

CHAPTER – 5.

PERFORMANCE OF AGRO INDUSTRIAL UNIT

CAPITAL INVESTMENT

(Fixed Capital and Working Capital)

The total amount of capital invested by all the 50 agro-industries was Rs.462.23 Lakhs. This was 73.8 per cent of the total capital requirement (Rs.626.30 Lakhs) by sample agro-industries as reported by them during the field study. Out of this capital, the amount of fixed capital invested was Rs.322.11 Lakhs i.e.; 69.7 per cent of the total on the other hand, working capital investment. (Table 5.1) was Rs.140.12 Lakhs i.e., 30.3 per cent of the total it is evident that in agro-industries the proportion of fixed capital invested was more than working Rs.9.24 Lakhs. Of this fixed capital invested per unit stood at Rs.644 Lakhs, and working capital stood at Rs.2.80 Lakhs. The ratio of fixed capital to total capital stood at 69.70% while for that of working capital to the total was 30.30 per cent, while for that of working capital to the total was 30.30 per cent.

Table 5.1
CAPITAL STRUCTURE OF SAMPLE UNITS

Category	No. of Units	TOTAL FIXED CAPITAL INVESTED					TOTAL WORKING CAPITAL INVESTED								
		Land	Building	Machine	Other	Total	Stock of Raw Material	Stock of Finished Product	Cash in Hand	Invest in Securities	Loans and Advances	Other	Total Working Capital	Total Capital	
Category-I	20	20.90 (17.3)	25.35 (20.9)	65.15 (53.9)	9.38 (7.9)	12.78 (100.0)	38.67 (51.6)	13.23 (17.4)	2.19 (2.9)	0.30 (0.39)	20.25 (26.8)	1.09 (1.45)	75.73 (100.0)	196.51	
Category-II	14	25.30 (18.2)	33.45 (24.1)	53.97 (38.9)	26.07 (18.8)	138.79 (100.0)	20.20 (39.9)	10.05 (19.7)	7.25 (2.4)	2.1 (4.1)	15.62 (30.5)	1.97 (3.9)	51.19 (100.0)	189.98	
Category-III	10	16.20 (36.9)	12.06 (27.4)	14.42 (32.9)	1.25 (2.8)	43.93 (100.0)	4.17 (39.0)	3.20 (29.4)	1.43 (13.0)	0.00 (0.0)	0.78 (7.1)	1.29 (14.7)	10.87 (100.0)	54.80	
Category-IV	6	3.80 (20.4)	5.20 (27.9)	8.81 (47.3)	0.80 (4.4)	18.61 (100.0)	0.68 (291)	0.65 (27.9)	1.00 (43.0)	0.00 (0.0)	0.00 (0.0)	0.00 (0.0)	2.33 (100.0)	20.94	
TOTAL	50	66.20 (20.5)	76.06 (23.6)	142.35 (44.2)	37.5 (11.7)	322.11 (100.0)	63.72 (45.47)	27.13 (19.3)	5.07 (4.2)	2.4 (1.7)	36.65 (26.1)	4.35 (3.23)	140.12 (100.0)	462.23	

SOURCE : FROM FIELD DATA

(Table 5.2) with regard to the score of capital (Table 5.3). It is seen that own funds alone accounted for Rs.202.33 Lakhs i.e. 43.77 per cent of the total. This is followed by Banks and Financial institutions who supplied of sum of Rs.193.31 Lakhs i.e., 41.81 per cent to the total. State Government through its promotional agencies supplied a sum of Rs.37.22 Lakhs i.e., 8.07 per cent of the total. Other sources include capital supplied by friends and relatives and money lenders etc.

Table 5.2**CATEGORY WISE DISTRIBUTION OF FIXED AND WORKING CAPITAL PER UNIT**

CATEGORY	No. of Unit	Fixed Capital (A Unit)	Working Capital (A Unit)	Total Capital (A Unit)	Ratio of Fixed Capital Total %	Ratio of Working Capital to Total %
Category-I	20	6.04 (61.44)	3.79 (38.56)	9.93 (100.00)	38.56	61.44
Category-II	14	9.91 (73.02)	3.66 (26.98)	13.57 (100.00)	26.79	73.03
Category-III	10	4.39 (80.25)	1.08 (19.75)	5.47 (100.00)	19.74	80.26
Category-IV	6	3.10 (88.82)	0.39 (11.18)	3.49 (100.00)	11.17	88.83
TOTAL	50	6.44 (69.70)	2.80 (30.30)	9.24 (100.00)	30.30	69.70

SOURCE : COMPILED FROM FIELD DATA

Table 5.3**CATEGORY WISE AND SURE WISE DISTRIBUTION OF CAPITAL IN AGRO-INDUSTRIES**

CATEGORY	Own Fund	Friend and Relatives	Money Lender	Commercial Bank	Other Financing Industries	State Govt. Agencies	Total
Category-I	68.82 (34.82)	15.15 (7.71)	0.29 (0.15)	67.57 (34.39)	18.68 (9.51)	26.40 (13.42)	196.51 (100.00)
Category-II	106.67 (56.15)	5.78 (3.03)	0.49 (0.26)	28.97 (15.25)	44.39 (23.37)	3.68 (1.94)	189.98 (100.00)
Category-III	16.14 (29.46)	4.06 (7.41)	1.03 (1.88)	16.82 (30.71)	11.88 (21.69)	4.87 (8.85)	54.80 (100.00)
Category-IV	11.10 (53.05)	1.23 (5.89)	1.34 (6.43)	3.14 (15.01)	1.86 (8.9)	2.27 (10.72)	20.94 (100.00)
TOTAL	202.33 (43.77)	26.22 (5.67)	3.15 (0.68)	116.5 (25.20)	76.81 (16.61)	37.22 (8.07)	462.23 (100.00)

SOURCE : COMPILED FROM FIELD DATA

Table 5.4**DISTRIBUTION OF SAMPLE UNITS ACCORDING TO THE SIZE OF CAPITAL INVESTMENT**

CATEGORIES	0-9 LAKHS	1-10 LAKHS	CAPITAL INVESTMENT		50-100 LAKHS	100 AND ABOVE	TOTAL
			10-25 LAKHS	25-50 LAKHS			
Category-I	2 (10.02)	12 (60.00)	3 (15.00)	-	2 (10.00)	1 (5.00)	20 (100.00)
Category-II	-	7 (50.00)	6 (42.86)	-	-	1 (7.14)	14 (100.00)
Category-III	1 (10.00)	9 (90.00)	-	-	-	-	10 (100.00)
Category-IV	3 (50.00)	3 (50.00)	-	-	-	-	6 (100.00)
TOTAL	6 (12.00)	3 (62.00)	9 (18.00)	-	2 (4.02)	2 (4.02)	50 (100.00)

SOURCE : COMPILED FROM FIELD DATA

The share of these agencies to the total was very small. This was followed by repayment of loans and advances and sanction of token loans to sister units which accounted for Rs.36.65 Lakhs i.e., 26.1 per cent of the total. For these loans and advances agro-industries are required to bear the interest burden. This is significant to bear in mind that agro industries which procured working capital for their use diverted portion of the capital to other units in the form of short-term loans. On account of this, the performance of the receiving units was affected to some extent. A sum of Rs.27.13 Lakhs i.e. 19.3 percent was invested by the units for building inventories of finished and semi finished products. The units were found to have made. This investment on account of the fluctuations that prevailed in the market for agro-industrial products.

Distribution of sample units (Table 5.4) by size of capital investment reveal that a large number of agro-industries fell within the range of 0 to 25 Lakhs units making very large investment (Rs.22 Lakhs and above) were few in numbers. Available data reveal that 46 out of units belonged to the former category and only 4 units belonged to the latter group. Category wise distribution is in no way different from the general pattern outlined above. In all most all the categories of agro-industries, fixed capital investment was more than working capital. Similarly, fixed capital investment per unit was more than working capital per unit. This, however, was more pronounced in category II, III and IV.

The capital position of agro-industries reveal that the units had the difficulty of procuring capital as per their requirements. Besides, there was the problem of the management of capital.

GENERATION OF OUTPUT (Income and Employment)

The performance of agro-industries are assessed in terms of the generation of output, income and employment. This will show as to what extent agro-industries have succeeded in improving their performance over the years.

It is seen from the (Table 5.5) that in 2000-2001, total output of agro-industries valued in terms of money was Rs.1380.23 Lakhs. This increased to Rs.1642.52 Lakhs in 2000-2001. Over the year the increase was 19.0 per cent average annual growth rate for the five year period from 1998-99 to 2000-2001 was 4.45 per cent. This is an indication of the fact that the output generation by agro-industries has shown a positive trend. The factors responsible for higher output were available of raw materials, supply of finance from financial agencies, demand for the products in the market, supervision and monitoring of productive activities by entrepreneurs etc.

Distribution of output in different categories of unit reveal that highest output generation had taken place in category I units, comprising rice mills, Flour mills, and cashew processing unit etc. The variation of output over the five year period in this category of industries was 21.10 per cent. This is followed by category III units, were percentage

Table 5.5**OUT PUT GENERATION BY SAMPLE INDUSTRIAL UNIT BETWEEN 1996-97 AND 2000-2001**

CATEGORIES	1996-97	OUT PUT GENERATION GROWTH AVERAGE YEARS				Rate from 1996-2001 %	Growth rate from 1996- 2001 %
		1997-98	1998-99	1999-2000	2000-2001		
Category-I	899.51	932.59	972.31	998.45	1089.32	21.10	4.91
Category-II	393.65	403.50	412.49	437.64	452.48	14.94	3.56
Category-III	72.14	72.79	82.61	83.20	84.30	16.86	4.10
Category-IV	14.93	15.31	15.42	15.85	16.43	10.05	2.43
TOTAL	1380.23	1424.19	1482.83	1535.14	1642.52	19.00	4.45

SOURCE : COMPILED FROM FIELD DATA

NOTE: Growth rate is calculated by the formulae=

$$\frac{Y_2 - Y_1}{Y_1} \times 100$$

Variation in out put over the period was 16.86 to these are agricultural in put manufacturing unit comprising agricultural implements, polythene bags and insecticides etc. These units are instrumental in improving agricultural productivity in the farm sector. Next to category III are the category II units where percentage variation in output over the period was 14.94 per cent. These are the units which used agricultural raw materials as the basic inputs. By using these they produced commodities which were altogether new ones. For example, bakery units use flour to produce bread, and various other types of eatables. Value addition in these types of industries were large. The percentage growth rate of category in industries over the periods stood at only 10.05 per cent. These units are in the nature of agro service centres. Must of these units. Feild to get the work for a major part of the year because entrepreneurs themselves do not units their service regularly. It is further observed that average annual growth rate of all categories of units stood at 4.45 per cent between 1996-1997 and 2000-2001 where as that of category I, category III and category II exhibited annual growth rates of 4.91 per cent, 4.10 per cent and 3.56 per cent respectively. The lowest growth rate occurred in the case of category IV units i.e. 243 per cent.

Distribution of main products and by product by categories of agro-industries reveals main products continued a larger percentage share compared to by products (Table 5.6). Hence, utilization of by product was not a problem for any type of agro-industries. It was confirmed to only 3 unit belonging to category I and II. Distribution of units by range of output produced (Table 5.7) reveals that 16 units i.e., 32.0 per cent of the total units fell in the range of Rs.2 Lakhs to Rs.5 Lakhs of out put. On the other hand 15 units i.e., 30.0 per cent of the total were included in the range of Rs.5 Lakhs to Rs.50 Lakhs of out put industries producing output above Rs.50 Lakhs were few. This shows that most of the agro-

industries belonged to the category of small units with the range of out put varying between Rs.2 Lakhs and 50 Lakhs. This is also found true when category wise distribution of level of out put in terms of value is taken into consideration.

The performance of agro industries with regard to generation of net income can be seen from (Table 5.8). It is observed from the table that total net income generated by all 50 agro industries in the year 1996-97 was Rs.157.13 Lakhs. This increased to Rs.173.29 Lakhs in the year 2000-2001. Over the period, the percentage rise was 10.29 per cent. The average annual growth rate of net income during the period was 2.53 per cent.

The agro industries operating in the district were also instrumental in generating employment.

The field data presented in (Table 5.9) reveal that in the year 1996-97

Table 5.6**COMPOSITION OF GROSS VALUE OF ANNUAL OUTPUT PER UNIT****(Rs. in Lakhs)**

CATEGORIES	VALUE OF MAIN PRODUCT			VALUE OF BY PRODUCT			VALUE OF TOTAL OUTPUT		
	No. of Units	Total Value	Value per Unit	No. of Units	Total Value	Value per Units	No. of Units	Total Value	Value per Units
Category-I	20	1089.20	54.46	1	0.20	0.20	20	1089.20	54.47
Category-II	14	447.72	31.98	2	4.66	2.33	14	452.38	32.31
Category-III	10	84.30	8.43	-	-	-	10	84.30	8.43
Category-IV	6	16.44	2.74	-	-	-	6	16.44	2.74
TOTAL	50	1637.66	32.75	3	4.86	1.62	50	1642.52	32.85

SOURCE : COMPILED FROM FIELD DATA

Table 5.7**DISTRIBUTION OF UNITS BY LEVEL OF OUTPUT****(Value in Lakh of Rupees)**

CATEGORIES	0-1	1-2	Level of Output		10-50	50-100	100 & Above	Total No. of Units
			2-5	5-10				
Category-I	3 (15.00)	5 (25.00)	4 (20.00)	1 (5.00)	2 (10.00)	2 (10.00)	3 (15.00)	20 (100.00)
Category-II	-	-	6 (42.86)	1 (7.14)	5 (35.72)	1 (7.14)	1 (100.00)	14
Category-III	-	1 (10.00)	4 (40.00)	3 (30.00)	2 (20.00)	-	-	10 (100.00)
Category-IV	-	3 (50.00)	2 (33.33)	1 (16.67)	-	-	-	6 (100.00)
TOTAL	3 (15.00)	9 (18.00)	16 (32.00)	6 (12.00)	9 (18.00)	4 (8.00)	4 (8.00)	50 (100.00)

SOURCE : COMPILED FROM FIELD DATA

Table 5.8**GROWTH OF INCOME GENERATION OF THE SAMPLE UNITS BETWEEN 2000-2001 AND 1996-97**

CATEGORIES	Income Generation Years		1998-99	1999-2000	2000-2001	Growth Rate from 1996 to 2001 (%)	Average Growth Rate (%)
	1996-97	1997-98					
Category-I	113.45	119.57	128.27	123.90	126.85	11.81	2.91
Category-II	35.32	36.34	36.85	36.98	37.02	4.82	1.19
Category-III	5.13	5.27	5.35	5.48	5.51	7.47	1.82
Category-IV	3.23	3.35	3.42	3.85	3.90	20.74	4.92
TOTAL	157.13	164.53	173.89	170.21	173.28	10.29	2.53

SOURCE: COMPILED FROM FIELD DATA

Agro-industries could create employment for 594 persons. This increased to 738 persons in 2000-2001. The percentage variation was 25.51, showing an average annual growth rate of 5.60 during the five year period. Category wise, the highest growth rate of employment was noticed in the case of category III followed by category IV. The average annual growth rate of employment in these two types of industries were 6.07 and 6.05 per cent respectively which was higher than the district average. The next in order of importance were category II and category I, where growth rate of employment stood at 24.15 per cent and 23.24 percent. Respectively, showing an average annual growth rate of 5.62 per cent and 5.36 per cent respectively during the period. The reasons for high employment growth in category IV and category III were that these industries started their operation by employing less number of persons at beginning of the period in course of time when the industries expanded, their employment of workers increase showing higher growth rate of employment. Beside, most of these industries were labour-intensive types of industries, where employment increases with increase in business activities.

Table 5.9**GROWTH OF EMPLOYMENT GENERATION OF THE SAMPLE UNITS BETWEEN 1996-97 AND 2000-2001****(In Nos. of Persons)**

CATEGORIES	Income Generation Years			Growth		Average Rate from 1996 to 2001	Growth Rate
	1996-97	1997-98	1998-99	1999-2000	2000-2001		
Category-I	241 (40.57)	253 (39.41)	269 (39.62)	280 (39.60)	297 (40.24)	23.24	5.36
Category-II	236 (39.73)	263 (40.96)	279 (41.09)	287 (40.59)	293 (39.70)	24.15	5.62
Category-III	83 (13.97)	89 (13.87)	93 (13.70)	99 (14.01)	105 (14.23)	26.51	6.05
Category-IV	34 (5.73)	37 (5.76)	38 (5.59)	41 (5.80)	43 (5.83)	26.47	6.07
TOTAL	594 (100.00)	642 (100.00)	679 (100.00)	707 (100.00)	738 (100.00)	25.51	5.60

SOURCE: COMPILED FROM FIELD DATA

PROFITABILITY OF THE ENTERPRISE

Profit and loss of sample units can be seen from Table 5.10. For calculating profit and loss, the difference between total sale and total cost is taken into consideration. The total sale proceeds of 50 agro-units stood at Rs.1616.67 lakhs. The difference between the total sale and the total cost of production resulted in the generation of Rs. 148.54 lakhs worth of profit. The average amount of profit per unit thus stood at Rs. 2.97 lakhs.

Categorywise, agro-produce processing units belonging to category I earned the highest amount of profit amounting to Rs.101.75 lakhs i.e. 68.50 per cent of the total. This is due to the higher amount of investment undertaken by them. At the same time commodities produced by them had universal demand as they catered mostly to the basic necessities of general public. Next to category I units, are the category II units where total profit earned by 13 out of 14 units stood at Rs.37.02 lakhs. This formed 24.92 per cent of the total. There was one unit in this category which incurred loss to the tune of Rs. 0.39 lakhs (Table 5.11). The loss making unit in category II was M/s. Sitaram Coir Products, Dealing. The profit earned by category III and category IV units, however, remained at a lower level of Rs.5.59 and Rs.4.18 lakhs respectively. Percentage wise they accounted for 3.77 and 2.81 respectively of the total. The average amount of profit per unit was 0.56 and 0.70 lakhs respectively. The average amount profit per unit of these two categories of units was significantly lower than the category I and category II industries where average amount of profit per unit earned was Rs.5.09 lakhs and Rs.2.64 lakhs. The lower profitability of category III and category IV was

due to the higher cost of production incurred by these units compared to the sale proceeds. Besides, lower demand, lower investment and, poor marketing arrangements for the products also contributed for this decline.

Distribution of agro-industrial enterprises by size of profit (Table 5.12) reveals that there were 10 units whose profit varied between 0 to 10 thousand and Rs.10 thousand to 25 thousand.

Table 5.10

CATEGORYWISE DISTRIBUTION OF PROFIT AMONG SAMPLES
AGRO-INDUSTRIAL UNITS

(Rs. in lakhs)

Categories	No. of Units	Total Product	Total Sale	Total Cost	Profit
Category-I	20	1089.33 (100.00)	1082.21	980.46	101.75 (68.50)
Category-II	14	452.48 (100.00)	434.82	397.80	37.02 (24.92)
Category-III	10	84.30 (100.00)	83.21	77.62	5.59 (3.77)
Category-IV	06	16.43 (100.00)	16.43	12.25	4.18 (2.81)
Total	50	1642.54 (100.00)	1616.67	1468.13	148.54 (100.00)

SOURCE: COMPILED FROM FIELD DATA.

Table 5.11**CATEGORYWISE DISTRIBUTION OF SAMPLE AGRO-INDUSTRIAL UNITS ON THE BASIS OF PROFIT AND LOSS****(Rs. in lakhs)**

Categories	Total No. of Units	No. of Units	Units Incurr-ing losses Total Amount	No. of Units	Units Incurr- ing Profit Amount	Profit per Unit
Category-I	20	-	-	20 (100.00)	101.75	5.09
Category-II	14	1 (7.14)	0.39	13 (100.00)	37.02	2.64
Category-III	10	-	-	10 (100.00)	5.59	0.56
Category-IV	06	-	-	6 (100.00)	4.18	0.70
Total	50	1 (2.00)	0.39	49 (98.00)	148.54	2.97

SOURCE: COMPILED FROM FIELD DATA.

Table 5.12**CATEGORYWISE DISTRIBUTION OF SAMPLE AGRO-INDUSTRIAL UNITS ON THE BASIS OF SIZE OF PROFIT****(Rs. in lakhs)**

Categories	No. of Units Incurring Profits	Upto 10th	Size of Profit 10th – 25th	25th – 80th	80th – 1 Lakhs	1 Lakhs & above
Category-I	20 (100.00)	3 (15.00)	3 (15.00)	3 (15.00)	3 (15.00)	8 (40.00)
Category-II	13 (100.00)	-	-	2 (15.38)	3 (23.08)	8 (61.54)
Category-III	10 (100.00)	-	2 (20.00)	3 (30.00)	3 (30.00)	2 (20.00)
Category-IV	06 (100.00)	-	2 (33.33)	1 (16.67)	1 (16.67)	2 (33.20)
Total	49 (100.00)	3 (6.12)	7 (14.28)	9 (18.37)	10 (20.41)	20 (40.82)

SOURCE: COMPILED FROM FIELD DATA.

Percentage wise they accounted for 20.0 of the total number of units. On the other hand, there were 29 units whose profit range varied between Rs.25 thousand and Rs. 1 lakh and above. Percentage wise they accounted for 78.0 of the total number of units. Whith this range, 13 out of 14 units were found to be operating and all the them belonged to category II units. There is only one unit which was incurring losses. The higher percentage share of the number of units failing within this range was due to the efficient performance of cashew processing units and prawn processing units in the district. These units are mostly export oriented units as the products of these industries were mainly marketed in Overseas markets resulting in higher amount of profit on account of higher prices of the products prevailing in the international markets. The next in order of importance were category III and category I units where 80.0 per cent of units and 70.0 per cent of units respectively fell within the range of Rs.25 thousands to Rs.1 lakh and over. Category IV units falling within this range constituted 66.67 per cent of the total number of units. Categorywise, variation of profit within this range as mentioned above, was due to the nature of the units and the products they catered to the needs of domestic and overseas markets.

The foregoing analysis, thus, clearly establish the fact that almost all types of industries earned profit in the course of their operation and this provided positive signals for many agro-industries to come up in the future.

DEPLOYMENT OF REINVESTMENT SURPLUS:

The term reinvestment refers to investment of surplus earned by an industrial unit for its expansion or modernization with an aim to earning a higher amount of surplus. It may take place in various forms such as an enlargement of the existing production capacity, use of modern technology, introduction of improved machinery and rationalization.

The Table 5.13 indicates the distribution of surplus by industrial units over different heads of investment. It is seen that out of the total profit earned by all the sample units amounting to Rs.148.54 lakhs, reinvestment of surplus accounts for about Rs. 66.84 lakhs i.e., 45.0 per cent of the total profit. This is the amount which is available with the industrial units to undertake investment for renovation, modernization, expansion and technological upgradation in industries. Besides, industrial units also invested a part of this, surplus for agricultural development as many of these units largely depended on agricultural raw materials for their existence. The remaining portion of reinvestment surplus was deployed for meeting various other liabilities without which the progress of the units would have been difficult.

Table 5.13 indicates that out of the reinvestment surplus of Rs.66.84 lakhs, a sum of Rs. 24.77 lakhs was spent towards the development of agro-industries for their expansion, modernization and technological upgrading. This formed 37.06 per cent of the total

reinvestment surplus. This is an indication of the fact that agro-industrial entrepreneurs were more interested for the development of their industries on which strength they depended for their survival.

Besides, one notices that the agro-industries had also invested a part of the reinvestment surplus for agricultural development with a view to getting an assured supply of agricultural raw materials. The industries invested a sum of Rs. 8.56 lakhs i.e. 12.81 per cent of the total for the said purpose. The amount, though appears to be small, yet it indicates the linkage that agro-industries seeks to establish with agriculture for growth.

Out of the total reinvestment surplus, a sum of Rs. 33.51 lakhs i.e. 50.13 per cent of the total, was spent for other purposes like; payment of previous loans, balancing of previous losses, creation of reserve fund, payment of dividend to shareholders and for other day to day expenses etc.

Table 5.13**CATEGORYWISE DISTRIBUTION OF REINVESTMENT SURPLUS BY SAMPLE INDUSTRIAL UNITS****(Rs. in lakhs)**

Particulars of reinvestment pattern	Category-I	Category-II	Category-III	Category-IV	Total	Reinvestment Surplus per Unit
Total investment surplus	40.97 (100.00)	20.51 (100.00)	3.04 (100.00)	2.32 (100.00)	66.84 (100.00)	1.34
Amount invested in Agro-industry	15.42 (37.64)	8.12 (39.59)	0.72 (23.68)	0.51 (21.98)	24.77 (37.06)	0.50
Amount invested in Agriculture	2.97 (7.25)	4.82 (23.50)	0.45 (14.81)	0.32 (13.79)	8.56 (12.81)	0.17
Other appropriation of surplus	22.58 (55.11)	7.57 (36.91)	1.87 (61.51)	1.49 (64.23)	33.51 (50.13)	0.67
(a) Payment of previous loan	2.19 (9.70)	2.20 (29.06)	0.52 (27.81)	0.57 (38.25)	6.81 (20.32)	0.14
(b) Balancing of previous losses	0.40 (1.77)	1.01 (13.34)	0.26 (13.90)	0.02 (1.34)	2.15 (6.42)	0.04

SOURCE: COMPILED FROM FIELD DATA.

Since about half of the reinvestment surplus was spent for these miscellaneous purposes, the agro-industrial units, therefore, got less scope for undertaking investment for the development of agriculture and development of agro-industries. There is, therefore, the need for restricting the deployment of reinvestment surplus in 'other activities' which now claims a major chunk of the available surplus.

Category wise, one notices the pattern of investment of the surplus by entrepreneurs in their respective units to be in the same manner as indicated above. In almost all categories a higher percentage share of reinvestment surplus was deployed for 'Miscellaneous purposes' which claimed more than 50.0 per cent of the total. This proportion was very high in category IV followed by category III. This is due to the fact that these units mostly sustained themselves by borrowing from financial agencies which demanded not only the payment of principal but also the interest accrued on them.

Agro-industries are therefore, required to reduce the deployment of reinvestment surplus now made largely for miscellaneous purposes and to divert the surplus so saved for development of agriculture and for the expansion, modernization and renovation of agro-industries.

CAPACITY OF UTILIZATION OF AGRO-INDUSTRIAL UNITS

The performance of agro-industries with regard to capacity utilization. It is revealed that in category I, where 20 units are included, capacity utilization varied between 60.0 per

cent and 76.9 per cent. Similarly, in category II industries, where 14 units are included, variation in capacity utilization was between 62.5 per cent and 66.7 pr cent. In category III, consisting of 10 units, capacity utilization varied between 60.0 per cent and 75.0 per cent. In category IV consisting of 6 units, capacity utilization stood at 75.0 per cent.

It is clear from the above observations on an average the agro-industries had more than 65.0 per cent of capacity utilization. The reason for not reaching cent per cent capacity utilization was due to factors like lack of supply of adequate and timely supply of raw materials, poor marketing of products leading to lower income, high cost of production, lack of diversification of industries, and irregular and erratic supply of power etc.

One of the major factors for low capacity utilization by agro-industrial units was the use of old and outdated technology. It was only in case of few agro-industrial units like Prawn processing, bakery and agricultural implement factories, use of modern and improved technology was visible. In order industries, on account of the use of traditional technology which had already exhausted its longevity, the capacity utilization was much below the required norm due to frequent breakdowns. Improvement of technology goes a long way in improving capacity utilistion and the agro-industrial entrepreneurs need to bear this fact in mind for future programmes.

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