CONTEMPORARY ISSUES OF FINANCIAL PERFORMANCE OF TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED WITH REFERENCE TO TAMIL NADU

***Dr.S. Palani & **A. Senthil raja**

***Associate professor& Head,**

****PhD Research scholar**

Department of Economics

Mannar Thirumalai Naicker College, Madurai.

Abstract: Tamil Nadu is very much set in the modern exercises by methods for expanded industrialization. The State is making a favorable domain by making fitting Industrial Policies, IT Policies and gives mechanical aids to the business visionaries to advance the modern development. Tamilnadu Industrial Investment under the State Financial Corporation Act 1951 to provide food the budgetary requirements for little and medium scale mechanical units by dispensing credits. TIIC has been serving the business people for over 66 years, and it is the correct time to break down its execution. Through this exploration paper, the agents have chosen to look at and assess the monetary execution of TIIC. This examination paper depends on the execution of the most recent 13 years made by TIIC from 2002-2003 to 2014-2015. Data is gathered through auxiliary information and they have been examined and made a decision by utilizing monetary capacities. The discoveries uncover that the moderate development rate in budgetary execution influences productivity execution and Performance in Certain Key Areas of Operations of TIIC. So there is a urgent need to make some major and powerful strides by TIIC for improving its money related just as operational status.

Key Words: Asset Quality, Capital Adequacy Ratio, Financial Performance, NPAs & TIIC.

INTRODUCTION: Industrialization is one of the perceived ways for the monetary advancement of any country. Building up huge, medium, little and small/bungalow enterprises results in mechanical development. Because of industrialization, work openings are made which is useful for a creating nation like India. The serious issue harassing the nation even following sixty years of Independence is neediness and joblessness, thus requesting total consideration of organizers and approach producers. Distinctive methodologies were spelt out in various plans. The fundamental target is to guarantee uniform and continued development with value and social equity and independence with improved effectiveness and profitability. Account remains as a noteworthy barricade for setting another industry and furthermore for extension in a current industry. Without sufficient subsidizes any association couldn't take any advance jump. Money is required for each movement of the associations and in each progression. There are numerous National and State level money related organizations In India that gives budgetary aids to the Industries. State Financial Corporation's (SFCs) are state level budgetary foundation set up under State Financial Corporation Act, 1951 and their exercises are limited to the region of the state. SFCs are for the most part settled to give money related and different helps which are past the typical financial administrations. Principle objectives of SFCs are to give helps to miniaturized scale, little and medium endeavors (MSME) and not to substantial scale. At present 18 State Financial Corporation's (SFC) are in India. They assume an extremely dynamic job in the mechanical advancement of the state. SFCs offer different kinds of monetary plans and help to suit the necessity of each association. SFC gives credit directly from sole exchanging concern, association firm, private restricted organizations and open constrained organizations. At present there are 18 State Financial Corporations in India. Out of these 17 were set up under State Financial Corporations Act (SFCs) 1951. The Tamil Nadu Industrial Investment Corporation Ltd was built up in 1949 under the organization's demonstration at first by the name Madras Industrial Investment Corporation, which works as SFC.

COMPANY PROFILE:

Tamilnadu Industrial Investment Corporation [TIIC] was set up in 1949 as a term loaning establishment for advancing smaller scale, little and medium scale ventures (MSME) in Tamilnadu under the arrangements of the State Financial Corporations Act, 1951. The TIIC has assumed a noteworthy job in the accomplishment of quick and high caliber mechanical development in Tamilnadu and has risen as a head state level money related organization. TIIC has additionally picked up an unmistakable spot by being a fundamental piece of the advancement financing framework in the nation. The TIIC is very much spread all over Tamilnadu with its 25 branch workplaces, 5 field workplaces and 6 territorial workplaces. It offers different bundle of money related help to the business visionaries to empower them to change their task thoughts into the real world. The organization has propelled business person neighborly items and plans to give term credits, working capital term advances and unique and seed capital assistive to suit the requirements of different classifications of business visionaries. This examination gives a moment image of the execution of the TIIC amid the most recent 14 years. The Financial Corporation is additionally enduring gigantic misfortunes and confronting different money related difficulties because of disorder in enterprises in Tamilnadu.

REVIEW OF LITERATURE:

Susanta Kanrar (2012) made a study to find out the role played by state financial corporation in the development of industry and more specifically the role played by Rajasthan Financial Corporation. Their performance levels are growing and performance is far better than overall SFCs. Overall it clearly says that they are very aware about industrial needs and their roles also easily understandable by seeing their loan sanctions and disbursement patterns and various schemes for industries.

C. Viswanatha Reddy (2013) made a study to analyze the association between income and expenditure of corporation, to diagnose the asset quality and reduction in NPA (Non-Performing Asset). The data collection has been done for the period of ten years. The statistical tools applied for data analysis are percentages, simple growth rate, compound annual growth rate and mean. The article concluded with the several steps initiated by the corporation in the areas of recoveries, the APSFC (Andhra Pradesh State Financial Corporation) recorded an improved performance in employee productivity in terms of per employee operating profit and per employee net profit. Further, the corporation is enjoying this position for the last ten years and aimed a significant place in MSME lending in Andhra Pradesh.

Manoj Kumar (2014) conducted a study about the development role played by HFC (Haryana Financial Corporation) in industrial development of Haryana. More specifically the objectives are: To examine the overall performance of HFC in the industrial development of Haryana, to examine the role of HFC in the development of SSIs (Small Scale Industries) and Medium scale industries in Haryana. The study is analytical in nature. The data for the present study has been obtained from the annual reports of HFC. To examine the role of HFC in promoting industrializing in Haryana the following technique has been used: Simple Growth Rate and Compound Annual Growth rate. The article concludes that for the promotion of industrialization in the state, the Corporation should provide the term-loans at the least or zero percent interest to the entrepreneurs who technically qualified and have capacity to manage the industrial units but are lacking the necessary resources.

Neha Dangi and Ritika (2014) study about the growth and performance in MSMEs (Micro, Small and Medium Enterprises) in India and the problems and challenges which are faced by women entrepreneurs in India. The objectives of the study are: to study the growth and performance of MSME Sector in India, to study the Current Scenario of women entrepreneurs in India, to study the problems and challenges faced by women entrepreneurs in India, to study the initiatives taken by government for women entrepreneurs in India. The present study is descriptive and analytical in nature. The growth and performance of MSMEs has been analyzed using Compound Annual Growth Rate (CAGR) Technique. It can be concluded that Women Entrepreneurs who were traditionally kept behind the four walls of their houses, now in modern society are capable of managing both their family and business.

Dr. N. V. Poovendhiran Veerappan and Dr. D. Sathish Kumar (2016) explained in their paper about Small Scale Industries (SSI) playing a major role in the economic development of India. Tamilnadu is one of well-developed States in terms of industrial production in India. The success and failure of SSI is determined by Industrial Policy announced for SSI, Micro, Small and Medium Enterprise (MSME) department every year. The main focus of the industrial policy is creating awareness and effective utilization of incentives and subsidies. But there is a gap between the content and the usage of industrial policy. So, there is a need to measure impact of industrial policy on SSI.

Statement of the Problem: Industrial improvement in India is at a moderate rate and its noteworthy element is its focus in couple of areas/states in the nation. This prompts an imbalanced modern development in both „inter-state‟ and „intra-state‟ level. Because of this reality, the limited time organizations like TIIC are for the most part occupied with advancing miniaturized scale, little and medium undertakings concentrating on different locale. Consequently the present examination expects to dissect the working of TIIC in these regressive districts as far as advancement of endeavors and business enterprise in smaller scale little and medium undertakings

Significance / Need of the Study: TIIC is a Government of Tamil Nadu undertaking, joined with a need to convey money related help to a great extent to smaller scale, little and medium ventures and original business people in the territory of Tamil Nadu. The need of the examination inspects the elements of budgetary, productivity and operational execution of TIIC by estimating rate and compound yearly development rate. It turns out to be better for execution estimation, assessment and vital getting ready for future development and advancement of monetary establishments.

OBJECTIVES OF THE STUDY:

1. To evaluate the association between income and expenditure of the corporation during the study period.
2. To study the relationship between operating system and net profit of the corporation from 2002 to 2015.
3. To analyse overall performance of the industrial Corporation development.

RESEARCH METHODOLOGY, STATISTICAL TOOLS USED: Research Design: An exploratory research configuration was embraced in perspective on the target of the investigation. Exploratory research is one that lays specific accentuation on investigation and understanding of the current and accessible data. Optional information is utilized as a noteworthy wellspring of info.

SOURCE OF DATA: The study is based on secondary data, available from the annual reports of TIIC ranging for the last 13 years and prowess data from various other sources like journals, magazines, published books and websites were also considered for the present study.

TOOLS OF ANALYSIS: The data collected for the study were analyzed logically and meaningful conclusions. Percentages, Simple growth rate, Compound Annual Growth Rate and Mean are the statistical tools applied for data analysis.

LIMITATIONS OF THE STUDY: The information used is primarily from historical annual report available to the public, and the same doesn't indicate the current situation of TIIC. Detailed analysis could not be carried for the research work because of the limited time span.

FINANCIAL PERFORMANCE OF TIIC – AN OVERVIEW: INCOME AND EXPENDITURE OF TIIC: Income is the amount of money a person or an organization received over a period of time either as compensation for work, goods, or services, or as profit on capital. Expenditure means spending the money on something. If the income is greater than expenditure, the result would be the net profit and vice-versa.

Table 1.1: Income and Expenditure of TIIC

Year	Income (Rupees)	Annual Growth Rate (%)	Expenditure (Rupees)	Annual Growth Rate (%)	Percentage of Expenditure to Income	Annual Growth Rate (%)
2002-2003	116.25	-	143.06	-	123.06	-
2003 -2004	121.33	4.37	119.10	-16.75	98.16	-20.23
2004-2005	95.32	-21.44	93.60	-21.41	98.20	0.03
2005-2006	92.99	-2.44	91.49	-2.25	98.39	0.19
2006-2007	91.57	-1.53	89.55	-2.12	97.79	-0.60
2007-2008	96.08	4.93	99.02	10.58	103.06	5.38
2008-2009	114.75	19.43	115.79	16.94	100.91	-2.09
2009-2010	134.59	17.29	132.45	14.39	98.41	-2.47
2010-2011	165.87	23.24	165.76	25.15	99.93	1.55
2011-2012	193.26	16.51	190.90	15.17	98.78	-1.16
2012-2013	215.81	11.7	180.78	-5.3	83.8	-15.2
2013-2014	215.85	0.02	184.78	2.21	85.61	2.19
2014-2015	233.41	8.14	189.61	2.61	81.23	-5.11
Mean	145.16	6.68	138.14	3.27	97.48	-3.13
CAGR		4.90	-13.35	-10.04		

Source: Compiled from the annual reports of TIIC (2002-03 to 2014-15)

„Table1.1‟ reveals the data relating to the income and expenditure of the Corporation over the study period. The data discloses that the corporation's income increased from Rs. 116.25 crores in 2002-03 to Rs. 233.41 crores in 2014-15, with a mean of Rs. 145.16 crores per annum. Similarly, the expenditure increased from Rs. 143.06 crores in 2002-03 to Rs. 189.61 crores in 2014-15, with a mean of Rs. 138.14 crores per annum. The expenditure as percentage of income declined from 123.06 per cent in 2002-03 to 81.23 per cent in 2014-15, resulting in the mean percentage of expenditure relating to income at 97.48 per cent.

Profitability Performance: Profit means the excess of income over expenditure during a particular period of time. Operating profit is the profit earned from a firm‟s normal core business operations. This value does not include any profits earned from the firm‟s investment and the effects of interest and taxes. It is also known as earnings before Interest and Taxes. Net Profit is the measure of the profitability of an organization after accounting for all the cost, which is often referred to as the bottom line.

Table 1.2: Operating and Net profit of TIIC

Year	Operating Profit (Rupees)	Annual Growth Rate (%)	Net profit (Rupees)	Annual Growth Rate (%)
2002-2003	-26.31	-	-54.91	-
2003-2004	2.23	108.48	2.21	104.02
2004-2005	1.72	-22.87	1.56	-29.41
2005-2006	1.50	-12.79	4.57	192.95
2006-2007	2.02	34.67	7.59	66.08
2007-2008	-2.94	-245.54	19.46	156.39
2008-2009	-1.04	64.63	29.36	50.87
2009-2010	2.14	305.77	44.84	52.72
2010-2011	0.11	-94.86	52.82	17.80
2011-2012	2.36	2045.45	48.40	-8.37
2012-2013	35.03	1384.32	35.04	-27.6
2013-2014	31.07	-11.3	31.07	-11.3
2014-2015	43.8	40.97	25.73	-17.19
Mean	**7.05**	**299.74**	**19.06**	**45.58**
CAGR		**-7.22**		**-12.93**

Source: Compiled from the annual reports of TIIC (2002-03 to 2014-15)

‛Table 1.2‟ unveils the operating and net profit of TIIC during the study. The operating profit was gradually improved year by year from a negative value of Rs. 26.31 crores during the period 2002-03 to Rs. 43.8 crores during 2014-15. Same way, the net profit was also improved from a negative value of Rs. 54.91 crores during 2002-03 to Rs. 25.73 crores during 2014-15. The operating and net profit annual growth rate is fluctuating during the study period, since both interest and non-interest income influences the net profit.

Capital Adequacy Ratio (CAR): Capital Adequacy Ratio is also called Capital Risk (weighted) Assets Ratio (CRAR), which is a ratio of a firm‟s capital and its risk. Capital Adequacy Ratio is a measure of the amount of a bank‟s core capital expresses as percentage of its risk weighted assets. CAR is defined as:

$$\text{CAR} = \frac{\text{Tier} - 1 \text{ Capital} + \text{Tier} - 2 \text{ Capital}}{\text{Risk Weighted Assets}}$$

Tier – 1 Capital: (Paid-up Capital + Statutory Reserves + Disclosed Free Reserves) – (Equity Investments in Subsidiaries + Intangible Assets + Current and b/f Losses).

Tier – 2 Capital: (A) Undisclosed Reserves, (B) General Loss Reserves, (C) Hybrid Debt Capital Instruments and Sub-ordinated Debts. The per cent threshold varies from bank to bank (10% in case a common requirement for regulations) is set by the banking regulators of different countries. „*Table 1.3*‟ reveals the details of the Capital Adequacy Ratio of TIIC during the study period.

$$\text{CAR} = \frac{\text{Tier} - 1 \text{ Capital} + \text{Tier} - 2 \text{ Capital}}{\text{Risk Weighted Assets}}$$

Performance in Certain Key Areas of Operations: The financial ratio income per employee is a measure of management efficiency. However, operating income is considered superior measures, since it looks at labor cost and it is not affected by non-operating or one-time adjustment to net income. The operating profit as a percentage of average working funds and operating profit per employee is revealed in *‘Table 1.3’*. Table 1.3: Key Performance Indicators of TIIC

Table 1.3: Key Performance Indicators of TIIC

Year	Operating Profit as a Percentage of Average working funds (%)	Operating profit per Employee (Rs in lakhs)
2002-03	-2.55	-3.58
2003-04	0.22	0.31
2004-05	0.16	0.23
2005-06	0.48	0.7
2006-07	0.81	1.19
2007-08	1.88	3.12
2008-09	2.57	4.88
2009-10	4.54	7.59
2010-11	4.00	9.95
2011-12	3.15	9.01
2012-13	3.90	12.41
2013-14	2.97	10.25
2014-15	3.04	11.98
Mean	**1.53**	**3.34**

Source: Compiled from the annual reports of TIIC (2002-03 to 2014-15)

In general, higher the value the more efficiently a company uses its employee. When comparing firms of a similar nature, the numbers are directly comparable. There are no rules about, what constitutes a good or a bad level of income per employee. The operating profit of average working funds is improved to 3.04 per cent in 2014-15 from a negative value of 2.55 per cent in 2002-03. Similarly, the operating profit per employee was also improved to Rs. 11.08 lakhs in 2014-15 from the negative value of Rs. 3.58 lakhs in 2002-03.

CONCLUSION:

Mechanical improvement and state budgetary enterprise goes inseparably. SFCs are assuming an energetic job in general modern advancement of the nation. With the changing circumstance TIIC likewise changed their arrangements and different advance plans so ventures can without much of a stretch acquire and use the assets. The company is dynamic and has a nearby eye on different modern needs. Despite the fact that their advance assent sum going to diminish step by step, these are for the most part because of high NPA and rivalry with other money related organizations. In any case, in general it can plainly say that they are exceptionally mindful about modern needs and their jobs additionally effectively justifiable by observing their advance approvals and dispensing designs and different plans for businesses. TIIC has risen as one of the main monetary enterprise and is exceptionally dynamic in giving different sorts of money related aids to state businesses. They additionally give extraordinary considerations to MSME areas and there are different appealing plans for MSME divisions. Their execution levels are developing and execution is far superior than generally execution amid most recent 66 years. The Corporation is assuming a functioning job for state mechanical advancement. Their monetary aids are year-by-year expanding and has risen as one of the main state money related companies as far as their developing rate.

REFERENCES:

1. Susanta Kanrar,(2012) "State Financial Corporations And Industrial Development: A Study With Special Reference To Rajasthan Financial Corporation", International Journal Of Research In Computer Application and Management, vol. 2, Issue 8, ISSN 2231-1009, August 2012, P. 112-117, www.ijrcm.org.in.

2. C. Viswanatha Reddy**,** "Operational and Financial Performance of Andhra Pradesh State Financial Corporation (APSFC)", Indian Journal of Finance, vol. 7, issue 3, March 2013, P. 5-18.

3. Manoj Kumar**, "**Haryana Financial Corporation and Industrial development**",** International Research Journal of Commerce Arts and Science, vol. 5, 2014, Issue 2, ISSN 2319-9202, 2014, P. 405-412, www.casirj.com.

4. Neha Dangi And Ritika**, "**Women Entrepreneurship Growth And Performance Of MSMEs In India**",** International Journal of Advance Research in Computer Science and Management Studies, vol. 2, Issue 4, ISSN 2321-7782, April 2014, P. 174-182, www.ijarcsms.com.