CHAPTER V

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 INTRODUCTION

The Indian tea industry has a significant presence in the domestic as well as international economy. It plays a key role in the domestic economy through its production, employment generation and foreign exchange earnings. The study of the tea industry is particularly important for two main reasons. Internationally, among a number of industrializing countries, the tea industry was among the earliest to be established. Since it satisfies a basic human need, in many of the countries, the industry has subsequently come to occupy an important position in the Indian economy in terms of its contribution to national output, employment and exports. The tea industry has a unique place in the economy of India.

The healthy development and rapid growth of this industry has always been very important for the Indian economy. Hence, the study of the financial performance of the tea industry has been selected. In India, plantations account for 0.8 per cent of the total cultivable land. They also contribute five per cent to the national income in agriculture. Besides, they provide more employment per rupee of investment in the country than either agriculture or industry. Plantation industry employs a large amount of labour force especially, women workers which is the highest compared to any industry.

Moreover, it provides direct gainful employment to a large number of people and helps in providing indirect employment in various sectors like road construction, transportation, building of warehouses, manufacture of plywood tea chest, aluminium foil, tinplate, metal fittings, paper, card board, fertilizers, insecticides, pesticides, coal, iron, steel, etc. Apart from its contribution to the economy of India, tea today provides to the common man a pleasant and stimulating non-alcoholic beverage. Moreover, the analysis of financial performance help the stakeholders to understand the status of their company, security of their investment, area of weakness and it informs them about the reasons for the efficiency and setbacks based on which measures can be taken to improve the performance and plan for the policy measures.
Hence, the present study was undertaken with the following objectives in mind.

5.2 OBJECTIVES OF THE STUDY
1. To analyze the financial position and assessment of financial health of the selected companies of tea industry.
2. To examine the growth and trend of selected tea companies in India.
3. To analyze and compare the profitability performance of the selected tea companies in India.
4. To measure the extent of influence of the factors responsible for the profitability in either direction and also to analyze the direct and indirect effects of the factors on the profitability of selected tea companies in India.
5. To make suggestions for improvement for successful survival in the competitive business world.

To achieve the objectives, the researcher used suitable ratios and appropriate statistical tools to analyse the data and assess the relationship between the selected variables for the study.

To study the financial health of the selected companies, the study used current ratio, liquidity ratio and interest coverage ratio to assess the short term financial health of the sample companies and debt equity ratio and total asset to net-worth ratio were used to find out the long-term financial health of the selected companies in the tea industry. To assess the presence of any significant difference in the financial health through these ratios among the sample companies ‘F’ test was used.

To find out the growth and trend of the selected variables namely profitability, total assets, total income and inventories which have bearing the financial health of any company, the researcher used trend analysis, estimated the trend co-efficient and projected the values for a further period of five years from 2012-2013 to 2017-2018. Also the mean values, co-efficient of variation compound annual growth rate are used to identify the variation, extent of growth etc.
To examine the profitability and the relationship among the profitability and the ratios which contribute to the profitability, correlation co-efficient, multiple regression analysis and factor analysis were used.

To assess which ratios mainly contribute to the profitability of the companies, path analysis was used.

This last chapter presents the summary of findings from the above said analysis, suggestions which the researcher considered necessary for the companies to improve their profitability position and the financial health based on the present study.

5.3 FINDINGS OF THE STUDY
5.3.1 Financial Health of the Sample Companies
1. The current ratio was not in a satisfactory position of all the companies as it did not show the uniformity in different years and also it was below the mean current ratio of each and every company selected for the study.

The compound annual growth rate of Rossel India Ltd. had a higher growth rate than the other companies (0.316) and Assam Company India Ltd., Duncans Industries Ltd., Jay Shree Tea & Industries Ltd. and Tata Global Beverages Ltd. showed negative growth rate in selected tea companies.

The co-efficient of variation showed that the current ratio of McLeod Russel India Ltd. was more consistent (23.45) than the other companies.

2. It can be concluded that the liquidity ratio was less than the mean ratio in most of the years. Hence, the liquidity position was not satisfactory in all the companies.

The compound annual growth rate of Rossel India Ltd. had a higher growth rate (0.162) than the other companies and it was followed by Andrew Yule & Co. Ltd., B & A Ltd., Warren Tea Ltd., McLeod Russel India Ltd. and Jay Shree Tea & Industries Ltd.. The other companies had negative growth during the study period.

The co-efficient of variation showed that the liquidity ratio of McLeod Russel India Ltd (17.01) was more consistent than the other companies.
3. It is observed from the results that the interest coverage ratio showed wide variation during the study period for all the companies when compared to the mean ratio.

The compound annual growth rate of Warren Tea Ltd. (0.688) had a higher growth rate than the other companies followed by Goodricke Group Ltd., Ducnecan industries Ltd., , B & A Ltd., Tata Global Beverages Ltd., McLeod Russel India Ltd., Jay Shree tea Industries Ltd. and Assam Company India Ltd. and the other two companies showed negative growth rate among the selected tea companies.

The co-efficient of variation showed that the interest coverage ratio of Assam Company India Ltd. (15.14), was more consistent than the other companies.

4. It is inferred from the study that the debt equity ratio is not uniform because there was wide variation between the mean ratio and the ratio of all the companies. Hence, the ratio was not satisfactory.

The compound annual growth rate of Jay Shree Tea & Industries Ltd., (0.061) showed the highest growth rate among the selected companies for the study period followed by Assam Company Ltd. (0.049) and Mc Leod Russel India Ltd. (0.039) and the other companies showed negative growth rate.

The co-efficient of variation showed that the debt equity ratio of Jay Shree Tea & Industries Ltd (17.35) is more consistent than the other companies.

5. It is found that the fixed asset to net worth ratio of the selected companies was not uniform and not nearer to the mean ratio and so it was not satisfactory.

The range of fixed asset to net-worth ratio which worked out as 1055.5 of McLeod Russel India Ltd showed highest among the selected tea companies in India and the other nine companies showed negative growth for the study period.

The co-efficient of variation showed that the fixed asset to net worth ratio of Jay Shree Tea & Industries Ltd (11.45) is more consistent than the other companies.
5.3.2 Significant contribution of the ratio towards the financial health

The ‘F’ test to find out the significant difference in current ratio, liquidity ratio and interest coverage ratio for the selected companies gave the result that there was significant difference among companies for ratios on short–term financial position for the different years.

As far as the long-term financial position of the selected companies, it is revealed that there is significant difference among companies in case of debt equity ratio on long–term financial position for the different years and there is no significant difference in case of fixed asset to net worth ratio.

5.3.3 Analysis of growth and trend for the selected variables

1. It is observed that the trend movement of the sales was the highest in Warren Tea Ltd by 1899.73 and it was followed by McLeod Russel India Ltd which was 1236.99.

The mean value was highest in Tata Global Beverages Ltd., followed by McLeod Russel India Ltd., Jay Shree Tea & Industries and so on.

The compound annual growth rate of McLeod Russel India Ltd (0.222) showed a higher growth rate than the other companies and Duncan Industries Ltd. showed a negative growth rate for the study period.

The co-efficient of variation showed that the total sales of Warren Tea Ltd, (26.17) was more consistent than the other companies.

The result estimate of trend co-efficient for sales of selected tea companies in testing the null hypothesis, “There is no significant difference between actual value and the trend value of sales among different years of selected companies” at 1 percent and 5 percent level of significance showed that there is significant difference between actual value and the trend value of sales among selected companies for different years except Duncans Industries Ltd. Hence the hypothesis was rejected.

The projections obtained for Indian Tea Industries by linear growth models showed that the selected companies have been growing marginally. The trend movement of Indian Tea Industries for the year 2016-17 revealed the sales units was the highest in Warren Tea Ltd followed by McLeod Russel India Ltd.
with the trend value of 2624.7 and 1840.87 respectively. The sales was the lowest in Duncans Industries Ltd with the trend value of -895.41.

2. The trend values of total assets of the selected tea companies showed that the trend movement for the year 2011-12, sales was be the highest in Warren Tea Ltd by 2203.79 and it was the lowest in Duncans Industries Ltd by -163.97.

The mean value was highest in Tata Global Beverages Ltd., followed by Duncans Industries Ltd., Mc Leod Russel India Ltd., and so on.

The compound annual growth rate for total assets of McLeod Russel India Ltd (0.219) showed a higher growth rate than the other companies and Duncan Industries Ltd. showed a negative growth rate for the study period.

The co-efficient of variation showed that the total assets of Andrew Yule Company Ltd and Warren Tea Ltd (9.03) was more consistent than the other companies.

The results of estimate of trend co-efficient for total assets of selected companies to test the null hypothesis, “There is no significant difference between actual value and the trend value of total assets among different years of selected companies” was rejected at 1 per cent and 5 percent level of significance showed. there is significant difference between actual value and the trend value of total assets among different years of selected companies. Hence the hypothesis was rejected.

It is observed from the projections obtained for selected companies by linear growth models that the selected companies have been growing marginally in terms of total assets. The trend movement of the selected companies for the period 2016-17 showed that the total assets was the highest in Warren Tea Ltd with the trend value of 3051.95 and it was the lowest in Duncans Industries Ltd with the trend value of -810.57.

3. The trend value of total income revealed that it was the highest in case of Warren Tea Ltd by 4405.81 followed by McLeod Russel India Ltd. with Rs.1748.66 and it was the lowest in B & A Ltd. by 100.6.

The mean value was highest in Tata Global Beverages Ltd., followed by Mc Leod Russel Industries Ltd. and Andrew Yule Company Ltd..
The compound annual growth rate for total income of McLeod Russel India Ltd (0.177) showed a higher growth rate than the other companies and Duncan Industries Ltd. showed a negative growth rate for the study period.

The co-efficient of variation showed that the total sales was more consistent in case of Warren Tea Ltd (26.11) than the other companies.

The results of estimate of trend co-efficient for total income of selected companies to test the null hypothesis, “There is no significant difference between actual value and the trend value of total income among the selected companies on different years” at 1 percent level of significance. showed that, there is a significant difference between actual value and the trend value of total income for different years among the selected companies except Tata Global Beverages Ltd. Hence the hypothesis was rejected.

The projections obtained for the selected companies in India by linear growth models revealed that the total income was the highest in Warren Tea Ltd. with the trend value of 6294.75 and the total income was the lowest in Duncans Industries Ltd with the trend value of -895.41.

4. The trend value of Inventories of the selected companies from the trend movement of inventories concluded that the highest value was shown by Tata Global Beverages Ltd. by 432.20 and it was the lowest in Duncans Industries Ltd. by -0.157.

The mean value of inventories' was highest in Tata Global Beverages Ltd.

The compound annual growth rate for inventories of McLeod Russel India Ltd. (0.271) found to be having a higher growth rate than the other companies and it showed a negative growth rate for the study period.

The co-efficient of variation shows that the inventories position of Warren Tea Ltd. (17.62) was more consistent than the other companies.

The results of estimate of trend co-efficient for inventories of selected companies to test the null hypothesis concluded that it was rejected at 1 percent and 5 percent level of significance. Hence, there is significant difference between actual value and the trend value of inventories among the selected companies for different years except B & A Ltd., Rossell India Ltd. and Tata Global Beverages Ltd.
The projections obtained for selected tea companies in India by linear growth models shows that the selected companies have been growing marginally. The trend movement of inventories was highest for Tata Global Beverages Ltd. and it was the lowest in Duncans Industries Ltd with the trend value of -0.628.

5.3.4 Analysis of Profitability Performance of selected companies

1. It is observed in case of Andrew Yule & Company Ltd. that seventeen variables namely X₁ (Quick ratio), X₂ (Current ratio), X₃ (Debt to Equity ratio), X₄ (Interest cover), X₅ (Total income / Total assets), X₇ (PBDITA /Total income), X₈ (PBT/Total income), X₉ (PAT / Total income), X₁₀ (PAT /Capital employed), X₁₁ (Cash to Current liabilities), X₁₂ (Cash to average cost of sales), X₁₃ (Raw material turnover), X₁₅ (Finished goods turnover), X₁₆ (Debtors turnover), X₁₇ (Creditors turnover), X₁₈ (PBIT/Sales(%) ) and X₂₀ (PBDIT/Net Assets) had significant positive correlation with company profitability and the remaining two variable namely X₂₁ (PAT/PBIT) and X₂₄ (Net working capital/Sales) had significant but negative correlation with profitability.

2. It could be inferred in case of Assam Company India Ltd, for the study period that two variables namely X₅ (Total income / total assets) and X₂₁ (PAT/PBIT) have significant positive correlation with company profitability and other four variables namely X₁₁ (Cash to Current liabilities), X₁₂ (Cash to average cost of sales), X₁₄ (WIP turnover) and X₂₃ (Inventories/Sales) have significant but negative correlation with profitability.

3. It is revealed in case of B & A Ltd that twelve variables namely X₄ (Interest cover), X₅ (Total income / Total assets), X₇ (PBDITA /Total income), X₈ (PBT/Total income), X₉ (PAT / Total income), X₁₀ (PAT /Capital employed), X₁₁ (Cash to Current liabilities), X₁₂ (Cash to average cost of sales), X₁₄ (WIP turnover), X₁₅ (Finished goods turnover), X₁₆ (Debtors turnover) and X₁₇ (Creditors turnover) have significant positive correlation with company profitability and two variables like X₂₂ (Net Assets/Net Worth) and X₂₃ (Inventories/Sales) have negative correlation with profitability.
4. It could be found in case of Duncans India Ltd. that eight variables namely X₁ (Quick ratio), X₂ (Current ratio), X₁₁ (Cash to Current liabilities), X₁₃ (Raw material turnover), X₁₄ (WIP turnover), X₁₅ (Finished goods turnover), X₁₇ (Creditors turnover), X₁₉ (Sales/Net Assets) have significant positive correlation with company profitability.

5. The return on total assets of Goodricke Group Ltd for the study period concluded that four variables namely X₁ (Quick ratio), X₂ (Current ratio), X₅ (Total income / Total assets) and X₆ (Total income / Compensation to employees) have significant positive correlation with company profitability and one variable namely X₁₇ (Creditors turnover) had significant but negative correlation with profitability and the coefficient was -.671.

6. It is inferred from the analysis of correlation for Jay Shree tea & Industries. Ltd. for the study period that five variables namely X₅ (Total income / Total assets), X₆ (Total income / Compensation to employees), X₁₄ (WIP turnover), X₁₅ (Finished goods turnover) and X₂₃ (Inventories/Sales), have significant positive correlation with company profitability and one variable namely X₂₄ (Net working capital/Sales) had significant but negative correlation with profitability.

7. The correlation coefficient of Mcleod Russel India Ltd., for the period revealed that one variable namely X₂₄ (Net working capital/Sales) had significant positive correlation with company profitability and nine variables namely X₂ (Current ratio), X₇ (PBDITA /Total income), X₈ (PBT/Total income), X₉ (PAT / Total income), X₁₈ (PBIDT/Sales), X₁₉ (Sales/Net Assets), X₂₀ (PBDIT/Net Assets), X₂₂ (Net Assets/Net Worth) and X₂₃ (Inventories/Sales) have significant but negative correlation with profitability.

8. It is inferred from the Correlation coefficient of Rossell India Ltd. for the study period that two variables namely X₆ (Total income / Compensation to employees), and X₂₂ (Net Assets/Net Worth), have significant positive correlation with company profitability and four variable namely X₁₄ (WIP turnover), X₁₅ (Finished goods turnover), X₁₈ (PBIDT/Sales), X₂₀ (PBDIT/Net Assets) have significant but negative correlation with profitability.
9. It is understood that the Current ratio \( X_2 \) of Tata Global Beverages Ltd.
 had significant positive correlation with company profitability and the
 remaining all the variables have no significant but negative correlation with
 profitability.

10. It is inferred for Warren Tea Ltd. that four variables namely \( X_2 \) (Current
 ratio), \( X_4 \) (Interest cover), \( X_{11} \) (Cash to Current liabilities) and \( X_{12} \) (Cash to
 average cost of sales) have significant positive correlation with company
 profitability and the remaining all the variables have no significant
 correlation with profitability of the selected companies.

5.3.5 Findings from Factor analysis

1. It is revealed that the overall impact of the selected ratios of Andrew Yule
 & Co. Limited during the study period had extracted four factors and these
 four factors individually caused difference in the profitability of the
 company.

2. It is observed that the overall impact of the selected ratios of Assam
 Company India Limited during the study period had extracted six factors
 and these six factors individually caused difference in the profitability of
 the company.

3. It is understood that the overall impact of the selected ratios of B&A
 Limited during the study period had extracted five factors and these five
 factors individually caused difference in the profitability of the company.

4. It is inferred that the overall impact of the selected ratios of Duncans
 Industries Limited during the study period had extracted six factors and
 these six factors individually caused difference in the profitability of the
 company.

5. It is observed that the overall impact of the selected ratios of Goodricke
 Group Limited during the study period had extracted five factors and these
 five factors individually caused difference in the profitability of the
 company.
6. It is understood that the overall impact of the selected ratios of Jay Shree Tea and Industries Limited during the study period had extracted four factors and these four factors individually caused difference in the profitability of the company.

7. It is revealed that the overall impact of the selected ratios of Mc Leods Russel Limited during the study period had extracted five factors and these five factors individually caused difference in the profitability of the company.

8. It is inferred that the overall impact of the selected ratios of Rossell India. Limited during the study period had extracted five factors and these five factors individually caused difference in the profitability of the company.

9. The study showed that the overall impact of the selected ratios of Tata Global Beverages Limited during the study period had extracted six factors and these six factors individually caused difference in the profitability of the company.

10. It is highlighted that the overall impact of the selected ratios of Warren Tea Limited during the study period had extracted five factors and these five factors individually caused difference in the profitability of the company.

5.3.6 Multiple Regression Analysis

1. The result for Andrew Yule & Co. Limited in the above table revealed that the multiple regression co-efficient of the three variables with the ratio of return on total assets was significant. It indicated that the three factors viz., X3, X5 and X13 individually contributed significantly to variations in the ratio of return on total assets and in turn to its profitability. The $R^2$ value in terms of these variables was 98.1 per cent showing a minor variation from the value if it would have been calculated from the population.

As per the ANOVA results, the model is statistically significant.
2. It is observed for Assam Company India Ltd that three variables $X_4$, $X_5$ and $X_7$ at 5% level of significance were individually contributing significantly to and was having a large impact on the profitability of the company. In connection with this, the $R^2$ value in terms of these variables was 98.2 percent showing a minor variation from the value if it would have been calculated from the population. As per the ANOVA results, the model was statistically significant.

3. It is clear that one variable at 5% level of significance and two variables at 1% level of significance contributed significantly to variations and was having a large impact on the profitability of B & A Ltd. In connection with this, the $R^2$ value in terms of these variables is 98.2 percent showing a minor variation from the value if it would have been calculated from the population. As per the ANOVA results, the model was statistically significant.

4. The result from the Multiple regression Analysis for Duncans Industries Limited revealed that the multiple regression co-efficient of the five variables at 5% level of significance with the ratio of return on total assets were significant. The $R^2$ value in terms of these variables was 99.6 percent showing a minor variation from the value if it would have been calculated from the population. The ANOVA to assess the overall significance revealed that this model was statistically significant.

5. An analysis into the Goodricke Group Ltd indicated that the two factors $X_2$ and $X_{15}$ individually contributed significantly to variations in the ratio of return on total assets when the influence of other variables was kept constant. The $R^2$ value in terms of these variables was 93.5 percent showing a low variation from the value if it would have been calculated from the population. As per the results of ANOVA, the model is statistically significant.

6. An analysis into the Jay Shree Tea & Industries Limited revealed that two factors $X_5$ and $X_9$ individually contributed significantly to variations in its
profitability. The $R^2$ value in terms of these variables is 97.3 per cent showing a very low variation from the value if it would have been calculated from the population.

The ANOVA results revealed that the model is statistically significant.

7. The two variables of Rossell India Limited have individually contributed significantly to variations in its profitability. The $R^2$ value in terms of these variables was 99.8 per cent showing a minor variation from the value if it would have been calculated from the population.

The ANOVA results indicated that the p-value is less than 0.000 ($p<0.01$). Hence, this model is statistically significant.

8. An analysis into the Rossell India Ltd reveals that the two variables viz., $X_6$ and $X_{15}$ individually contributed significantly to variations profitability. The $R^2$ value in terms of these variables was 87.6 per cent showing a low variation from the value if would have been calculated from the population.

It is observed from the ANOVA results that the model is statistically significant.

9. It shows that four variable viz., $X_2$, $X_3$, $X_{12}$ and $X_{13}$ of Tata Global Beverages were individually contributed significantly to variations in its profitability. In connection with this, the $R^2$ value in terms of these variables was 94.1 percent showing a very low variation from the value if it would have been calculated from the population.

The results of ANOVA showed that the model is statistically significant.

10. It is observed that one variable viz., $X_2$ of Warren Tea Limited. individually contributed significantly to variations. The $R^2$ value in terms of these variables was 97.3 per cent showing a very low variation from the value if it would have been calculated from the population.

The results of ANOVA pointed out that the model is statistically significant.
5.3.7 Findings from Path Analysis

1. It could be observed in case of Andrew Yule & Co. Ltd. that the three ratios viz., X3- Debt to Equity ratio (0.287), X4- Total income / Total assets (0.148), and X13- Total income / Total assets (0.658) have contributed directly towards the ratio of return on total assets through profitability.

2. It is revealed that X5- Total income / Total assets (1.143) and X7 - PBDITA /Total income .489 have significant contributed towards profitability directly and the ratio X4- Interest cover negatively contributed to the profitability of Assam Company India Ltd.

3. It could be inferred from above table that X5- Total income / total assets (1.131) is having significant correlation co-efficient with the ratio of return on total assets and contributed towards profitability position positively and the two ratios viz., X17- Creditors turnover (-.196) and X19 - Sales/Net Assets(-.103) have negatively contributed to the profitability of B & A Ltd.

4. It could be highlighted that six independent factors viz., X11-Cash to current liabilities (.226), X13-Raw material turnover (-1.173), X15-Finished goods turnover (1.744), X19-Sales/Net Assets(.493) have significant correlation co-efficient with the ratio of return on total assets and have positive contribution towards profitability and X13-Raw material turnover (-1.173) and X20 -PBDIT/Net Assets(-.090) have contributed negatively towards profitability position of Duncans Industries Ltd.

5. It could be understood that X2-Current ratio (1.035) and X15-Finished goods turnover (.409) have positively contributed towards profitability position of Goodricke Group Ltd.

6. It could be observed in case of Jay Shree Tea & industries :Ltd., X5- Total income / total assets (0.954) contributed towards profitability and X9 reduced the profitability position of the company.
7. It is observed from the ratios that contributed to the profitability of McLeod Russel India Ltd, was $X_{20} - \text{PBDIT/Net Assets} (.399)$ and $X_{22}$ reduced the profitability position of the company.

8. It is clearly understood that $X_{6} - \text{Total income / compensation to employees} (0.451)$ of Rossell India Ltd. contributed towards profitability of the company and $X_{15}$ reduced the profitability.

9. It could be observed from the study that $X_{2} - \text{Current ratio} (1.335)$, $X_{3} - \text{Debt to equity ratio} (.302)$, $X_{12} - \text{Cash to average cost of sales} (.187)$ and $X_{13} - \text{Raw material turnover} (.838)$ of Tata Global Beverages Ltd contributed towards profitability of the company.

10. It is found that $X_{2} - \text{Current ratio}$ of Warren Tea Ltd. an independent factor, had significantly contributed to the profitability position of the company.
5.4 SUGGESTIONS

On the basis of the present study, the researcher has come out with the following suggestions for the betterment of the selected tea companies:

- The company should try to increase the production so as to reap the economies of large-scale production. It will assist in raising the rate of return on capital employed. The management should try to utilize their production capacity fully in order to reduce factory overheads and to utilize their fixed assets effectively.

- In order to increase the financial efficiency of the companies, it is suggested to control the cost of goods sold and the operating expenses. The management should try to adopt cost reduction techniques in their companies to be competitive in the market. Company should find out other alternatives to reduce power and fuel cost. The tea companies could reduce power and fuel consumption by using alternate sources like lignite and agro waste product especially ground nut husk and dust as coal substitute.

- The selected companies are capital intensive in nature and measures are needed to carefully determine the policy of purchase of fixed assets so that the funds may be properly utilized.

- The selected tea companies should try to match the amount of working with the sales trends. The quantum of sales generated should be improved impressively in order to enjoy better operational efficiency of the assets and capital employed.

- The burden of interest has produced a deteriorating effect and reduced the percentage of net profit. It is suggested that a study of productivity and financial efficiency of the tea industry of Indian companies. The few companies, which did not follow a definite policy of financing fixed assets, should follow such policy.

- To strengthen the financial efficiency, long-term funds have to be used to finance core current assets and a part of temporary current assets. It is better if the companies can reduce the over sized short term funds and eliminate the risk by arranging finance regularly.
• To regularize and optimize the use of cash balance, proper techniques may be adopted for planning and control of cash. The investments in inventories should be reduced and there is a need to introduce a system of prompt collection of debts.

• The policy of borrowed financing in selected tea companies under study was not proper. So, the companies should use widely the borrowed funds and should try to reduce the fixed charges burden gradually by decreasing borrowed funds and by enhancing the owner’s fund. For this purpose, companies should enlarge their equity share capital by issuing new equity shares. It should be done keeping in mind the principle of trading on equity.

• Selected tea companies should try to use properly their operating assets and should try to minimize their non-operating expenses. Cost accounting and cost audit should be strictly followed for these units and cost sheet along with annual financing statement should be prepared.

• The labour productivity should be increased by adopting modern manufacturing process and productivity based wages policy should be implemented by tea companies.

• There is no incentive to the employees to perform better. Also, there is no accountability because no one is held responsible for a failure in achieving targets. For this kind of problem, responsibility centre should be created.
5.5 CONCLUSION

The tea industry was passing through rough days and hard times. There have been many periods of adversity, when growth charts have dipped and it has appeared that misfortune will overtake. Today, rapid changes in the World trading system have endangered the stability of the tea industry and created an atmosphere of uncertainty and turbulence in the industry. But, it is also a fact that turbulence is necessary for any change in the system. There is a need to bring about technological improvement, structural changes, liberalization from controls and regulations, increased productivities of labour and machine and reliable quality assurance systems to meet the present day needs. If there is insecurity inherent in the globalised economy, there is opportunity – opening up of vast markets to Indian tea that were earlier closed or regulated. Indian tea industry is ready to take up this opportunity of free trade and secure its well deserved position in the international tea arena through improved efficient financial management by framing effective policies in raising and utilizing the funds.
5.6 SCOPE OF FURTHER STUDY

- This study is restricted only to leading ten companies of the tea industry. Hence, studies could be undertaken in other manufacturing industries and a comparative across industries can also be attempted.
- Other profitability ratios can also be considered. Other than the variables in this study may also be used as predictor variables.
- Region wise comparative study between companies in India can be carried out.
- Similar studies like impact of Foreign Direct Investment in Indian Tea Industry, Export competitiveness of Indian Tea Industry may also be recommended.
- The operational efficiency of tea companies can be studied to identify the method of operation which reduces the cost of production.