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Financial Performance of Rubber Producer's Societies in Kerala

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The Indian Rubber Plantation sector dominated by smallholdings, accounts for almost 87% of the production. The preponderance of the small and marginal growers makes the sector vulnerable to fluctuations in price. Also they experience difficulty in gaining access to technology and information. In spite of the fact that 87% of the production is from the smallholding sector, they have very little influence on the market. The formation of small grower association under the Rubber Producer's Societies (RPS) has formed an important departure from the conventional system of unscientific farming operations characterized by exploitation of small and marginal farmers by the middlemen. The formation of RPS at the regional and sub regional levels since the mid 1980s has imparted dynamism in all spheres of cultivation activities among the small and marginal rubber growers in Kerala. The RPS, numbering about 2916 at present, has made a significant impact in the modernization process of the rubber holding sector.

Need of the study

The success of any business activity depends on the ability to earn reasonable profit. The Surplus/Deficit of the business in fact shows the justifiability for the existence of a business. The very purpose of RPS is to serve the member rubber farmers. But truly, its existence

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depends on the ability to earn reasonable amount of profit. Hence an attempt has been done to examine yearly earnings of RPS. Hence one objective was introduced.

Objective of the study

Objective: - To compare the financial performance of RPS in Kerala.

Hypothesis of the study

Hypothesis (Ho):- There is no significant difference in the financial performance of RPS in Kerala.

Methodology of the study

The present study has been designed as a sample survey method where the respondents are members of RPSs in Kerala. In the present study the entire respondents groups are classified into three categories, namely President, Vice President and Board of Directors of RPS. Primary data is the main data collected from primary source used for evaluating the current research problem. Accordingly, the researcher selected Kollam and Pathanamthitta as the sample districts of Southern Region, Kottayam and Ernakulam from Central Region and Kannur and Kasaragod revenue districts are included in the Northern Region of Kerala. The sample method adopted by the researcher for the present study is systematic sampling.

Analysis and Interpretation

Table 1.1
Surplus/Deficit of RPS

Average earnings	n	Std. Dev	Period
98,241.3	990	113,170.53	2011-2012

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99,257.5		990	90,507.51	2012-2013	
96,002.8		990	85,784.40	2013-2014	
91,212.8		990	90,559.06	2014-2015	
91,968.1		990	97,972.47	2015-2016	
101,060.8		990	106,521.63	2016-2017	
96,290.5		5940	97,925.19	Total	
Source	*SS*	*df*	*MS*	*F*	*p-value*
Treatment	79,062,591,225.50	5	15,812,518,245.100	1.65	.1433
Error	56,882,494,158,138.70	5934	9,585,860,154.725	Result	Not significant
Total	56,961,556,749,364.20	5939			

Source: Primary Data

In the year 2011-12, the entire RPS has made an average profit of Rs.98241±113,170. In the year 2014-15, the average profit decreased to Rs. 91,212±90,559. The trend remains same in 2015-16 also. Fortunately in the year 2016-17, the entire RPS has made an average profit of Rs. 101,060±106,521.

Anova test was done to examine the statistical significance of the data. The F value is 1.65 and p value 0.1433 (P>0.05), showed there is no significant difference on the Surplus/Deficit of RPS for the study period. Thus the null hypothesis formulated is accepted.

Figure 1.1 shows the graphical representation of the Surplus/Deficit of the RPS.

Figure 1.1

Surplus/Deficit of RPS

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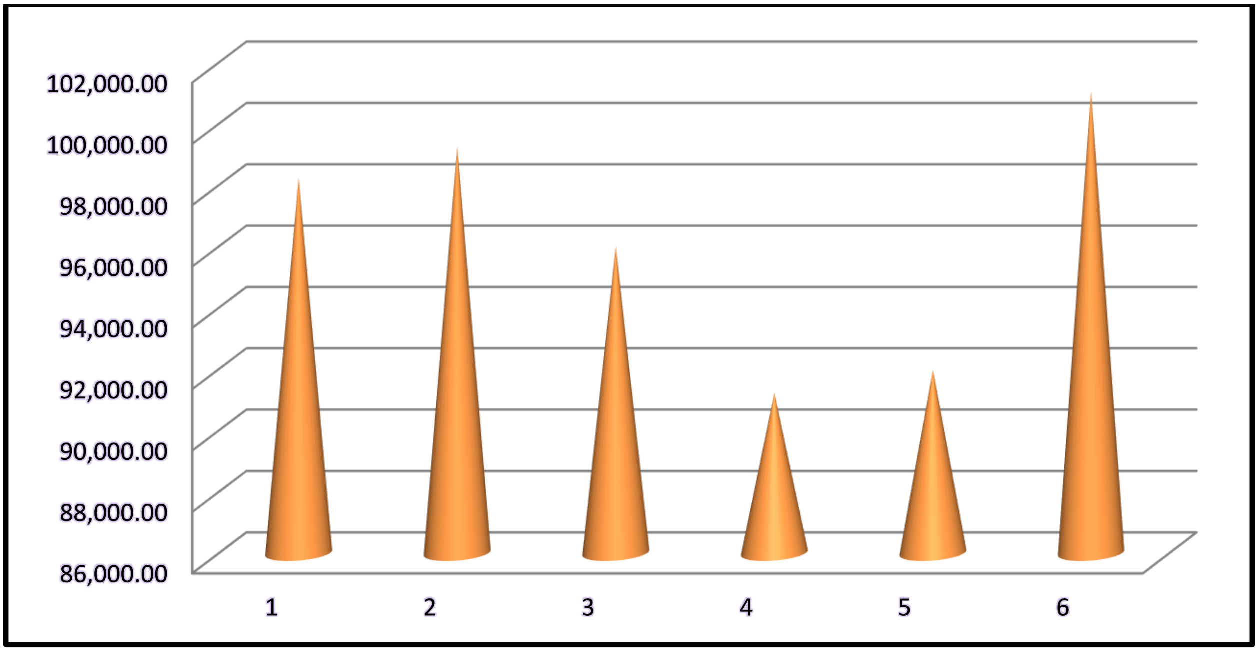

Sources of Fund

Any activity demands adequate funds. Funds may be sum of money set aside and allocate for a precise reason. It is needed for the recording expenditures and revenues allied with an explicit commotion. The case is similar to RPS. It need sufficient amount of funds. The following table clearly shows the provision of funds by the RPS.

Table 1.2

Provision for funds

Sources of funds		**N**	**Mean**	**Std. Deviation**	**Std. Error**
Rubber Board	Southern region	279	6451.62	43596.7	2610.07
	Central region	462	25974	111081	5167.97
	Northern region	249	8433.77	49688.1	3148.86
	Total	990	16060.6	83615.4	2657.47
Banks	Southern region	279	74322.6	307224	18393
	Central region	462	77922.1	333244	15503.9
	Northern region	249	57108.4	280273	17761.6
	Total	990	71672.7	313157	9952.77

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Share Capital among Members	Southern region	279	73200.3	74873.3	4482.55
	Central region	462	117112	145328	6761.28
	Northern region	249	88176.8	92802.1	5881.1
	Total	**990**	**97459.4**	**118103**	**3753.56**

Source: Primary Data

From the above table it is clear that there are mainly three sources of funds for the RPS. They are Share Capital among Members, Banks and Rubber Board. The Rubber farmers of southern region of Kerala opined that an average of Rs.6451.62±43596 was collected from the Rubber Board. Rubber farmers of central region and northern region assigned an average amount of Rs.25974±111081 and Rs.8433±49688 respectively was collected from the Rubber Board.

The Rubber farmers of southern region of Kerala opined that an average of Rs.74322.6±307224 was collected from the banks. Rubber farmers of central region and northern region assigned an average amount of Rs.77922±333244 and Rs.57108±280273 respectively was collected from the banks.

The Rubber farmers of southern region of Kerala opined that an average of Rs.73200±74873 was collected from the Share Capital among Members. Rubber farmers of central region and northern region assigned an average amount of Rs.117112±145328 and Rs.88176.8±92802.1 respectively was collected from the Share Capital among Members.

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Figure 1.2

Various sources of funds

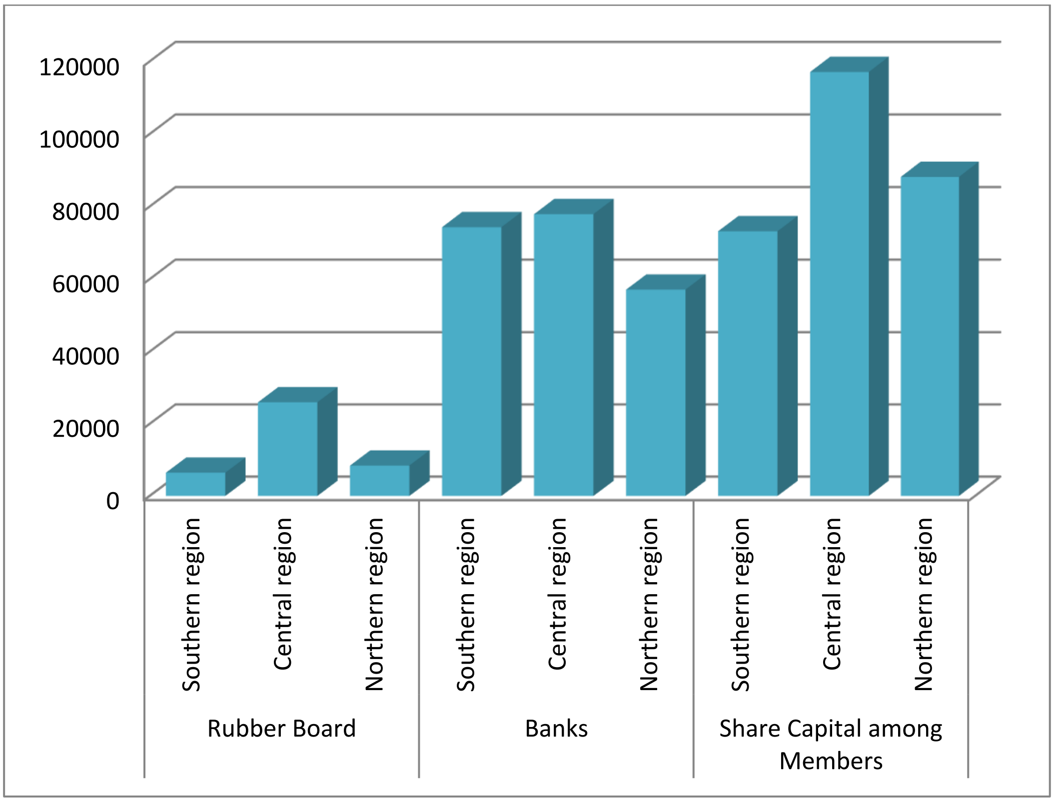

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Table 1.2.1

Anova test on Provision for funds

Provision for funds		***Sum of Squares***	***df***	***Mean Square***	***F***	***Sig.***
Rubber Board	Between Groups	85648321547.5	2	42824160773.	6.189	.002
	Within Groups	6828987560285.4	987	6918933698.	Result	Significant
	Total	6914635881832.9	989			
Banks	Between Groups	72819728800.0	2	36409864400.	.371	.690
	Within Groups	96915487894836.3	987	98191983682.	Result	Not Significant
	Total	96988307623636.3	989			
Share Capital among Members	Between Groups	364089601320.3	2	182044800660	13.378	<0.001
	Within Groups	13430762435339.8	987	13607662041.	Result	Significant
	Total	13794852036660.1	989			

Source: Primary Data

The statistical significance of sources of funds was further explained with the help of Anova test. Accordingly Anova test value of Rubber Board as a source of funds to RPS is 6.189 and p value 0.002(P<0.05), showed there is significant difference among the region. Anova test value of banks as a source of funds to RPS is 0.371 and p value 0.690(P>0.05), showed there is no significant difference among the region. Anova test value of Share Capital among Members as a source of funds to RPS is 13.378 and p value <0.001 (P<0.05), showed there is significant difference among the region.

Settlement of Accounts

The next section of the analysis deals with the provision for the settlement by the RPS to its members. The analysis is explained below on table 1.3.

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Table 1.3

Provision of settlement

Category		*Frequency*	*Percent*
Mode of settlement	Cash	191	19.3
	Credit	279	28.2
	Cash and Credit	520	52.5
	Total	990	100.0
Advance payment of cash	No	839	84.7
	Yes	151	15.3
	Total	990	100.0
Shortage of funds	No	818	82.6
	Yes	172	17.4
	Total	990	100.0

Source: Primary Data

Majority (52.50%) of the Rubber farmers who are the members of RPS opined that RPS does settlement to the members both cash and credit. Also it is noteworthy (84.70%) to note that RPS does not extend any advance payment of cash to the members. But it is stirring (82.6%) to note that RPS does not find difficult in the shortage of funds.

Findings

1. The average amount raised by Rubber Producers' Society (RPS) in Kerala as funds from Rubber Board is Rs. 16060.6±83615.4.
2. The average amount raised by Rubber Producers' Society (RPS) in Kerala as funds from Banks is Rs. 71672.7±313157.
3. The average amount raised by Rubber Producers' Society (RPS) in Kerala as Share Capital among Members is Rs. 97459.4±3753.56.
4. Majority (52.50%) of the Rubber farmers who are the members of RPS opined that RPS does settlement to the members both cash and credit. The provision of advance payment of cash is very low and RPS is not functioning with the shortage of cash.

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5. The very rationale of RPS is to dish up the member rubber farmers. But beyond doubt, its continuation depends on the capacity to produce sensible amount of profit. RPS in Kerala is making an average profit of Rs. 96,290.5 ±97,925.19.

Conclusion:

1. Share Capital among Members is the most predominant source of funds for the RPS, followed by loans from banks and Rubber board. It is clear from the study that RPS has availed more amounts of funds from Share Capital among Members in central region, where as northern region is mainly dependent on Rubber board for their sources of funds, which is proved based on the Anova test.

2. Mode of settlement includes both cash and credit and the fund management of RPS is considered to be satisfactory.

3. An average of Rs. 96,290/year is earned by the RPS as the surplus from the trading activities, which will be distributed among the members based on the agreed ratio decided by the board of directors in their annual general meeting. The rule for the divisible profit varies according to the RPS.

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