

Financial Performance of Cottage And Small Scale Industries in The Bishnupur Sub-Division of Bankura District of West Bengal

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Abstract: The present paper is concerned about important cottage and small scale industries of Bishnupur Sub-division of Bankura District of West Bengal. It is based on the data and information collected from both primary and secondary sources. The authors have pointed out the financial performance of cottage and small scale industries of Bishnupur Sub-division of Bankura District of West Bengal.

Date of Submission: 22-05-2019

Date of acceptance: 08-06-2019

I. Introduction

Bishnupur sub-division of Bankura District is mostly agricultural in nature. About 90% of the people of this sub-division are dependent on agriculture either directly or indirectly. But agriculture is dependent on the vagaries of nature. Irrigation facilities are not well developed. Productivity is also very low in the agricultural sector. The farmers have to depend upon alternative sources of income during their spare time when they do not have work in the farm sector. Cottage and small scale industries provide an ideal alternative source of income and employment for those who are dependent on agriculture. Cottage and small scale industries can use local resources and surplus manpower available in the locality. They also require relatively lower amount of capital funds.

The area has also a history of certain traditional cottage and small scale industries operating successfully with reputation. Notable among them are the units manufacturing Baluchari sarees and silk sarees. These sarees are now being sold all over India and even outside India with reputation. Further there are units producing conch shell products, bell metal products and handicrafts producing terracota objects. All these cottage and small scale industries have a glorious past and they are associated with this area for a very long period of time. Apart from these traditional cottage and small scale industries there are also modern small scale industries such as cold storages, rice mills, flour mills, engineering firms producing gates grills, ice cream manufacturing units etc. All these small scale industries play an important role in this subdivision. They can be a powerful alternative engine of growth generating income and employment. However, it is found that these cottage and small scale units are facing some problems and they cannot contribute to their fullest extent in the process of economic development of the sub-division. Hence it is proposed that a study be undertaken to consider the position of cottage and small scale industries in the Bishnupur sub-division of Bankura district with special reference to the problems faced by them and the prospects they hold for the future.

Objectives:

The study has the following objectives:

- (i) To highlight the financial performance of cottage and small scale industries in this sub-division.
- (ii) To analyse the capital employed of cottage and small scale industries.
- (iii) To analyse the rate of profit of these units.
- (iv) To consider the future prospects of these units.

Sampling design, selection of reference year, methods used for the analysis of data:

There are 1948 registered cottage and small scale units in the Bishnupur sub-division. Besides, there are a number of non-registered cottage and small scale units. Primary data for the present study have been collected from 150 cottage and small- scale industrial units including 15 non-registered cottage and small scale units covering each block and taking all types of industries. Out of 1948 registered cottage and small scale units only 135 registered cottage and small scale units have been considered which is about 6.93% of the total registered cottage and small scale units lying in this sub-division. The survey was conducted during the year 2012-2013. Purposive sampling method has been adopted for the selection of cottage and small scale units. Emphasis had been placed on tabular method for the analysis of primary data. Of the total 150 units primary

data of 34 units from the block of Joypur , 21 units from Kotulpur, 39 units from Bishnupur , 16 units from Sonamukhi, 21 units from Patrasayer and 19 units from Indus have been collected. For the purpose of discussion, all the homogeneous industrial units lying in this sub-division have been divided under five categories:

- 1) *Agrobased Industries* : Oil mills, wheat & spice grinders, Rice mills, cold storage, flattened rice (Chira) mills and units making Thala Pata (Plates made of sal leaves).
- 2) *Traditional arts and crafts* : Baluchari sarees, terracota, handicrafts, weaver, potter, bell metal, conch shell, painting Das Avatar Tas (cards depicting ten incarnations of Lord Vishnu)
- 3) *Manufacturing Industries* : Making gates & grills, coke briquetting, printing, making candles, confectionary, lantern, readymade garments, spurt pipe, tiles, R.C.C. ring pipe.
- 4) *Service Industries* : Xerox & type copying, photography-studio, saw mills.
- 5) *Seasonal Industry* : Ice candy.

For the collection of primary data in this regard 47 agrobased units, 39 traditional arts & crafts units, 42 manufacturing industrial units, 8 service industrial units and 14 seasonal industrial units have been selected. In this paper we have discussed on financial performance of cottage and small scale industries in Bishnupur sub-division of Bankura District of West Bengal.

Analysis of Capital employed:

For the analysis of capital employed, the total sample of 150 industrial units may be classified according to the values of fixed capital, working capital and value of plant and machinery. For getting a clear picture of capital employed, the relationships among fixed capital , working capital and value of plant & machinery are shown in the following tables:

Table : 1 Distribution of Industrial Units by Size of Fixed Capital

Industries	Sample size	FIXED CAPITAL (AMOUNT IN Rs.)						
		50,000-1,00,000	1,00,001-1,50,000	1,50,001-2,00,000	2,00,001-2,50,000	2,50,001 - 3,00,000	3,00,001 - 3,50,000	Above 3,50,000
Agro based	47	4	4	8	6	2	3	20
Traditional arts & crafts	39	26	6	5	1	1	-	-
Manufacturing	42	14	10	5	1	6	-	6
Service	8	1	2	2	-	2	1	-
Seasonal	14		1	2	5	2	2	2
Total	150	45	23	22	13	13	6	28

Source: Direct enquiry

Table : 2 Distribution of Industrial Units by Size of Working Capital

Industries	Sample size	WORKING CAPITAL (AMOUNT IN Rs.)						
		Upto 20,000	20,001 -40,000	40,001 -60,000	60,001 -80,000	80,001 -1,00,000	1,00,001-1,20,000	Above 1,20,000
Agro based	47	7	18	5	-	-	-	17
Traditional arts & crafts	39	18	11	8	1	1	-	-
Manufacturing	42	7	10	11	5	5	-	4
Service	8	3	0	3	2	-	-	-
Seasonal	14	2	9	3	-	-	-	-
Total	150	37	48	30	8	6	X	21

Source : Direct enquiry

Table: 3 Distribution of Industrial Units by Size of Value of Plant & Machinery

Industries	Sample size	VALUE OF PLANT & MACHINERY (AMOUNT IN Rs.)						
		Upto 25,000	25,001 - 50,000	50,001 - 75,000	75,001 - 1,00,000	1,00,001-1,25,000	1,25,001-1,50,000	Above 1,50,000
Agro based	47	3	2	7	10	2	3	20
Traditional arts & crafts	39	31	5	2	1	-	-	-
Manufacturing	42	12	13	11	2	-	1	
Service	8	3	-	-	3	-	1	1
Seasonal	14	-	-	2	1	5	1	5
Total	150	49	20	22	17	7	6	29

Source: Direct enquiry

From Table 1, it is calculated that the average fixed capital of agro-based industries is Rs. 2,67,553.19. The values of the average fixed capital of traditional arts and crafts, manufacturing units, service units and seasonal units are Rs. 1,04,487.18, Rs. 1,73,809.59, Rs. 1,93,750 and Rs. 2,53,571.42 respectively. By ranking on the basis of average fixed capital we get, agro-based industries secured top position followed by seasonal industries, service Industries, manufacturing industries and traditional arts and crafts respectively.

Similarly, from Table 2, it is found from calculation that the average working capital of agro-based industries is Rs. 65,319.15. The values of the average working capital of traditional arts and crafts, manufacturing industries, service industries and seasonal industry are Rs. 27,435.19, Rs. 53333.33, Rs. 40,000 and Rs. 31,428.57 respectively. By ranking on the basis of average working capital we get, agro-based industries secured top position followed by manufacturing industries, service industries, seasonal industry and traditional arts and crafts respectively. To determine the extent of consistency between ranking on the basis of fixed capital and ranking on the basis of working capital rank correlation method is used. The rank correlation between fixed capital and working capital is 0.6. So it may be inferred that there is a little consistency between ranking on the basis of fixed capital and ranking on the basis of working capital.

From Table 3, it is also found from calculation that the average value of plant & machinery in agro-based industries is Rs. 1,13,030. The average values of plant & machinery in traditional arts & crafts, manufacturing, service and seasonal industries are Rs. 20,192.31, Rs. 50,595.24, Rs. 75,000 and Rs. 1,23,214.28 respectively. By ranking on the basis of value of plant & machinery we get, seasonal industry secured top position followed by agro-based industries, service industries, manufacturing industries and traditional arts & crafts respectively. The rank correlation between ranking on the basis of working capital and ranking on the basis of value of plant & machinery is 0.3. Similarly, rank correlation between ranks on the basis of fixed capital and ranks on the basis of value of plant & machinery is found to be 0.9. This shows that fixed capital and plant & machinery are highly associated. So we can consider only fixed capital and working capital as tools of analysis of capital employed .

Table: 4 Sources of Capital

Capital	No. of units	Percentage
Completely owned	45	30%
Partly owned & partly borrowed	105	70%
Total	150	100

Source: Direct enquiry

From Table 4, it is found that out of 150 sample industrial units, only 45 entrepreneurs run their business with their owned capital which is 30% of the total and 105 entrepreneurs do their business with the capital partly owned & partly borrowed which is 70% of the total. Thus the table highlights the nature of sources of capital employed in business.

Table: 5 Industry-wise Sources of Capital

Capital	I N D U S T R I E S		T R A D I T I O N A L		M A N U F A C T U R I N G		S E R V I C E		S E A S O N A L	
	A g r o - b a s e d		A r t s & c r a f t s		M a n u f a c t u r i n g		S e r v i c e		S e a s o n a l	
	No. of units	Percentage	No. of units	percentage	No. of units	Percentage	No. of units	Percentage	No. of units	percentage
Completely owned	4	8.51%	22	56.41%	9	21.43%	4	50%	6	42.86%
Partly owned & Partly Borrowed	43	91.49%	17	43.59%	33	78.57%	4	50%	8	57.14%
Total	47	100	39	100	42	100	8	100	14	100

Source : Direct enquiry

Table 5 shows the sources of capital for the different types of industries. In the case of agro-based industries, it is seen that major portion of entrepreneurs (43) have no financial ability to run the business completely and with own funds. As some units like cold storage, rice mills required much capital to set up and to run the business, they have to depend on partly owned and partly borrowed capital. On the other, hand, only 4 entrepreneurs have as much financial ability as required to run the business. It is because of this those (4) entrepreneurs do their business with their owned capital. In percentage terms these figures are 8.51% and 91.49% respectively. In the case of traditional arts and crafts, out of 39 units, major portion of entrepreneurs (22) are capable of running their business with their owned capital while 17 entrepreneurs do not have any financial ability to run their business independently and hence they have to depend on partly owned & partly borrowed capital. This can be expressed as 56.41 percent and 43.59 percent respectively. It is also found that out of a sample of 42 units from the manufacturing industries, only 9 entrepreneurs have the capacity to manage their business with their owned capital while 33 entrepreneurs do not have any financial ability to run the business completely with own funds. Some units like gate grills require more capital to run the business and

because of this they have to depend on partly owned and partly borrowed capital. These figures can be expressed by way of 21.43% and 78.57% respectively. Out of 8 service industrial units, 4 units have completely owned capital while the other 4 units have partly owned and partly borrowed capital. This implies that 50% of the industrial units are run with completely owned capital and the other 50% of the industrial units with partly owned and partly borrowed capital. In the case of seasonal industrial units (14), only 6 units have completely owned capital which is 42.86% of the total and the 8 units have partly owned and partly borrowed capital which is 57.14% of the total.

Let us now consider the position of loans taken by the sample units.

Table: 6 Analysis of Loans Taken During the Last Five Years

	No. of units	Percentage
Loan taken	40	26.67%
Loan not taken	110	73.33%
Total	150	100

Source: Direct enquiry

Table 6 represents the number of units taking loans and not taking loans from banks in the last five years. Out of 150 sample industrial units, only 40 units had taken loans from banks in the last five years while 110 units did not take any loan from bank to run the business in the same period. This can be expressed as 26.67 percent and 73.33 percent respectively.

Table: 7 Industry-wise Analysis of Total Amount of Loan Taken During The Last Five Years

Industries	Sample size	L O A N T A K E N (IN Rs.)					
		No. of units loan taken	Up to 50,000	50,001 - 1,00,000	1,00,001 - 1,50,000	1,50,001 - 2,00,000	Above 2,00,000
Agro based-	47	18	4	6	-	-	8
Traditional arts & crafts	39	3	-	2	-	1	-
Manufacturing	42	13	6	2	3	1	1
Service	8	2	1	-	-	1	-
Seasonal	14	4	-	2	2	-	-
Total	150	40	11	12	5	3	9

Source: Direct enquiry

From Table 7 an idea about industry wise analysis of total amount of loan taken during the last five years can be obtained. Out of 47 agro-based industrial units, only 18 units had taken loans to run their business. Of these 18 units, only 4 units had taken loans upto the limit of Rs. 50,000, six units took loans between Rs. 50,001 - 1,00,000 and 8 units took loans above the range of Rs. 2,00,000. It is also found that no entrepreneur did take any loan either in the range of Rs. 1,00,001 - 1,50,000 or in the range Rs. 1,50,001 - 2,00,000. It is found on calculation that average amount of loan taken by these 18 units was Rs. 1,16,667. In the case of traditional arts & crafts, out of 39 units only 3 units had taken loans. Only 2 units had taken loans lying between Rs. 50,001-1,00,000 and only one unit took loans between Rs. 1,50,001 - 2,00,000. No unit did take any loan within the limit of Rs. 50,000, between Rs. 1,00,001-1,50,000 and above Rs. 2,00,000. It is found on calculation that the average amount of loan taken by the 3 entrepreneurs is Rs. 1,08,333. In the case of manufacturing industries, out of 42 units only 13 units took loans. Of them 6 units had taken loans within the range of Rs. 50,000, two units within the limit of Rs. 50,001 -1,00,000, three units within the range of Rs. 1,00,001 - 1,50,000, one unit within the limit of Rs. 150,001 - 2,00,000 and 1 unit above the limit of Rs. 2,00,000. It is found on calculation that average amount of loan taken by these 13 units was Rs. 82,692. Out of 8 service units, only 2 units had taken loan. One unit had taken loans under the limit of Rs. 50,000, one unit between Rs. 1,50,001 - 2,00,000. No unit had taken loans between Rs. 50,001-1,00,000, Rs. 1,00,001 - 1,50,000 and above Rs. 2,00,000. It is found on calculation that average amount of loan taken is Rs. 1,00,000. Out of 14 seasonal industrial units only 4 units had taken loans. Of them 2 units had taken loan in the range of Rs. 50,001-1,00,000 and the other 2 units in the range of Rs. 1,00,001-1,50,000. No unit took loans below the limit of Rs. 50,000, between Rs. 1,50,001- 2,00,000 and above Rs. 2,00,000. It is found from calculation that the average amount of loan taken by these 4 units is Rs. 1,00,000.

Table: 8 Analysis of Total Amount of Loan Taken During the Last Five Years (in Aggregate)

Total no. of units	L O A N T A K E N (Rs.)				
	Upto 50,000	50,001-1,00,000	1,00,001-1,50,000	1,50,001-2,00,000	Above 2,00,000
40	11	12	5	3	9

Source: Direct enquiry

An analysis of total amount of loan taken during the last five years is highlighted in Table 8. Out of 150 industrial units only 40 entrepreneurs had taken loan. Of them, 11 entrepreneurs had taken loan within the limit of Rs. 50,000, twelve entrepreneurs in the range of Rs. 50,001-1,00,000, five entrepreneurs in the range of Rs. 1,00,001-1,50,000, three entrepreneurs in the range of Rs. 1,50,001-2,00,000 and 9 entrepreneurs had taken loan above Rs. 2,00,000. It is found on calculation that the average amount of loan taken by these 40 units is Rs. 1,08,750.

Table: 9 Industry-wise Rate of Interest on Loan

I N D U S T R I E S									
Agro-based		Traditional arts & crafts		Manufacturing		Service		Seasonal	
Rate of Interest	No. of units	Rate of Interest (%)	No. of units	Rate of Interest (%)	No. of units	Rate of Interest (%)	No. of units	Rate of Interest (%)	No. of units
13	1	11.5	1	12	4	13.5	1	12	1
14	2	12	1	13	1	14	1	12.5	1
15	8	15	1	14	1	-	-	13	1
16	5	-	-	15	1	-	-	14	1
18	1	-	-	16	2	-	-	-	-
23	1	-	-	18	4	-	-	-	-
-	18	-	3	-	13	-	2	-	4

Source: Direct enquiry

Table 9 shows the industrywise rate of interest on loan, in the case of agro-based industries, out of 47 units, only 18 entrepreneurs had taken loan. Only 1 entrepreneur had taken loan at rate of interest of 13%, two entrepreneurs took loans at rate of interest of 14%, eight entrepreneurs at rate of interest of 15%, five entrepreneurs at rate of interest 16%, one entrepreneur at rate of interest of 18% and 1 entrepreneur at rate of interest of 23%. Out of 39 traditional arts & crafts units only 3 entrepreneurs had taken loan. One entrepreneur had taken loan each at rate of interest of 11.5%, 12% and 15% respectively. In the case of manufacturing industries, out of 42 units, only 13 entrepreneurs had taken loan. Four entrepreneurs had taken loan at rate of interest of 12%, two entrepreneurs at rate of interest of 16%, 4 entrepreneurs at rate of interest of 18% and 1 entrepreneur had taken loan each at rate of interest of 13%, 14% and 15% respectively. Out of 8 service industrial units only 2 entrepreneurs had taken loan. One entrepreneur had taken loan at rate of interest of 13.5% while other 1 entrepreneur at rate of interest of 14%. Out of 14 seasonal industries, only 4 entrepreneurs had taken loan. One entrepreneur had taken loan each at rate of interest of 12%, 12.5%, 13% and 14% respectively.

Table: 10 Rate of Interest on Loan (in Aggregate)

Rate of interest (%)	No. of units
11.5	1
12	6
12.5	1
13	3
13.5	1
14	5
15	10
16	7
18	5
23	1
Total	40

Source: Direct enquiry

Table 10 shows different rates of interest at which different industrial units had taken loans in the last five years. Only 1 entrepreneur had taken loan at rate of interest of 11.5%, 6 entrepreneurs had taken loan at rate of Interest of 12%, 1 entrepreneur at rate of interest of 12.5%, 3 entrepreneurs at rate of interest of 13%, 1 entrepreneur at rate of interest of 13.5%, 5 entrepreneurs at rate of interest of 14%, 10 entrepreneurs at rate of

15%, 7 entrepreneurs at rate of interest of 16%, 5 entrepreneurs at rate of interest of 18% and 1 entrepreneur at rate of interest of 23%.

Table: 11 Repayment Pattern of Loan (in Aggregate)

Repayment pattern	No. of units	Percentage
Regular	40	100
Irregular	-	-
Total	40	100

Source: Direct enquiry

Table 11 highlights the repayment pattern of loans taken from banks in the last five years. It is found that all entrepreneurs (40) have paid their amount of loan alongwith interest to the concerned bank regularly which is 100 percent of the total. In this connection, it is also found that there is no entrepreneur who is irregular in the matter of repayment of loan.

Table: 12 Industry-wise Repayment Pattern of Loan

Industries	Sample Size	No. of units taken loan	Repayment pattern	
			Regular	Irregular
Agro-based	47	18	18	-
Traditional arts & crafts	39	3	3	-
Manufacturing	42	13	13	-
Service	8	2	2	-
Seasonal	14	4	4	-
Total	150	40	40	-

Source: Direct enquiry

Table 12 pinpoints the industry-wise repayment pattern of loans taken by different categories of industries. Out of 47 agro-based industries, only 18 entrepreneurs had taken loans and all of them are found to be regular in repaying their loan. Out of 39 traditional arts & crafts, only 3 entrepreneurs had taken loans and were regular in repayment of loans. Out of 42 manufacturing units, 13 entrepreneurs had taken loans and they repaid their loans regularly. Out of 8 service units, only 2 entrepreneurs had taken loans and repaid regularly. Out of 14 seasonal industries, only 4 entrepreneurs had taken loan and all the entrepreneurs had repaid their loans regularly. Thus, it is found that all the entrepreneurs of different types of industries had repaid their loans regularly and also that no unit had been irregular in the repayment of loans.

Table : 13 Analysis of Subsidy Received During the Last Five Years (in Aggregate)

Subsidy	No. of units	Percentage
Subsidy received	18	12%
Subsidy not received	132	88%
Total	150	100

Source: Direct enquiry

Table 13 shows the subsidy or financial assistance received from the Govt, in the last five years. It is observed that out of 150 sample units, only 18 entrepreneurs have received subsidy or financial assistance so far from the Govt, in the last five years while 132 entrepreneurs did not have any subsidy or financial assistance so far from the Govt, in the same period. This can be expressed as 12% and 88% respectively.

Table : 14 Industry-wise Analysis of Subsidy Received During the Last Five Years

Industries	Sample size	Subsidy	
		Received	Not received
Agro-based	47	6 (12.77%)	41 (87.23%)
Traditional arts & crafts	39	1 (2.57%)	38 (97.43%)
Manufacturing	42	4 (9.52%)	38 (90.48%)
Service	8	4 (50%)	4 (50%)
Seasonal	14	3 (21.43%)	11 (78.57%)
Total	150	18	132

Source: Direct enquiry

Table 14 points out the analysis of subsidy received for the different types of industries from the Govt, in the last five years. It is found that in the case of agro-based industries, major portion of entrepreneurs (41) did not have any subsidy or financial assistance from the Govt, in the last five years while only 6 entrepreneurs have received subsidy or financial assistance from the Govt, in the same period. These figures can be expressed by

way of 87.23% and 12.77% respectively. In the case of traditional arts & crafts, out of 39 units only 1 entrepreneur has received subsidy or financial assistance from the Govt, in the last five years and 38 entrepreneurs did not have any subsidy or financial assistance from the Govt, in the same period. In percentage terms, these figures are 2.57 and 97.43 respectively. In the case of manufacturing units (42), only 4 entrepreneurs have received subsidy or financial assistance from the Govt, whereas 38 entrepreneurs did not have any subsidy or financial assistance from the Govt, in the last five years. This can be expressed as 9.52 percent and 90.48 percent respectively. Out of 8 service industrial units, 4 entrepreneurs have received subsidy or financial assistance from the Govt, while the other 4 entrepreneurs did not have any subsidy or financial assistance received from the Govt, in the last five years. This implies that 50% of the entrepreneurs have received subsidy and the other 50% of the entrepreneurs did not have any subsidy or financial assistance from the Govt. in the last five years. Out of a sample of 14 units from the seasonal industries only 3 entrepreneurs have received subsidy or financial assistance from the Govt, in the last five years which is 21.43% of the total and 11 entrepreneurs did not have any financial assistance or subsidy from the Govt, in the last five years which is 78.57% of the total.

Table: 15 Sources of Subsidy

Sources	No. of units	Percentage
Government	18	100
Any other	-	-
Total	18	100

Source: Direct enquiry

Table 15 shows the different sources of subsidy or financial assistance received during the last five years. It is observed that all the entrepreneurs (18) have received subsidy or financial assistance from the Govt, in the last five years. In this connection, it is also observed that there is no entrepreneur have received subsidy or financial assistance from any source other than Govt, during the last five years.

Financial Performance of the units:

Let us now consider the financial performance of the units.

Table: 16 Financial Performance in the Reporting Year i.e. 2012-13 (in Aggregate)

Financial position	No. of units	Percentage
Earning profit	150	100
Earning losses	-	-
Total	150	100

Source: Direct enquiry

Table 16 gives an idea about the financial performance of all the units (150) in the reporting year i.e. 2012-13. It is found that all the units (150) have earned profit in the reporting year i.e. 2012-13 which is 100 percent of the total. In this connection, it is also observed that there is no unit which is incurring losses in the same period.

Table :17 Industry-wise financial performance in the reporting year i.e. 2012-13

Industries	Sample size	Earning profit	Earning losses
Agro-based	47	47	-
Traditional arts & crafts	39	39	-
Manufacturing	42	42	-
Service	8	8	-
Seasonal	14	14	-
Total	150	150	-

Source: Direct enquiry

Table 17 pinpoints the industry-wise financial performance in the reporting year i.e. 2012-13. In the case of agro-based industrial units (47), traditional arts & crafts units (39), manufacturing units (42), service units (8) and seasonal units (14), all the entrepreneurs are earning profit in the reporting year. No entrepreneur is found to be incurring losses.

Table : 18 Industry wise Analysis of Profit Earned in the Reporting Year i.e. 2012-13

Industries	Sample size	Profit earned per year (in Rs.)						
		Upto 25,000	25,001-50,000	50,001-75,000	75,001-1,00,000	1,00,001-1,25,000	1,25,001-1,50,000	Above 1,50,000
Agro-based	47	5	20	3	3	-	-	16
Traditional arts & crafts	39	14	10	12	3	-	-	-
Manufacturing	42	3	19	12	5	2	1	-
Service	8	3	4	1	-	-	-	-
Seasonal	14	1	4	3	3	3	-	-
Total	150	-	-	-	-	-	-	-

Source: Direct enquiry

An industry-wise analysis of profit earned in the reporting year i.e. 2012-13 is highlighted in Table 18. Out of 47 agro-based industrial units only 5 units have earned profit under the limit of Rs. 25,000, 20 units between Rs. 25,001-50,000, three units in the range of Rs. 50,001-75,000, other 3 units in the range of Rs. 75,001-1,00,000 and 16 units have earned profit above the range of Rs. 1,50,000. It is also found that no unit did earn any profit either in the range of Rs. 1,00,001-1,25,000 or Rs. 1,25,001-1,50,000. It is found on calculation that average amount of profit earned by these 47 units is Rs. 82,181. In the case of traditional arts & crafts units, out of 39 units only 14 units have earned profit below the limit of Rs. 25,000, ten units within the range of Rs. 25,001-50,000, twelve units in the range of Rs. 50,001-75,000 and 3 units between the range of Rs. 75,001-1,00,000. No unit has earned profit between Rs. 1,00,001-1,25,000, Rs. 1,25,001-1,50,000 and above Rs. 1,50,000. It is found on calculation that the average amount of profit earned is Rs. 40,064. Out of 42 manufacturing units, only 3 units have earned profit under the limit of Rs. 25,000, 19 units in the range of Rs. 25,001-50,000, twelve units between Rs. 50,001-75,000, five units within the range of Rs. 75,001-1,00,000, two units in the range of Rs. 1,00,001-1,25,000 and 1 unit in the range of Rs. 1,25,001-1,50,000. No unit did earn any profit above the range of Rs. 1,50,000. It is found on calculation that the average amount of profit earned by these 42 units is Rs. 54,762. In the case of 8 service industrial units, 3 units have earned profit under the limit of Rs. 25,000, four units within the range of Rs. 25,001-50,000, one unit in the range of Rs. 50,001-75,000. No unit has earned profit between Rs. 75,001-1,00,000, Rs. 1,00,001-1,25,000, Rs. 1,25,001-1,50,000 and above Rs. 1,50,000. It is found on calculation that the average amount of profit earned by these 8 units is Rs. 31,250. Out of 14 seasonal industries, only 1 unit has earned profit below the limit of Rs. 25,000, four units between the range of Rs. 25,001-50,000 and the other 3 units in the range of Rs. 50,001-75,000. No unit did earn any profit between Rs. 75,001-1,00,000 and above Rs. 1,50,000. It is found on calculation that the average amount of profit earned by these 14 units is Rs. 67,858.

Table: 19 Analysis of Profit Earned in the Reporting Year i.e. 2012-13 (in aggregate)

Total no of units	Profit Earned (in Rs.)						
	Upto 25,000	25,001-50,000	50,001-75,000	75,001-1,00,000	1,00,001-1,25,000	1,25,001-1,50,000	Above 1,50,000
150	26	57	31	14	5	1	16

Source: Direct enquiry

Table 19 gives an idea about analysis of profit earned in the reporting year i.e. 2012-13. Out of 150 sample units, 26 units have earned profit below Rs. 25,000, fifty seven units in the range of Rs. 25,001-50,000, thirty one units within the range Of Rs. 50,001-75,000, 14 units in the range of Rs. 75,001-1,00,000, 5 units in the range of Rs. 1,00,001-1,25,000, only 1 unit between Rs. 1,25,001-1,50,000 and 16 Units have earned profit above Rs. 1,50,000. It is found on calculation that the average amount of profit earned by these 150 units is Rs. 59,500.

Analysis of rate of Profit :

Rate of profit has been calculated as total profit of a unit divided by the capital employed in that unit and multiplied by 100. Rates of profit of all the units have been calculated in the same way. To determine the average rate of profit of agro-based industries, values of rate of profit of each unit multiplied by capital employed in that unit have been summed up and then divided by the total value of capital employed by all the units. In this way average rates of profit of traditional arts & crafts, manufacturing industries, service industries, and seasonal industry have been calculated. The average rates of profit are 24.90%, 32%, 20.64%, 16.20% and 22.05% in the case of agro-based industries, traditional arts & crafts, manufacturing industries, service industries and seasonal industries respectively.

Table:20 Industry-wise Comparison between Average Rate of Profit & Average Rate of Interest

Industries	Average rate of profit	Average rate of interest
Agro-based	24.90%	18.83%
Traditional arts & crafts	32.00%	13.29%
Manufacturing	20.64%	13.92%
Service	16.20%	13.56%
Seasonal	22.05%	12.74%

Source: Direct enquiry

Comparison between average rate of profit and average rate of interest is presented in Table 20. It is seen that in the case of agro-based industries, average rate of profit (24.90%) is higher than average rate of interest (18.83%). This shows that it is operating with profit. This is due to the fact that they have paid all their bank loans with interest and other expenses. In the case of traditional arts & crafts, average rate of profit (32%) is higher than average rate of interest (13.29%). This reveals that it is also running with profit. This is because of the fact that they have met their all bank loans with interest including other charges. In the case of manufacturing industries, average rate of profit (20.64%) is higher than average rate of interest (13.92%). This implies that it is enjoying profit. The reason is that they have paid their all bank loans with interest including other expenses. In the case of service industries, average rate of profit (16.20%) is higher than average rate of interest (13.56%). This highlights that it is operating with profit. This is because of the fact that they have paid their all bank loans with interest including other expenses. In the case of seasonal industry, average rate of profit (22.05%) is higher than average rate of interest (12.74%). This shows that it is enjoying profit. This is due to the fact that they have paid their all bank loans including other charges.

Table: 21 Comparison between Average Rate of Profit & Average Rate of Interest (in Aggregate)

Average rate of profit	Average rate of interest
22.36%	14.46%

Source: Direct enquiry

Table 21 pinpoints the comparison between average rate of profit and average rate of interest (in aggregate). It is found that average rate of profit (22.36%) is higher than average rate of interest (14.46%).

II. Conclusion

It is found from the analysis that agro-based industrial units, traditional arts & crafts units , manufacturing units , service units and seasonal units are earning profit in the reporting year. No entrepreneur is found to be incurring losses. On the basis of average fixed capital, agro-based industries secured top position followed by seasonal industries, service Industries, manufacturing industries and traditional arts and crafts respectively. It is also seen that all the units earn profit and the average rate of profit is higher than the average rate of interest for all types of industries. This shows that all the units have good prospects for future and hence the cottage and small scale industries should be given more emphasis for further industrial development.

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IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with SI. No. 4481, Journal no. 46879.

Dr. Tanay Kumar Pal. " Financial Performance of Cottage And Small Scale Industries in The Bishnupur Sub-Division of Bankura District of West Bengal". IOSR Journal of Business and Management (IOSR-JBM), Vol. 21, No. 6, 2019, pp. -12-20