVIB for assisting eligible applicants in setting up village industries, rebate scheme for Khadi Industries, issue of Interest Subsidy Eligibility Certificate, scheme for providing bank loans to rural industries which increased to 102.35 lakhs of person (Khadi 9.5 lakhs and village 92.85 lakhs) provisionally. Due to global recession there is a need for the study on the performance of Khadi Village Industries sector in India.

The KVIC took over the charge of promotion of Khadi and Village Industries sector in the initial year of 2nd five year plan. The programme was confined to only a limited scale, reporting production of 16.47 crores with the corresponding employment generation of 9.64 lakhs during 1955-1956. Since then the performance chart of this sector has been on an upward trend and by the end of 10th five year plan it has registered production worth Rs.14028.71 crores, by providing livelihood to around 81.92 lakhs people. During these



periods this sector had undergone many changes, leaving noteworthy milestones in the annals of this programme.

During the 11th five year plan by 2007-2008 and 2011-2012, it is expected that KVIB will grow at the rate of 15 per cent and by the end of years of 12th five year plan it will registered the production achievement of around Rs.27000 crores with corresponding employment generation of nearly 1.45 crores.

The earlier indication of achievement in the initial 2 years of 11th five year plan indicate, KVIC sectors will be surpassing the target envisage for it during the 11th five year plan both of terms production and employment.

STATEMENT OF THE PROBLEM

India's manufacturing sector used to account for only about ten per cent of its GDP in the early 1950s, but currently it accounts for about nineteen per cent. The sector was highly protected from both internal and external competition until the early 1990s, when the country embraced the new economic policy.

Since 1991, the manufacturing sector in the country has been undergoing a wave of liberalization the main objective is to reduce, both external and internal barriers to entry. Such a reduction, it was argued, would enhance the competitiveness of the sector thereby making it more efficient. Since 1992-93, the manufacturing sector has grown at the rate of 6.9 per cent per annum, though there has been a considerable fluctuation in its growth rate.

It is imperative to study the financial performance of this sector so as to guide the future policy makers to decide whether to continue, increase, and decrease or to drop the importance and proper assistance given to this sector. Therefore, the present study is undertaken to study the financial performance appraisal of the Khadi and Village Industries Board. The financial performance appraisal of the Khadi industry is analyzed through trend and profitability analysis.

OBJECTIVES OF THE STUDY

- To study the general growth and development of financial performance the Khadi and Village Industries Board in the country and in particular to the respective study area.



NEED FOR THE STUDY

Sales, purchase, profit, production, ratio, fund flow, and cash flow loan recommendations and subsidiary are the most important aspect of financial performance. The present study focused to define the finance model in the form of subdivided and fragmented sectorial analysis of the finance performance, methodology being a victim of outlawed science of psychology, is to be kept control. So that there will be redemptive mission of effective employment. Due to the absence of tools and targets for financial performance, the available data cannot convey any meaning. In spite of this set back, the study examined the performance of finance in Khadi and Village Industries Board in Tamilnadu.

METHODOLOGY OF THE STUDY

The nature of the present study involves both the collection of primary and secondary data. For the collection of primary data the researcher has to construct a detailed well structured questionnaire after consulting the field experts and the respective financial executives. It is proposed to organize a pilot study to test the validity of the questionnaire and after incorporating necessary corrections in the questionnaire. Based on the exposures to be gained in pilot study a structured questionnaire has to be designed and convenient sampling method is proposed to adopt to obtain the suitable information from the sample respondents.

DATA COLLECTION AND ANALYSIS

The proposed district towns are Karur, Namakkal, Rasipuram, Manmangalam and Thiruchengode. For the selection of sample respondents the sellers, purchasers and manufacturers are classified into three income category viz., low, medium and high are taken into account. It is proposed to select a total of 500 sample respondents for the present study. Based on stratified random sampling method, the total sample size has been grouped in to two categories which consisted of 200 respondents each in low and medium income category and 100 respondents in the category of high income group.



Table No 1: Performance of Share Holders Fund of KVIB

Year	Total Long Term Debt	Share Holder's Funds	Ratio
2000-01	12,64,863	69,40,316	0.18
2001-02	10,36,366	64,36,416	0.16
2002-03	16,83,416	56,43,846	0.29
2003-04	38,40,300	47,86,317	0.80
2004-05	48,60,316	40,76,466	1.19
2005-06	40,40,300	40,61,776	0.99
2006-07	62,80,400	32,61,617	1.92
2007-08	72,00,800	30,83,161	2.33
2008-09	89,90,800	32,80,161	2.74
2009-10	92,94,661	31,13,379	2.98
Total	4,84,92,222	4,46,83,455	1.08

Source: Annual Report (2000 to 2010) in Karur KVIB

It is found from the table that the purpose this ratio is to have an idea of the amount of capital subscribed to the company by the shareholders and the availability cash to creditors on liquidation. The debit equity ratio of the Khadi and village industries in Karur district is in well position. In the first four years of the study period the debt-equity data is below one percentage 2000-2001, 2001-2002, 2002-2003 and 2003-2004 and next three year liquidity position is increased above 1.5:1 in 2004-2005, 2005-2006, 2006-2007. In the last three years the debt-equity ratio is very high position in 2007-2008, 2008-2009 and 2009-2010. The all to the long term Debit on low level and the share holder funds is very high level. The liabilities are very low and share holder fund is very high this position is giving clearly the financial position is very well of the organization

The financial performance of the KVIB during the study period has been analyzed and shown in the following table. In the present study it is found that the change of weaving pattern of Indian population from cotton and woolen has given great incentive to drastic growth in woolen production to the tone 52.8 per cent over a period of 10 years. Even though the overall production of woolen only about 67 per cent of cotton weaving persons. The growth pattern of particular study units was quite encouraging. The production of woolen was stable and steady enduring the second half of the rest of the period.



Table 2: Financial performance of karur KVIB

Year	Production quantity (in lakhs sq. Meters)	Actual value (Rupees in cores)	Sales (Rupees in cores)	Profit (Rupees in cores)	Gross profit Ratio
2000-01	1.69	3.92	4.52	0.60	13.27%
2001-02	1.50	2.16	2.98	0.82	27.51%
2002-03	1.47	2.02	2.86	0.84	29.37%
2003-04	0.92	1.98	2.56	0.58	22.65%
2004-05	0.83	1.58	2.18	0.60	27.52%
2005-06	0.96	2.03	3.04	1.99	65.46%
2006-07	1.10	2.96	4.12	1.16	40.29%
2007-08	1.06	2.46	4.31	1.85	42.92%
2008-09	1.04	2.16	3.28	1.12	34.14%
2009-10	1.07	2.56	3.12	0.56	17.94%

Source: Annual Report (2000 to 2010) in Karur KVIB

The table also shows that 2000-2001 the production was very high and remaining 2003-04, 2004-05 production decreased. The production decreased very slightly 2003-2004 and 2004-05 the production nearly Rs.2 lakhs and remaining all the year the production were same level in above Rs.lakhs. The sales were very highly during the year 2000-2001,2006-07, 2007-08 above Rs.4 lakhs and 2005-06, 2008-09 and 200910 nearl7y sales above Rs.3 lakhs and remaining four years sales trend were slowly decreased. 2001-02, 2002-03, 2003-04 and 2004-05, the sales were aboveRs.2 lakhs. The profit earnedwas very high in four years 2005-06, to 2007-08 upto profit in the all the yearsand 2002-05 and 2009-10 the profit earned were below one lakhs.

The gross profit ratio was very high 2005-06 which was above 66% and remains in two years 2006-07, 2007-08, were earned profit percentage above 40% and remaining all the year 2001-2005 the four years profit earned nearly 30% and another two years 2000-01 and 2009-10 were very low gross profit ratio was 13.27% percentage and 2009-10 it was17.94% percentage of the data analysis.

CONCLUSION

The Indian government gave priority of Khadi activities for the promotion of village economic efficiency with social justification. The Khadi and Village Industrial Board reforms have occupied a significant role consolidation of village industrial holding and co-operative



village management constitutes major attention. Marketing facilities are also give due importance. In spite of all these measures the plan has not produced significant changes since the talented and skilled industrial person are not properly promoted. The institutional set up for village industrial board should concentrate to the mobility of talented persons by an attractive incentive schemes and promotional policies.

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