Financial and Operating Performance: A Comparative Study

Shashidhara D

Assistant Professor

Davangere University

Dr (smt) Chandramma M

Professor

Karnatak University

Abstract: India is the most populated country, there are more than 130 billion people in the country. The availability of food to such a huge population is a difficult thing. As the most populous country in the world, China also consumes more rice than any other country, with 143 million metric tons consumed in 2019/2020. Following China, India is ranked second with 100 million metric tons of rice consumption in the same period (www.statista.com). Hence rice would be the prime food grain of the country's population. In arranging and reaching rice to the population work is majorly done by Rice Milling Industry in India. At present 1,30,000 rice mills are there in India, in which the majority of rice mills are located in West Bengal. With the invaluable role of the Rice Milling Industry in meeting the food requirement of the population, it is inevitable to know the Rice mill's conditions and its financial health. This enables the millers to protect and grow themselves with all inputs from the studies. The present study focuses on assessing the financial and operating performance of rice mills, specifically comparing the Urban Rice mills with Rural Rice mill units. For financial and operating performance assessment purposes the rice mill unit areas are divided into various performance areas such as profitability, solvency, liquidity, and efficiency. The study also has the intention to compare

the rural and urban rice mills' performance, so that helping the mills to understand and realize their financial and- operating health.

Introduction: Rice is the staple food. The rice milling industry is one of the major food processing industries, which plays a role like a boss in supplying rice to meet the food requirements of the population. The rice milling industry has also been a great industry in creating a local market for paddy growers and an employment hub for unskilled labourers in society. India stands second in the production of rice-producing 155.682 Million Metric Tonnes per annum after China with the highest production. Rice is the staple food for Indians and India's climate especially the Deccan plateau region is very much suitable for rice cultivation (www.toppr.com) The present study wants to compare the urban and rural rice mills concerning facilities available to urban units are more than that of rural units. The facilities to urban areas may be loan facilities, subsidized schemes, transportation, electricity, water, etc are easily reachable than to rural units. The financial services reach very effectively and somewhat easily from both financial institutions and industry-related government departments. Hence the present study will be focusing to compare the performance of these units and find the impact of the location of units on their performance. As mentioned in earlier statements, for performance evaluation purposes the study has been focused on profitability, which means the ability of the firm to earn profit. The profit can be defined as the excess of revenues than the expenses. One more area is liquidity, which says the ability of the unit to meet short-term fund requirements and adequate cash maintenance in the unit. The study also deals with the efficiency of the unit may in terms of conversion ratio (Paddy to Rice). The definition of efficiency is "the ability to do something or produce something without wasting materials, time or energy." This means that efficiency is often expressed by a percentage, with 100% being the ideal target with maximum efficiency so goods are produced at the lowest average total cost, with all else being constant.

Objectives of the Study:

1. To assess the financial and operating performance of rice mills in the Davangere district.

2. To compare the financial and operating performance of urban rice mills with rural mills in the district.

3. Offer suggestions based on the findings of the study for better-improved performance of the rice mill units.

Hypothesis:

H1: There is a difference in the profitability of Rural Rice Mills and Urban Rice Mills

H2: There is a difference in the solvency of Rural Rice Mills and Urban Rice Mills.

H3: There is a difference in the Liquidity of Rural Rice Mills and Urban Rice Mills.

H4: There is a difference in the Efficiency of Rural Rice Mills and Urban Rice Mills.

Review of Literatures

Murugan (2016) conducted a study to know efficiency, and financial performance and to offer an appropriate suggestion for improving the existing position of the Lakshmi mills. The study had been beginning with a major cause i.e., the Lakshmi company faces some financial defects every day, to bring the solution to the problem of the company the study has come out. The study was confined for 3 years from 2013-14 to 2014-15 which starts from 1st April to 31st March. Out of the study, it was found that Non-current investment was with the poor symptom. Even the long loans and advances on comparison it was found too poor. The other current liabilities were found very low symptoms. Non-current investment, short-term loans and advances, short-term borrowings, and long-term borrowings were found very poor symptoms in comparison between 2012 and 2013 data.

The current assets, Reserves and surpluses, total assets, and total liabilities were also found inadequate during the study period. The study has suggested some valuables for the better financial performance such focus must be on the current assets to maintain the proper level, the company has to concentrate on the reserves and surplus which may be utilized for the correct time.

Nagaraj Krishnegowda (2015) attempted to find out through empirical research, the practices, end products, and estimates of value creation, value realization, and value loss to the stakeholders across its extended value chain of paddy in the state of Karnataka. The study tried to explore the existing practices of the supply chain of paddy and its allied products before and after harvesting. The study also attempted to investigate the factors which influence the process of a farmer's decision-making from the perspective of the value chain for his produce.

Sultana & Afrad (2014) conducted to determine the participation in rice mills of Sherpur Sadar Upazila of Bangladesh. Ninety respondents were selected using the cluster random sampling method. The researchers personally collected the data from August to September 2012. Aimed at explaining the

assessment of the present status of women workers in rice mills and explored the relationship between their selected characteristics and extent of participation. The majority of the respondents had long experience working in the rice mill and almost everybody participated around the year.

Dev (1998) examined the management appraisal of the cashew processing industry in Uttar Kannada found that the total capital investment directly varied with the size of the unit. Further, he concluded that the total capital investment was Rs 117.5 lakhs for large scale units and 36.32 lakhs for small scale units, wherein the marketing capital accounted for about 25 per cent of the total capital investment with the majority of the fixed capital investment of about 80% was in building and machinery.

Chitra et.., al (2018) conducted this study to analyze the overall operational efficiency of Lakshmi Mills in the Coimbatore District. The study also tried to explore the present scenario of the textile industry, financial performance, and operational efficiency of Lakshmi mills in the Coimbatore district. The study was confined to secondary data consisting of various journals, magazines, balance sheets, and textbooks.

The study covered five years' annual reports of Lakshmi Mills from 2012-to 2017. To analyze the operational efficiency and financial performance of the mill, the study has computed various activity ratios such as inventory turnover, Debtor Turnover, Creditors Turnover, Working Capital Turnover, and Total Asset Turnover. The data analysis and interpretations display that, the textile industry Rate of Return on Assets ratio (ROA) was low and indicating that Lakshmi Mills' efficiency of utilization of assets in generating revenue is to be improved.

Sulphey and Nisa (2013) surveyed the dissolvability position of 220 organizations recorded in the BSE Small Cap Index utilizing the Z score. The results showed that solitary 79 organizations were in the protected zone. 117 organizations were in a hazy situation and 24 were in the trouble.

Apoorva & Sneha Prasad Curpod Namratha (2019) had an objective to check the productivity of this model in anticipating the liquidation of Indian organizations three years before the happening of the occasion. Seven organizations have been chosen to check the productivity and precision of this model. According to this model, the insolvency of these organizations could be anticipated three years before the happening of the occasion in India. Taking everything into account, the Altman Z score can be applied to Indian organizations; anyway, the equivalent isn't 100% precise.

Methodology:

Data Collection and Research Sample

The present study is based on secondary sources of data, which is collected from annual reports (Financial Statements) of selected Rice Mills in the Davangere District. The data in the form of annual reports have been collected for the past 5 years i.e. from 2015 to 2019.

The study covers a sample size of 8 Rice mills in which 04 rice mills are located in urban areas of the district and 04 from located in rural areas of the district. The sample has been chosen on a random basis. The gathered data has been analyzed using Excel.

Statistical Tools and Techniques: The study has been associated with Regression analysis.

Decision Making Units/Rice Mills	
Rural Area Units	RM 01-Sri Basaveshwara Rice Industries, Yakkanalli
	RM 02- Shiva Rice Mills, Daginakatte
	RM 01- Basavaraj Rice Industries
Urban Area Units	RM 02- Sharada Rice Mill DVG Bharath Colony

To assess the Financial Performance of Rice Mills, the study has used the DuPont three-factor model, which is a widely accepted model for financial performance appraisal.

To appraise the operational performance by dividing the rice mill area into three parts Liquidity, Solvency, and Efficiency. For each area widely accepted models are used such as Liquidity ratios for the Liquidity part, Altman's Z Score model for Solvency, and DEA (Data Envelope Analysis Model) for Efficiency.

Profitability

To assess the profitability of the rice mill units, the DuPont Model (Three-Factor Model) has been used to examine the profitability of the rice mill units.

Table 01

Rural Area- Rice Mills

Rice Mills/Year	Return on Equity (ROE)					
	2014-15	2015-16	2016-17	2017-18	2018-19	Average(%)
RMR 01	2	18	14	01	-21	03
RMR 02	4	2	2	6	2	3.24

Source: Compiled from Annual Reports

The model named DuPont assessed the return on equity, the RMR 01 performed very poorly which was the quite inferior performance of the unit. The RMR 02 has also been not good regarding its ROE because its average return on equity (capital) is 3.24%.
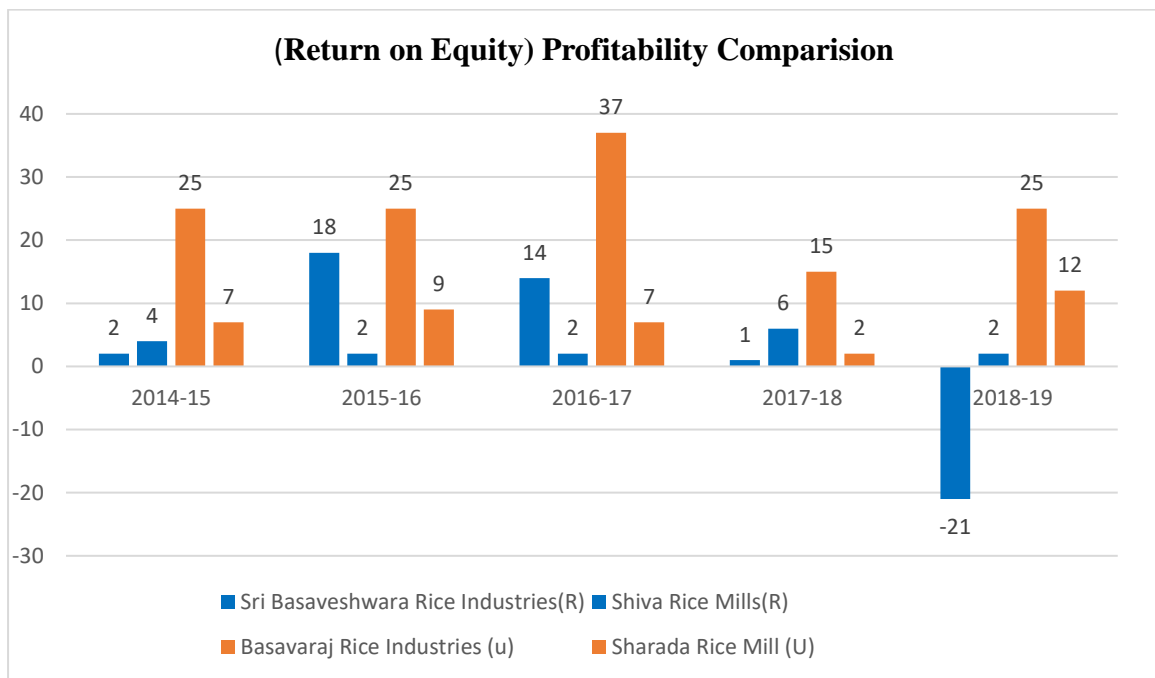
Table 02

Urban Area- Rice Mills

Rice Mills/Year	Return on Equity (ROE)					Average (%)
	2014-15	2015-16	2016-17	2017-18	2018-19	
RMU 01	25	25	37	15	25	25
RMU 02	07	09	07	02	12	09

Source: Compiled from Annual Reports

RMU 01 earned an average of return 18% of its investment in the fund. The unit is also very consistent regarding its return on equity. The RMU 02 shows a good amount of return. But still, this unit is very lack in earning good returns because it earned only an average return of 9% of its investment. It had been performed with very consistent low returns.

Figure 01

(Return on Equity) Profitability Comparision

Legend:
- Sri Basaveshwara Rice Industries(R)
- Shiva Rice Mills(R)
- Basavaraj Rice Industries (u)
- Sharada Rice Mill (U)

Source: Table 1 & 2

The Liquidity

The Current and Liquidity ratios have been used to assess the liquidity conditions of the rice mill units.

Table 03

Rural Rice Mills

Rice Mills/Year	2014-15		2015-16		2016-17		2017-18		2018-19		Average	
	CR	**QR**	**CR**	**QR**	**CR**	**QR**	**CR**	**QR**	**CR**	**QR**	**CR**	**QR**
RMR 01	6.28	6.28	6.28	6.28	1.62	1.33	4.25	4.25	3.84	3.84	**4.17**	**4.11**
RMR 02	1.30	1.49	1.10	1.25	0.94	0.17	0.14	0.11	0.26	0.27	**0.75**	**0.67**

Source: Compiled from Annual Reports

As far as the rural rice mills are concerned, the current ratio of RM 01 has the amount of current ratio, which was almost above the acceptable industry standard except during the year 2016-17. The study has also found that the quick ratio of RM 01 is above the standard apart from the QR in the year 2016-17. The Rice mill 02, shows that, in none of the study years, the current ratio has reached the industry-standard rate along with an industry-standard in quick ratios in the milling unit.
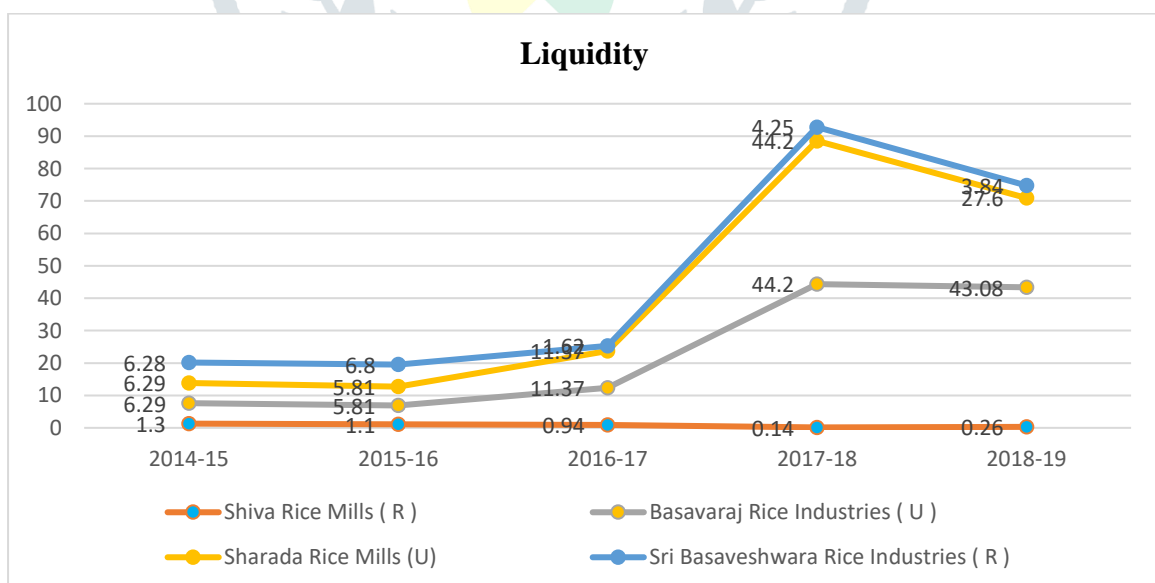
Table 04

Urban Rice Mills

Rice Mills/Year	2014-15		2015-16		2016-17		2017-18		2018-19		Average	
	CR	QR	CR	QR	CR	QR	CR	QR	CR	QR	CR	QR
RMU 01	6.29	4.60	5.81	3.30	11.37	3.93	44.20	16.81	43.08	33.16	**22.15**	**12.36**
RMU 02	6.29	4.60	5.81	3.30	11.37	3.93	44.20	16.81	27.60	17.68	**19.05**	**9.26**

Source: Compiled from Annual Reports

The RMU 01 shows its discipline during the study period, with regards to maintenance of quick ratio but the firm is behind regarding maintenance of adequate amount of current assets i.e. an average of 1.18 portion of current assets to 1 portion of current liabilities. The RMU 02 has maintained an average current ratio of 19.04 which was quite surprising and over maintenance of current assets during the study period. The quick ratio of the unit is also beyond its limit. It was a serious alarm to the RMU 02 over its position regarding the current ratio and quick ratio.

Figure 02

Source: Table 03 & 04

Solvency

To assess the solvency of the rice mill units, Altman's Z Score Model is used.

Table 05

Rural Rice Mill Units

Rice Mills/Year	Z-Score					Average
	2014-15	2015-16	2016-17	2017-18	2018-19	
RMR 01	12.53	13.52	2.71	5.50	-1.73	6.51
RMR 02	15.43	13.64	12.13	-53	-27	-8.07

Source: Compiled from annual reports

The Z-Score model is model that is a widely accepted model used to estimate the bankruptcy of manufacturing and non-manufacturing units. It has been also cleared that, if the Z-Score is below 1.80 it is said to be a distress zone if the Z-Score is above 1.8 and below 3.0 it is to be called a grey zone and the Z-Score over and above 3.0 it is treated as a safe zone. RMR 01 Z-Score was above 12 during the year 2014-15 and 2015-16.

But during the year 2016-17, it was in the grey zone but during 2018-19 its Z-Score is -1.73 which indicates a high likelihood of bankruptcy. The average Z-Score of 6.51 explains the clear-cut safe zone of the unit. The RMR 02 Z-Score showed very dangerous zones because in all the years of the study period the Z-Score is negative except for the years from 2014-15 to 2016-17. The average Z-Score was also negative which is -8.07.
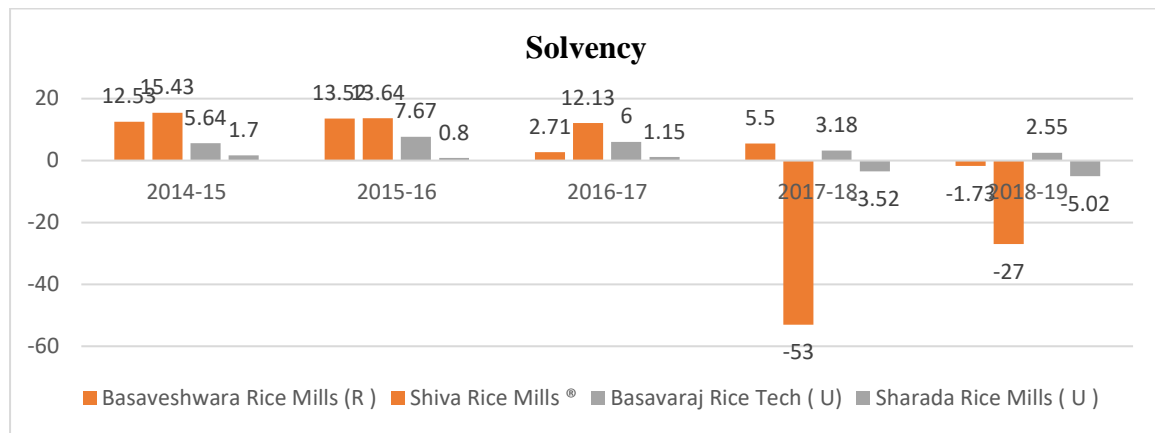
Table 06

Urban Rice Mill Units

Rice Mills/Year	Z-Score					Average
	2014-15	2015-16	2016-17	2017-18	2018-19	
RMU 01	5.64	7.67	6.00	3.18	2.55	5.01
RMU 02	1.70	0.80	1.15	-3.52	-5.02	-0.98

Source: Compiled from Annual Reports

The RMU 01 the Z-Score shows a good amount with an average Z-Score of 5.01 indicating a safe zone of the milling unit. In all years except 2017-18 and 2018-19, a score above 4.00 displays the safe zone of the unit. RMU 02 is at its worst position because the average Z-Score was in its

negative mode. During the year 2017-18 and 2018-19 the Z-Score of the unit was negative which means the unit RMU 02 was in a condition of the likelihood of bankruptcy of the unit.

Figure 03

Source: Table 05 & 06

Operating efficiency:

To diagnose the Operational performance or Efficiency the study has used Data Envelope Analysis (DEA) Model. The model is based on Input and Output variables. In this study, Total Paddy has been treated as Input and its output such as Rice, Broken Rice, and Bran Oil has been described as output.

Rural Rice Mill Units

Operational Efficiency Using DEA Analysis (Data Envelope Analysis)

Efficiency=Output/Input

Table 07

	RM 01				
Year/Variables	Input Paddy	Output 1 Rice	Output 2 Broken Rice	Output 3 Bran Oil	Efficiency 1
2014-15	73700	37638	6559	6448	0.68
2015-16	77200	41109	5983	6986	0.70
2016-17	77400	42606	6459	6646	0.71
2017-18	87750	45677	8747	8136	0.71
2018-19	69950	37870	6260	5526	0.70
				Average	**0.70**

Source: Compiled from Annual Reports

The RMR 01 has an average efficiency score of 0.70, it needs to improve still 0.30 score to become the most efficient DMU. The DMU consistently performed with an efficient score of 0.70 during the study period. The DMU must be attempted to decrease the wastage during the process of converting raw paddy into the rice and its allied products.

Relative Efficiency

Relative Efficiency= Efficiency in a year/Highest Efficiency

Table 08

Year	Relative Efficiency
2014-15	0.955741
2015-16	0.974259
2016-17	1.001085
2017-18	0.991564
2018-19	0.987314
Average	**0.981993**

Source: Compiled from Annual Reports

In relative efficiency, the RMR 01 during 2016-17 has compared with the remaining study years. The Relative efficiency in other years of study scores very close to the higher efficient score. Hence the RMR 02 was near to efficient score during the study period.

Operational Efficiency Using DEA Analysis (Data Envelope Analysis)

*Efficiency=Output/Input

Table 09

			RM 02		
Year/Variables	**Input** **Paddy**	**Output 1** **Rice**	**Output 2** **Broken Rice**	**Output 3** **Bran Oil**	**Efficiency 1**
2014-15	113500	62425	39725	5675	0.95
2015-16	1278128	651845	409000	127812	0.92
2016-17	77400	42606.75	6459.5	6646	0.71
2017-18	88000	44000	17600	17600	0.90
2018-19	1088035	533137.2	315530.2	272008.8	1.03
				Average	**0.90**

Source: Compiled from Annual Reports

*Input & Output is measured in Kgs.

As far as the RMR 02 is concerned, the DMU is having a good efficient score during the year 2014-15, 2015-16, 2017-18, and 2018-19. And the RMU was having an average inefficient score of 0.10. The DMU 02 performed excellently during this study period. The efficient score in the year 2016-17, the DMU needs to increase its efficient score to boost its operating efficiency.

Relative Efficiency

Relative Efficiency= Efficiency in a year/Highest Efficiency

Table 10

Year	Relative Efficiency
2014-15	1
2015-16	0.97
2016-17	0.75
2017-18	0.94
2018-19	1.08
Average	**0.95**

Source: Compiled from Annual Reports

As the relative efficiency score is based on the efficiency score the highest score in the year 2018-16 is assessed with other years during the study, as per that, all the years except 2016-17, the relative efficiency score is almost near to higher relative efficiency score. The average relative efficiency score is also in a better manner, which is near the highest relative efficiency score. The relative inefficiency score has been hiked, which shows nog a progressive sign to DMU 02.

URBAN RICE MILLS IN Davangere District

Operational Efficiency Using DEA Analysis (Data Envelope Analysis)

Efficiency=Output/Input

Table 11

Year/Variables	Input Paddy	Output 1 Rice	Output 2 Broken Rice	Output 3 Bran Oil	Efficiency
			RM 03		
2014-15	1754680	987358	171081	132127	0.43
2015-16	1278128	638304	193301	77748	0.71
2016-17	956184	484278	134513	71624	0.72
2017-18	1088035	534406	169761	79556	0.72
2018-19	1005000	492952	79897	80902	0.65
				Average	**0.64**

Source: Compiled from Annual Reports

*Input & Output is measured in Kgs.

The RMU 01 is not efficient because it was not scored 1.00 in any one study year. The average efficiency score was only 0.64. The RMU 01 unit must work for the better of its output ratio by reducing wastage in its production process.

Relative Efficiency

Relative Efficiency= Efficiency in a year/Highest Efficiency

Table 12

Year	Relative Efficiency 01
2014-15	0.60
2015-16	0.98
2016-17	1.00
2017-18	0.99
2018-19	0.90
Average	**0.89**

Source: Compiled from Annual Reports

The RMU 04 is having an average relative efficiency with 0.89 scores and all the study period years are compared against the highest efficient score year, it was found from there that, most of the year's relative efficiency was more than 0.90 except during the year 2014-15. The highest relative inefficiency during the year 2018-19 was compared with other study period years, which were in the range between 0.70 to 0.80. It is not a good sign.

Operational Efficiency Using DEA Analysis (Data Envelope Analysis)

Efficiency=Output/Input

Table 12

				RM 04	
	Input	Output 1	Output 2	Output 3	
Year/Variables	Paddy	Rice	Broken Rice	Bran Oil	Efficiency
2014-15	2500	1375	250	225	0.74
2015-16	2600	1430	325	249.6	0.77
2016-17	1400.2	786.91	168.024	84.012	0.74
2017-18	1400.2	756.108	125	308.44	0.84

| 2018-19 | 2483.61 | 1453.25 | 97 | 27 | 0.63 |
| | | | | Average | **0.74** |

Source: Compiled from Annual Reports

*Input & Output is measured in Kgs.

The RMU 02 was having very inconsistent efficient scores. The average efficient score in the study period was 0.74. In all the years of the study period, except in the year 2017-18.

Relative Efficiency

Table 13

Relative Efficiency= Efficiency in a year/Highest Efficiency

Year	Relative Efficiency
2014-15	0.87
2015-16	0.90
2016-17	0.87
2017-18	1.00
2018-19	0.74
Average	**0.88**

Source: Compiled from Annual Reports

*Input & Output is measured in Kgs.

The relative efficiency of the RMU 07 was good, which was near the highest efficient score that was in the year 2017-18. The work must be done by the DMU in the coming years, because in a recent year i.e., in 2018-19 the relative efficient score was gone far away from the highest relative score. It is an inconsistent and not good sign for the Decision-Making Units**.**

Figure 04
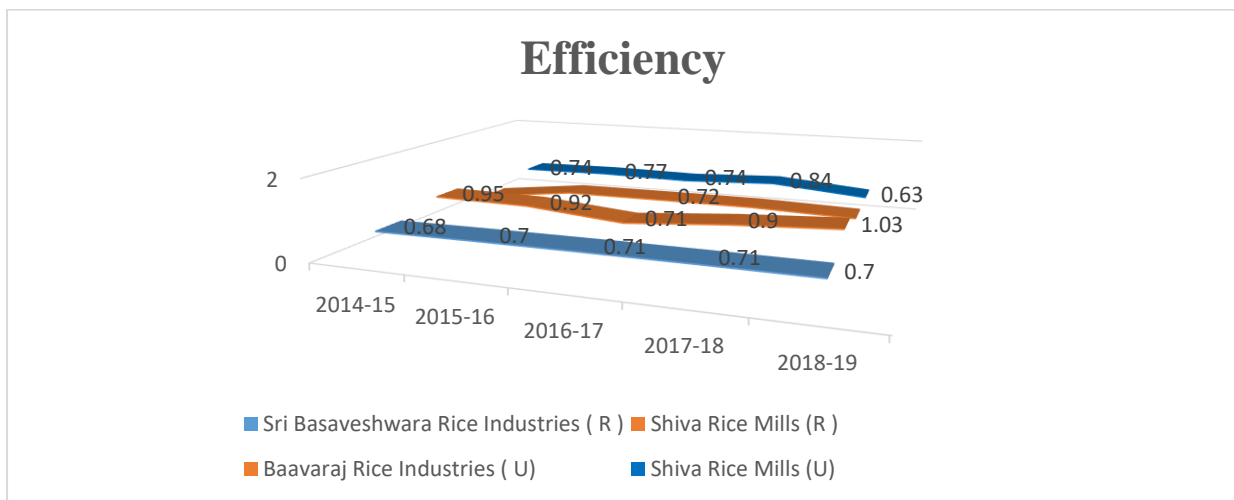
Source: Table 7-13

Hypothesis Testing

Variable 1= Average value (ROE) of Basaveshwara Rice Industries and Shiva Rice Mills (Rural Rice Mills)

Variable 2= Average value (ROE) of Basavaraj Rice Industries and Sharada Rice Mills (Urban Rice Mills)

H1: There is a difference in profitability between Rural Rice Mills and Urban Rice Mills.

Table 14

F-Test Two-Sample for Variances		
	Variable 1	Variable 2
Mean	3	16.4
Variance	57.625	24.675
Observations	5	5
Df	4	4
F	2.33536	
P(F<=f) one-tail	0.21577	
F Critical one-tail	6.388233	

Source: Prepared by Authors

As the values found in the above F-Test results, F Value is less than the F-Critical Value. Hence it is clear that the null hypothesis is accepted.

H2: There is a difference in solvency between Rural Rice Mills and Urban Rice Mills.

Table 15

F-Test Two-Sample for Variances		
	Variable 1	Variable 2
Mean	-0.627	2.015
Variance	300.8408	6.359438
Observations	5	5
df	4	4
F	47.3062	
P(F<=f) one-tail	0.001268	
F Critical one-tail	6.388233	

Source: Prepared by Authors

As the F-test shows the result, there is F Value is higher than the F Critical value. Hence it is obvious that the Null hypothesis is rejected and the alternative hypothesis is accepted.

H3: There is a difference in the Liquidity of Rural Rice Mills and Urban Rice Mills.

Table 16

F-Test Two-Sample for Variances		
	Variance 1	Variance 2
Mean	2.601	20.594
Variance	1.20328	320.838
Observations	5	5
Df	4	4
F	0.00375	
P(F<=f) one-tail	4.18E-05	
F Critical one-tail	0.156538	

Source: Prepared by Authors

The above F-Test showed that there is an F Value that is lower than the F Critical value. Hence the Null hypothesis is accepted and the alternative hypothesis is rejected.

H4: There is a difference in Profitability between Rural Rice Mills and Urban Rice Mills.

Table 17

F-Test Two-Sample for Variances		
	Variance 1	Variance 2
Mean	0.801	0.693
Variance	0.003168	0.006695
Observations	5	5
df	4	4
F	0.473114	
P(F<=f) one-tail	0.243188	
F Critical one-tail	0.156538	

Source: Prepared by Authors

As per the calculations above, the F Value is higher than the F Critical Value. Therefore, the Null hypothesis is rejected and the alternative hypothesis is accepted.

Findings:

1. During the year 2014-15, there was a good profitability position earned by Urban Rice Mills and in the year 2015-16 the rural and urban rice mills performed equally well. In the year 2017-18 and 2018-19, the Urban Rice Mills dominated in profitability as compared to the profitability of Rural Rice Mills. The null hypothesis "There is no difference in the profitability of Rural and Urban Rice Mills" was tested with F-Test and rejected the null hypothesis based on F-Test Two-sample for variance.

2. As far as the liquidity position of sample rice mills was concerned, it was the different conditions in both rural and urban rice mills during the year 2014-15. During the year 2015-16 the urban rice mills maintained an excessive liquidity position as compared to rural rice mills. In the year 2016-17, it was displayed that, the current ratio and quick ratio on an average was 11.37 and 3.93 respectively in the case of urban rice mills, whereas the current and quick ratio of rural rice mills on an average was 1.28 and 0.75 respectively. In the year 2017-18 the average Current ratio and Quick ratio on an average were 4.25 and 0.015 respectively in the case of rural sample rice mills, meanwhile, in the case of urban mills, it was greatly hiked over and above the rural rice mills. It

was found during the year 2018-19 that, the Current ratio and Quick ratio were 3.84 and 0.26 for the rural rice mills, whereas urban rice mills were found at 38.12 and 22.67respectivel. With the help of the F-Test, it was proven that there is no difference in liquidity between Rural Rice Mills and Urban Rice mills.

3. It was found solvency conditions of the sample rice mills that, the average Z-Score on an average during the study period was for Rural Rice Mills was -0.78 and it was 2.015 for Urban Rice Mills. With the help of the F-Test Two sample for variance, it was found that there is a difference in solvency conditions of both rural and urban rice mills during the study period.

4. As far as the efficiency was concerned, the Efficiency of the sample rice mills was extracted based on the amount of output or paddy conversion rate of the sample rice mills. Regarding paddy conversion ratio, the efficiency of the sample rice mills was quite diverted especially the rural rice mills are having a good amount of conversion ratio in the range between 70% to 80% whereas the urban rice mills have appeared dull due its the conversion ratio in a range between 50% to 75%. As it was found with the help of the F-Test, which was rejected the null hypothesis "There is no difference in the efficiency of the rural and urban rice mills." And accepted that, there is a significant difference in the efficiency of the rural and urban sample rice mills in the district.

Suggestions:

1. As was revealed in the findings, the urban mills are far behind concerning profitability headed by urban rice mills, hence the Rural sample rice mills must strive hard to uplift their sales revenue, and also it should focus on investing fund inadequate amount of assets.

2. The study also would like to suggest that, Rural area rice mills are in a crisis of sufficient cash and cash equivalents may be due to a lack of banking services related to withdrawal of cash. This may result in the irregularity of labourers and raw paddy for production activity, hence the rural mills must try to keep adequate cash with them. Whereas urban rice mills are concerned, the availability of cash was more than its requirement, hence it must plan to keep only limited and disciplined cash with them.

3. As the solvency Score was concerned, the rural rice mills are still running behind the urban mills, hence the rural rice mills must plan to improve their working capital, and earnings and must decrease

their liabilities and there must be good sales are to happen, they only the rural mills can improve the solvency score. Improvement in solvency score always stops the unit, which is going to fall into a bankruptcy position.

4. The Rural rice mills are so good regarding their paddy conversion ratio, the urban rice mills must attempt to reduce the wastage and broken rice. Especially when the mill is procuring the raw paddy from the parties, they must assess properly the quality and paddy and also must follow up on the quality of the machine and its capacity to produce the consumable rice.

Conclusion:

It is concluded that the rural rice mills are in the trap of lack of transportation, lack of advancement, irregular availability of government schemes for the unit, and irregular supply of power, but the picture is quite reverse in urban rice mills. The growth and development of rice mills are raising so many socio-economic benefits such as very importantly creating a market for the paddy growers employing unskilled and skilled labourers and especially units are fulfilling the district population's food requirements.

Hence the development of rice mill units is very important whether they are situated in urban or rural areas. As the study found, the rural rice mills are performing poorly as compared to urban mills, hence the respective departments of the government must give due priority to rice mills in the district. The rice miller's association also should not forget their need for the rice mill units.

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