Research Paper

Financial performance of cashew processing units

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ABSTRACT : The investment pattern of the cashew nut processing units revealed that there was direct relationship between the total capital investment and the size of the processing units. The average aggregate capital invested per processing unit was Rs. 204.74 lakhs. It was found that, in all the units investment on working capital was more (90.19%) than the fixed capital (9.81%) because of heavy amount required on procurement of raw cashew nut. The solvency ratios were better in medium and large processing units because of high net profit and equity participation. Similarly, liquidity ratios were higher in medium and large processing units employing satisfactory position with good velocity of conversion of current assets into cash particularly in case of large processing units. All the profitability ratios indicate the efficient use of total assets, as well as increasing profits by decreasing expenditure. This indicated that all the processing units in study area were in a position to protect their equity and generate income on equity. Turnover ratios indicate higher efficiency in medium processing units as compared to large and small units. The ratio analysis highlighted the need to undertake suitable remedial measures for efficient use of assets and improved self performance of the cashew nut processing units.

KEY WORDS : Capital investment, Capacity utilization, Financial test ratio

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INTRODUCTION

The cashew nut, a native of Brazil was introduced to India by the Portuguese about five centuries ago. The cashew kernels are used in confectionery and dessert. It is a versatile nut with many health advantages. Cashew cultivation in India confines mainly to the peninsular India. The Konkan region comprising of Thane, Raigad, Ratnagiri and Sindhudurg is the major tract of cashew cultivation in the Maharashtra state. Considering the production of cashew nut and demand for kernels, processing industry is growing rapidly and hence, an attempt has been made in this investigation to study comparative economics of cashew nut processing units in Ratnagiri district.

In the context of growing demand for cashew kernels in domestic market as well as foreign countries, an attempt has been made in this investigation to review financial performer of cashew processing units in Ratnagiri district.

MATERIALS AND METHODS

The distribution of cashew processing units on the basis of per day processing capacity was made by standards provided by the DIC, Ratnagiri. From this list, the units were divided into three categories *viz.*, Small scale, Medium scale and Large scale, on the basis of per day installed capacity of processing unit. From each category, 25 per cent units were selected randomly. Thus, final group of cashew processing units were selected randomly from small, medium and large and were 19,4 and 2, respectively. The information of cashew processing units was collected for the production season of 2009-2010 by personal interview method with the help of specially designed schedule.

RESULTS AND DATA ANALYSIS

The results are summarized below according to objectives of the study:

Classification of cashew nut processing units :
The selected cashew nut processing units were classified according to the per day installed capacity of cashew nut processing was used as a basis. The same is given in Table 1.
According to the standards provided by DIDC, the