

CHAPTER - I

INTRODUCTION

The tea industry is the largest agro-based organised industry in our agro-industrial economy. It also provides employment to around one million workers directly (Table - I.1). Besides, it supports a number of ancilliary industries and services that fulfil the requirements of the tea industry. The business and trade associated with it also provides enough opportunities for employment to a large number of persons.

TABLE - I.1

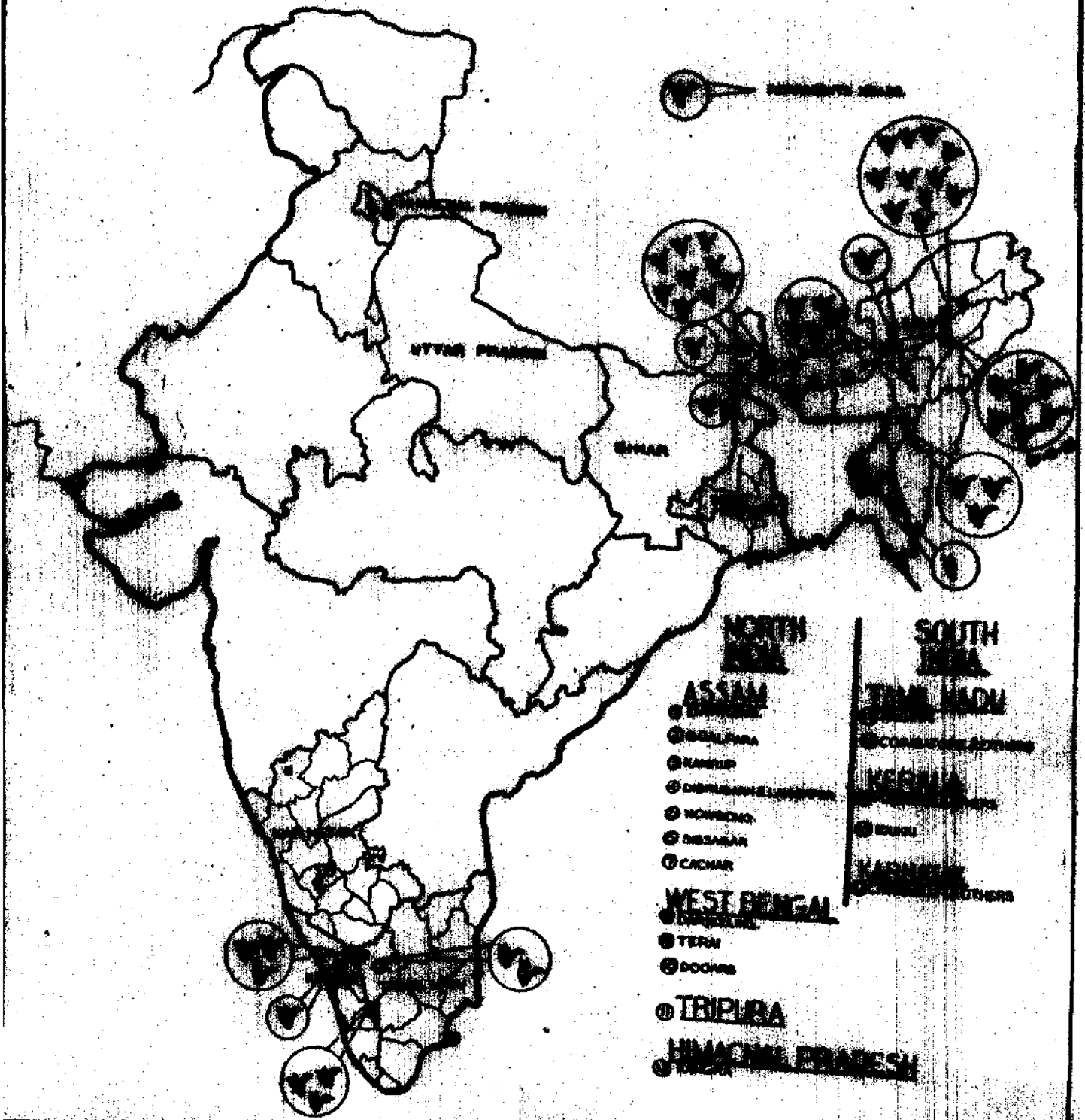
Estimated total number of labour on roll.

Year (31st December)	Labour on roll	Beneficiaries dependants of workers on roll.
1975	6,83,481	9,28,558
1976	6,90,115	9,04,567
1977	6,91,625	8,76,205
1978	8,82,140	10,97,912
1979	9,24,239	11,20,331
1980*	9,12,522	11,21,120

* Provisional

Source : Compiled from Tea Statistics 1978-79
(Page - 106) and 1980-81 (Page-120),
Tea Board of India Calcutta.

TEA MAP OF INDIA



Source : Tea Directory, 1976, Tea Board of India, Calcutta. 1977.

The industry adds fairly to Gross National Product at an annual average rate of 1.47 per cent ⁽¹⁾ and pays around Rs. 7702.13 lakhs annually (1974-81 average) to the exchequer by way of export duties, excise duties and tea cess. During 1981-82 the Central Government received more than Rs. 6796 lakhs in the form of export duty, excise duty and tea cess. The revenue earned through central excise duty, export duty and collection of tea cess can be observed from table below (Table - I.2).

TABLE - I.2

Central Govt. revenue from tea industry through export duty, excise duty and tea cess.

(in lakhs of Rupees).

Year	Export duty	Excise duty	Tea Cess	Total
1974-75	-	40,06*	-	40,06
1975-76	-	56,62*	-	56,62
1976-77	-	55,23	2,61	57,84
1977-78	98,43	58,92	3,01	1,60,36
1978-79	39,59	64,07	1,56	1,05,22
1979-80	-	58,95	1,61	60,56
1980-81	-	63,02	4,53	67,55
1981-82	-	63,51	4,45	67,96
Total	1,38,02	4,60,38	17,77	6,16,17

* including cess

1. The export duty was abolished.

Source : Compiled from Tea Statistics 1981-82, Tea Board of India, Calcutta, 1983, p. 117.

India is the largest producer and exporter of tea and accounts for on an average 33.60 per cent of the world's production and enjoys 26.86 per cent share in world's tea exports (Table 1.3).

TABLE 1.3

India's share in World's production and exports of tea.

Year	India's production ('00,000' kg)	Share of world production (%)	Export of Indian Tea ('00,000' kg)	Share of world exports (%)
1974	4894.75	39.03	2105.83	31.42
1975	4871.37	37.76	2181.28	30.00
1976	5111.17	38.59	2336.11	30.75
1977	5562.67	32.67	2296.37	28.35
1978	5634.86	32.16	1760.51	24.32
1979	5635.79	30.06	1705.94	22.40
1980	5695.50	31.36	2325.83	29.70
*1981	5600.41	30.68	2412.46	31.70
Average		33.60		26.86

* Provisional

Source : Tea Statistics 1980-82, Tea Board of India, New Delhi, 1983, pp. 156-160.

Though India is the largest producer of tea, her comparative share in world production is decreasing (Table I.3). The continuing fall in India's share of world production has been to the advantage of other competing countries in world trade like Srilanka, China, Kenya etc. As a natural corollary, the share of Indian tea in world tea export is also decreasing. The industry is facing stiff competition in the international market from other producing countries, especially from Kenya, Indonesia, China and Srilanka (Table - I.4).

TABLE - I.4

World Export (Qty. million kg)

Country	1974	1975	1976	1977	1978	1979	1980	1981*
India	211	218	234	230	176	200	224	241
Srilanka	185	212	199	186	193	187	184	184
China	64	61	61	81	86	107	108	92
Kenya	50	53	59	70	85	94	75	76
Indonesia	50	46	47	51	56	60	68	71

* Provisional.

Source : Tea Statistics, 1981-82, Tea Board of India, Calcutta, 1983, p. 159.

Thus, on the whole, India has not only failed to maintain the quantum of export in the world tea market, the proportionate share of export has also gone down compared to countries competing with her (Table - I.5).

TABLE - I.5

Share of World Export of Tea of competing countries (%)

Countries	1951	1971	1981
India	45.0	29.74	28.19
Srilanka	N.A.	29.56	21.50
China	2.8	7.81	10.75
East Africa	3.00	11.20	14.23

Source : Tea Statistics, Tea Board of India, Calcutta, p. 160.

The continuing erosion in the traditional pillar of our agro-industrial economy, both in terms of growth and earnings, has largely evoked our interest in tea industry.

Tea is largely grown in Assam, West Bengal, Kerala, Tamil Nadu and to a smaller extent in Tripura, Punjab, Mysore and Uttar Pradesh. It is more prominent in North India; only about 19.65 per cent of the total area under the crop is in the South (Table-I.6). With only one-fifth of all India area under tea cultivation, due to

higher productivity (plucking of tea leaves is carried on throughout the year as against seasonally in North India) ⁽²⁾ South India accounts for 38.44 per cent of the total Indian output (1974-81) (Table-I.7).

TABLE I.6

Area under Tea '00,000'
(Figures in hectares)

Year	Assam	West Bengal	Total North	South India	All India
1961	1.62	0.83	2.57	0.74	3.31
1971	1.80	0.88	2.80	0.74	3.54
1974	1.87	0.88	2.88	0.74	3.62
1975	1.89	0.89	2.90	0.74	3.63
1976	1.89	0.89	2.90	0.74	3.64
1977	1.91	0.89	2.92	0.74	3.66
1978	1.92	0.90	2.95	0.75	3.69
1979	1.95	0.91	2.99	0.75	3.78
1980	2.01	0.93	3.07	0.75	3.82

* Provisional

Source : Tea Statistics, 1981-82, Tea Board of India
Calcutta, 1983, p.8.

TABLE - 1.7Production of Tea in India (in 000 kg)

Year	Assam	West Bengal	Total North India	South India	All India
1961	182,311	86,258	273,305	81,082	354,397
1971	223,665	104,087	332,331	103,137	435,468
1974	265,281	118,028	389,808	99,667	489,475
1975	263,055	111,860	380,578	106,559	487,137
1976	276,308	117,723	400,639	111,178	511,817
1977	293,837	128,736	427,794	128,437	556,267
1978	297,032	131,877	433,400	130,446	563,846
1979	276,190	123,978	404,416	139,360	543,776
1980	300,700	133,185	438,455	131,095	569,550
*1981	305,130	128,259	437,404	126,637	560,041

* Provisional

Source : Tea Statistics, 1981-82, Tea Board of India, Calcutta, 1983, p.11.

Besides seasonality in production, there are certain other contrasting differences between the North Indian and South Indian gardens. The following important differences may, however, be noticed here

1) The average size of tea estates in South is much less as compared to North Indian tea estates ; 95.60 per cent of tea estates in South India have less than 8.09 hectares under cultivation as compared to 4.68 per cent in North India. Large tea estates (with an area more than 200 hectares) of South India are only 1.29 per cent compared to 50.94 per cent of North India (Table- I.8).

TABLE - I.8

State and Sizewise number of Tea Estates (%)

States	Upto 8.09 hectare	8.09 - 50 hectare	50 - 100 hectare	100-200 hectare	200-400 hectare	above 400 hectare
Assam	4.25	12.74	12.74	19.05	28.57	22.65
West Bengal	4.26	3.93	5.57	22.95	35.08	28.20
Other North Indian States	9.57	24.47	26.60	30.85	8.51	-
Sub-total:						
North India	4.68	11.39	11.99	21.00	28.66	22.28
Kerala	95.18	1.82	0.46	0.71	1.36	0.46
Tamil Nadu	96.05	2.33	0.30	0.40	0.69	0.24
Karnatak	13.33	20.00	13.33	33.33	20.00	-
Sub-total:						
South India	95.60	2.36	0.38	0.56	0.97	0.23
ALL INDIA	46.70	2.40	2.32	2.57	2.68	2.42

Source : Compiled from the Annual Report, 1961-62, Tea Board of India. Page No. 13-22.

ii) Due to large number of small tea gardens in the South the organisational structure is characteristically different from that of the North. Most of tea gardens are mini in size and sell their green leaves to enterprises having no garden at all - termed as 'bought - leaf - factory' by the Tea Board. It is, therefore, not surprising that no production statistics is available relating to these mini estates.

iii) Tea estates on the whole are not run as an industry in South; most of these are individual ownership estates without committed labour force. Each mini estate has an average area of about one hectare (0.92) only. Giant estates are only 35 in number having an average area of 522.49 hectares. Compared to this, in North India mini estates have an average hectareage of 4.51 and Giants in North India have an average hectareage of 579.01 (Table - I.9).

iv) Besides round the year plucking of green tea leaves, individual attention in each tea estates also results in higher volume of output. The differential in output is not amenable to quantification as no official agency including the Tea Board has been able to arrive at the volume of production of these mini estates. The Tea Board, however, does arrive at average yield per hectare as shown in table I.10. The average yield in South India is the highest - Tamil Nadu with an yield of 1933 kg per hectare followed by Karnataka (1807 kg) and Kerala (1318 kg) (Table - I.10).

TABLE I.9

State and District Wise Area of tea estates in India
(hectare)

States	Upto 8.09	8.09-50	50-100	100-200	200-400	above 400
Assam	4.58	23.38	72.89	140.65	296.37	590.16
West Bengal	3.69	29.50	80.76	156.71	307.66	556.19
Other North Indian States	5.44	25.60	72.88	140.10	258.88	-
Sub-total:						
North India	4.51	28.01	73.84	144.78	299.07	579.01
Kerala	0.56	19.99	72.52	148.07	289.41	556.16
Tamil Nadu	1.14	17.68	73.35	150.93	296.83	482.50
Karnatak	4.50	21.33	74.50	163.20	283.00	-
Sub-total:						
South India	0.92	18.47	74.00	150.57	292.48	522.49
ALL INDIA	0.94	21.94	73.87	145.93	297.50	572.35

Source : Compiled from Tea Statistics 1981-82, Tea Board of India, Calcutta, 1983, pp. 19-22.

TABLE - I.10

State and Division yield per hectare (in kg)

State	Upto 800 hectare	8.00-50 hectare	50-100 hectare	100-200 hectare	200-400 hectare	above 400 hectare
Assam	550	1354	1153	1251	1442	1615
West Bengal	312	206	754	1030	1264	1655
Other North Indian States	N.A	107	253	695	315	2
Sub-total:						
North India	395	1050	945	1120	1366	1627
Kerala	N.A	423	721	1245	1579	1592
Tamil Nadu	N.A	709	1326	1857	2079	2005
Karnataka	N.A	375	1181	2190	1875	-
Sub-total:						
South India	N.A	601	1044	1600	1809	1767
ALL INDIA	-	810	967	1218	1362	1642

Source : Tea Statistics, 1981-82, Tea Board of India, Calcutta, 1983, pp. 15-22.

Tea Industry in West Bengal.

Though scattered almost throughout the country, the tea industry in terms of production is concentrated in Assam and northern part of West Bengal (North Bengal) in North India and Tamil Nadu and Kerala in South India.

With in North Bengal also, there is a high concentration in tea industry - Jalpaiguri district accounting for 62,882* hectares (1980), followed by an area of 30715** hectares in the district of Darjeeling. This territorial division of tea industry is, however, not considered significant. The industry, on the other hand is divided altogether on different consideration under three heads viz., 'Hill-tracts of Darjeeling' district (19241 hectares), 'Terai' area of Darjeeling district (11474 hectares) and 'Duars' area covering the entire district of Jalpaiguri (62782 hectares). This division of tea industry is not without reason as the topography, soil condition, rain fall, climate, altitude etc., that contribute towards the production of green tea leaves are different. The important characteristics of each region and tea produced there at, from our view point, are as under:

	<u>Terai</u>	<u>Duars</u>	<u>Darjeeling</u>
a) Topography	Plain and Riverine.	Plain and riverine	Hilly - tracts
b) Soil	Light Sandy Loam	Alluvium	Sandy gravelly
c) Rainfall (annual average)	123"	120"	154"
d) Altitude (above sea level)	417'	100' - 400'	2400' - 7460'

* This includes one tea garden in the district of Cooh Behar.

** This includes one tea garden in Islampur sub-division of the West Dinajpur district.

1. Darjeeling Tea :
- i) It provides best flavour.
 - ii) Its liquor content is low.
 - iii) Its yield per hectare is very low.
 - iv) It fetches the highest price in the world.
 - v) Its unit cost is highest.
2. Terai Tea :
- i) Practically there is no flavour.
 - ii) The liquor content is average - higher than Darjeeling but lower than Duars tea.
 - iii) Yield per hectare is comparatively lower than Duars area but more than double than that of the Darjeeling area.
 - iv) Unit cost is more or less higher than Duars but much lower than that of Darjeeling.
 - v) It fetches the lowest price.
3. Duars Tea :
- i) Its flavour content is low.
 - ii) The liquor content is the highest.
 - iii) The yield per hectare is the highest in North Bengal and about 50 per cent higher than in the Terai area.
 - iv) Its unit cost is lowest.
 - v) It fetches higher price than Terai tea.

TERAI TEA INDUSTRY

Darjeeling district includes Darjeeling sadar and three other sub-divisions, i.e. Siliguri, Kalimpong and Kurseong. The Darjeeling Sadar, Kalimpong and Kurseong comprise hill-tracts of the district whereas Siliguri at the foot-hills has plain stretches of land. Tea plantation in Terai region is wholly concentrated in

Siliguri sub-division of Darjeeling district except one tea estate in Islampur sub-division of the West Dinajpur district. Terai has an area of 11473 hectare of Tea with a total of 47 Tea Estate in 1980 and produced 15872000kg of tea. It accounts for 3.79 per cent of total area in North India and 3.62 per cent of its production. The yield rate in Terai worked out to 1383 kg per hectare (1980). The value of Tea produced in Terai is estimated at around Rs. 20 crores. More than 23 thousand workers are directly employed in Terai tea industry and about one lakh people directly and indirectly are dependent on it. Terai Tea, therefore, occupies an important position in the economy of this district as well as in the State of West Bengal.

The history of tea plantation in Terai is originally associated with the introductions of Tea in Darjeeling district by Dr. Cambell in 1839. With the passage of time, the number of Tea Estates began to increase in Terai. The area, production and yield of the Tea during last few years are as follows :

TABLE - I.11

Area under tea, production and yield per hectare (in kg.), estimated on the basis of roll and number of labourers in Terai.

Year	Area under tea '00,000' hect.	Production '00,000' kg.	Yield (kg/hect.)	Estimated Labour on roll(000)	Beneficial dependent on labourer on roll.
1974	10.89	14.33	1315	20.15	35.93
1975	10.42	12.01	1153	20.05	35.72
1976	11.04	13.66	1237	20.06	30.79
1977	11.02	15.00	1361	20.20	22.07
1978	11.06	16.73	1512	21.48	27.55
1979	11.47	14.55	1268	21.86	25.38
1980	11.47	15.87	1383	23.29	32.04
* 1981	11.48	15.78	1375	N.A.	N.A.

* * Provisional.

NA = Not Available.

Source : Compiled from Tea Statistics of different years issued by the Tea Board of India, Calcutta.

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TABLE I.12

Ownership pattern with number of tea estates, tea grant area, area under tea and value of production in 1976 (1976).

Type of ownership	Number of Companies	No. of tea estates	Tea grant area (hectare)	Area under tea (hectare)	Value of production (000 kg)
Proprietary	-	8	2288.88	1261.77	1611
Private Ltd. Company.	9	9	3582.98	1779.60	1437
Public Ltd. Company.	26	30	14135.08	7377.18	8959
Total	35*	47	20006.94	10418.55	12007

Source : Compiled from Tea Directory, 1976, Tea Board of India, Calcutta, 1977, pp. 216-227, 442-462 and 508.

RATIONALE:

The financial efficiency of the Indian Tea Industry in general and the North Bengal Tea Industry in particular is deteriorating very fastly. Few of the tea gardens in North Bengal have already been declared sick and their management has been taken over by the Government of West Bengal. There are at times move to nationalise the industry. The incurring of losses, non-payment of dividends, declaration of the companies as sick units because of deterioration in the financial efficiency and the disinclination of the management towards introvertive measures which could have

corrected the prevalent inconsistencies and incoherences in the management of funds by proper planning and controlling are important symptoms of industry's sickness and warrant our attention to make a detailed enquiry into the financial working of the Tea Industry. The following indices may contextually be considered (Table-I.13 and Annexure V).

TABLE - I.13

Indices relating to the general working of major plantation industries in India (1978-79).

(in percentage).

	Gross Profit to Net Assets (GPNA)	Gross Profit to Net Sales (GPNS)	Net Profit to Net worth (NPNW)	Div. Rate.
Tea Planta- tion.	15.5	11.8	13.2	17.4
Cofee Planta- tion	35.4	47.1	27.9	25.2
Rubber Planta- tion	18.6	31.4	13.8	19.6
ALL INDUSTRIES	14.3	19.9	15.4	13.7

Source : Reserve Bank of India Bulletin, November, 1981.

From above it could be observed that :

(i) The GPNA barely exceeds the national average by 1.2 per cent and is the lowest compared to other plantation industries. However, this return enabled the industry to hold up the investment despite its financial ills.

(ii) The GPNS is only to the extent of 11.8 per cent and is lowest amongst the plantation industries. Compared to other plantation industries the return on net sales is much poor. The cost of tea production is going up and is not getting any remunerative prices. (3) All these inevitably reduced the GPNS and thereby the NPNS. The number of companies incurring losses has also increased. The extent of this crisis varies from region to region, from company to company and from unit to unit. The tea industry has faced crises during the 50's, the 60's and the early 70's but never before has it faced with a crisis of such magnitude to-day (1981).

(iii) The NPNW stands at 13.2 per cent compared to all India average of 15.4 per cent. This rate hardly matches with the current market rate of interest. The investors are quite sceptic about the gainfulness of the investment in this industry.

(iv) Though the tendencies disclosed above are quite unsatisfactory, yet the dividend rate of this industry is appreciably above the all industries level but below other plantation industries. Possibly to boost up the morale of investors the

payout has had to become so attractive. The industry pays higher dividend rate compared to 'all industries' level. The basic cannons of financial management provide that higher rate of dividend can be paid by an enterprise provided either its capital structure is highly geared or the concern has highly favourable conditions of the market. But tea seems to pay more than what, on an average, is paid by other industries.

All these parameters indicate that the tea industry is becoming weak and thereby sick for want of favourable climate of trading. Besides, there are some structural inconsistencies in the finance function of this industry which call for a searching and thorough study of financial variables affecting the performance.

OBJECTIVE OF THE STUDY:

The present work aims at analysing the financial working of Tea Industry as the efficiency and economic condition of the industry as a whole is deteriorating.

Stated precisely, the present work aims at:

- (1) finding out the nature of financial working of Terai tea industry;
- (2) focussing over the inherent inconsistencies and imbalances in the flows of funds;
- (3) formulating simple mathematical models for analysis and
- (4) framing suggestions for efficient financial working of the industry.

SCOPE OF THE STUDY:

The tea industry, scattered all over the country and ^{is owned and managed} located mainly at the foot-hills and in the hilly regions, /by different types of organisational forms viz. proprietorship, partnership, Co-operative Societies and Joint Stock Companies. The present work studies the basic financial management of tea industry in Terai region of West Bengal with respect to public limited companies only.

The exclusion of proprietorship, partnership, Co-operative and Private Limited concerns does not materially affect the representative character of the study [Annexure-IV(i)(d)]. The public limited companies dominate the tea industry as a whole with respect to actual area under tea, tea grant area and the volume of production. The non-availability of financial data from proprietorship and partnership firms forced us to exclude them from the purview of our study. There is no Co-operative Society in Terai tea belt; and only one in all India. ⁽⁴⁾ The private limited companies are not representative ones from the view point of terai tea industry [Annexure IV (i) (b) and (d)]. All of them are closely held and are much conservative in disclosing information relating to their financial activities. Even their published accounts are not made available to others save that where they are statutorily bound.

The activities of group companies despite their public limited form could not be included in our study as the tea estates

managed by such companies, are spread over the different regions viz. Duars, Assam, and South India. Besides, separate data for their activities in Terai area are not available and hence such group companies, though only two in number have had to be excluded from our sample list. The present study, thus, is based upon public limited companies wholly engaged in Terai tea area only.

Time period - The study covers the octennium from the year 1974 to 1981. The period provides an opportunity to consider also the periods of fluctuations and the boom, (Exhibit-I). A period of eight years is expected to cancel out abnormalities in operations and hence provides a trend for analysis.

Sample - The Terai tea belt consists of 47 tea estates ~~in~~ 30 tea estates owned and controlled by 26 public limited companies and the rest 17 estates controlled by 9 private limited companies and 8 proprietary concerns, each concern controlling a single tea estate.

Our study covers 19 public limited tea companies. For sampling purposes, stratified random sampling techniques have been followed. To obtain samples the location of the tea estates, and not the registered office of companies were considered for stratification. The Terai tea belt was stratified into four parts — south, central-south, north and north-east — on the basis of its geographical location which is stretching mainly from south to north with a slight elevation towards east in its northern part.

The tea estates in each stratum were classified on the basis of their 'ownership', 'tea grant area', 'actual area under tea'

EXHIBIT No. 1

22
26

580,000
560,000
540,000
525,000
500,000
480,000
450,000
1550
1500
1000
500
1500
25
20
15
10
5
0

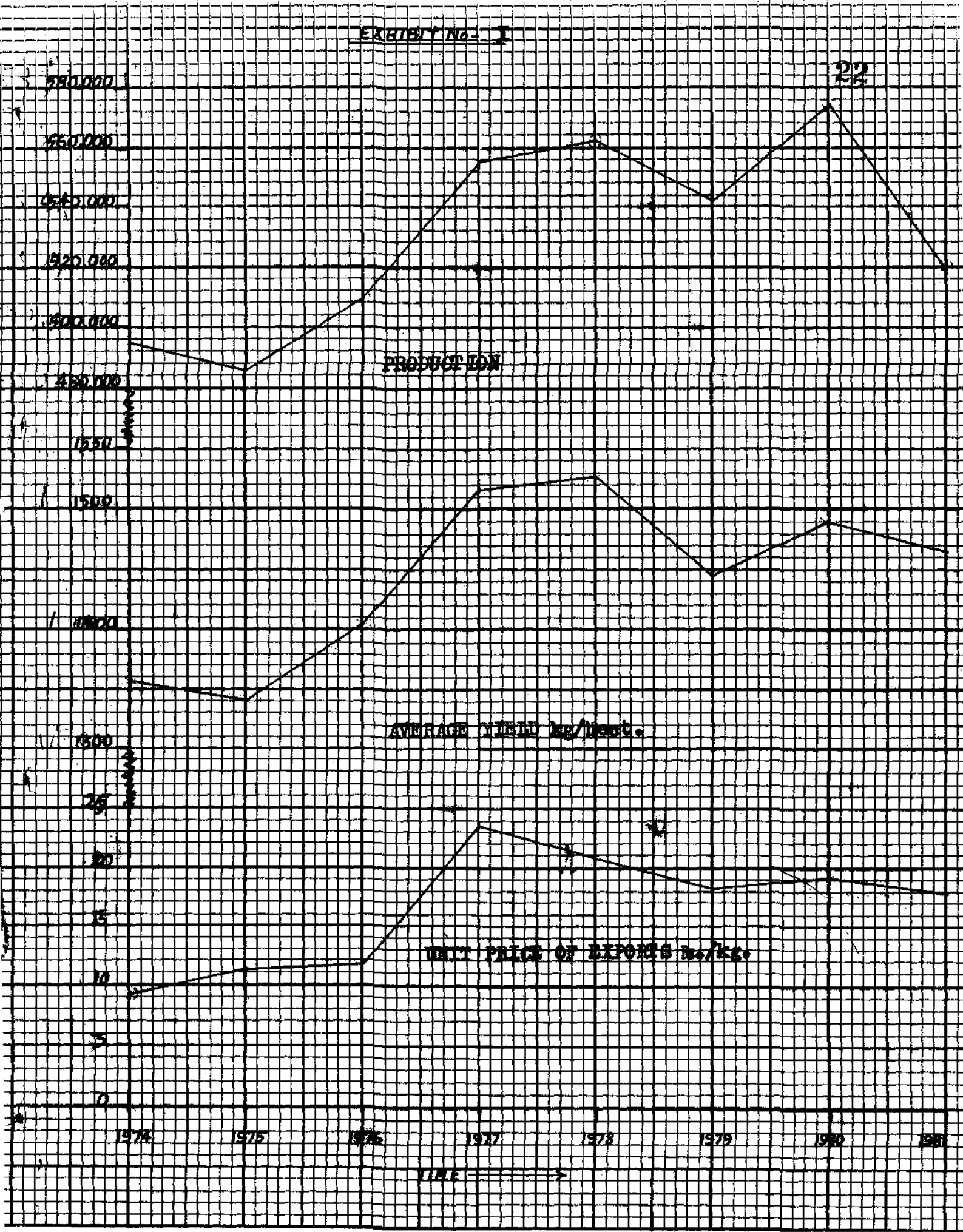
PRODUCTION

AVERAGE YIELD mg/nest.

UNIT PRICE OF EXPORTS \$/kg.

1974 1975 1976 1977 1978 1979 1980 1981

TIME →



and 'volume of production'. The proprietary estates [Annexure IV (i) (c)] and estates owned by private limited companies [Annexure IV (i)(b)] were identified and isolated. The estates owned by public limited companies having their estates exclusively in Terai tea belt were identified from this stratified samples. Four tea estates from the north-east stratum and five tea estates from each of the remaining strata were selected at random. The reasons for selecting four estates i.e. less than one from the remaining strata, were the proportionate smaller size compared to other strata with respect to 'tea grant area', 'area under tea' and the 'volume of production'.

Our sample units with respect to the Terai tea belt as a whole and irrespective of types of ownership, account for 51.54 per cent of 'tea grant area', 49.32 per cent of 'area under tea' and 47.31 per cent of the 'total production' in Terai. With reference to public limited tea companies exclusively operating in Terai tea belt, our study covers 73.08 per cent of the public limited companies accounting for 72.95 per cent of the 'tea grant area', 69.65 per cent of the 'area under tea' and 63.41 per cent of the 'volume of production' under this particular type of corporate ownership.

Thus the sample units covered in our study are representative not only in terms of number of companies but also in terms of 'tea grant area', 'area under tea' and 'volume of production'. The relevant break up of companies and in terms of certain attri-

-butes has been presented in Annexure IV (i) (a) to (d).

Data Base - The present work is based on the information obtained from published annual reports and accounts of the sample units and from personal interviews with different officials both at the head office level and at the garden level. For obvious reasons we did not have access to the internal financial records of the companies. Information have also been obtained from various sources, like committee reports, periodicals, Annual reports of the Planters' Associations, speeches of chairman of different branch associations etc.

METHODOLOGY:

The present study is a time-study of financial variables of the public limited tea companies wholly engaged in Terai area. The study attempts to analyse the average trends and relative changes in the financial variables. It also attempts to measure their variability and efficiency.

The variables have been combined and have been studied in aggregate. Though this method differs from the usual case study method but is not irrational and irrelevant in the fields of economics and commerce.

In this study, simple quantitative analysis of financial variables have been attempted as financial functions are basically quantitative in nature and financial decisions are always much influenced by the measureable factors. Since the

financial topics are better studied and expressed with the aid of mathematical and statistical techniques, the approach in this study has also become quantitative in nature.

LIMITATION OF THE STUDY:

The present work examines in detail financial management in tea industry of Terai region. Obviously the primary records with management and published annual reports and accounts constitute the data base for the study. True to its tradition, Terai Tea Industry has been highly secretive to disclose primary records. It is exceptionally that some such information could be gathered. But since verification of such scanty information was not possible, it was thought wise not to rely exclusively on it during analysis.

The only alternative left, therefore, was to fall back upon published annual reports and accounts. Though attested by an independent auditor, these published accounts, like those of other concerns, are subject to a big question mark. We have also not been sure whether these accounts reveal more than they conceal. Aggregated data base has considerably reduced utility of tools and techniques used by us.

The Tea Board could have been another important source of information but its publications hardly cover area of financial management. In the area of finance, Tea Board's publications constitute secondary source of information, being

compilation of information from Reserve Bank of India Bulletines.

Based on published accounts, the Reserve Bank of India is publishing financial information for the industry as a whole. Being highly aggregative in nature, we could not draw upon this information either for a detailed analysis or for a comparative study.

PLAN OF THE STUDY:

The present study is divided into nine chapters including the present one.

CHAPTER II examines theoretical aspects of ratio analysis and attempts to analyse the contents of published annual accounts of Terai tea Companies with the help of specific ratios.

CHAPTER III makes an evaluation of fixed assets management through ratios and examines density of assets, its turnover, utilisation and the depreciation policies.

CHAPTER IV evaluates adequacy and availability of working capital. Effort has been made to evaluate the sales elasticity, profit elasticity and net fund flow elasticity of working capital.

In CHAPTER V an effort has been made to go through the practices of debt capital management in relation to its use-period — both short-term and long-term. The density of current liability and fixed liability has also been examined.

CHAPTER VI analyses the capital structure, its overall costs, cost of specific sources of financing, the capital structure including internal sources.

CHAPTER VII an effort has been made here to analyse and to evaluate the patterns and practices in the area of earnings management. Dividend policy and market prices and book-values have also been analysed.

CHAPTER VIII with the help of given ratios a comparative analysis of liquidity, profitability and solvency of Terai, Duars and hill-tracts of Darjeeling area has been attempted.

CHAPTER IX contains our conclusions and suggestions.

References and Notes:

1. Times of India Directory, 1980, p. 279.
2. Tea Board of India, "REPORT OF THE WORKING GROUP ON FINANCE FOR TEA INDUSTRY", Calcutta, 1972, p. 6.
3. "The profitability of the industry has been alarmingly declined for quite a number of years. ... Mounting costs not backed by increase in prices pushed back required cash accruals for plough back and development". Quoted from "Problems of Tea Industry" - Ghose, B.C. : "TAI NEWSLETTER" Vol. 61 No. 5 July 1972, p. 235.
4. Tea Board of India, TEA DIRECTORY, 1976, Calcutta, 1977, p. 438.
5. TEA DIRECTORY, op. cit. pp. 216-227 and 442-462.