A STUDY OF RETURN OF SELECTED COMPANIES OF FERTILIZER INDUSTRY OF INDIA

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ABSTRACT *Indian fertilizer industry is facing so many overhanging challenges now a day. Growth and development of agriculture in India derives a significant motivation from the fertilizer industry. Agricultural milled in India could be jeopardized by the uncertainties in the fertilizer industry.*
The government is faced with the piquant situation, which demands a balance between the requirement of farmers and the manufactures of the fertilizer. The challenges before the India fertilizer industry relate to the incertitude in the supply of fertilizers. There has been a surge in the requirement for fertilizers in the past few years. Good monsoonal showers have led to the growth in agriculture in advertently increasing the consumption rate of fertilizers.

Keywords: *Return on Net Worth; Return on Capital Employed Fertilizer Industry*

Introduction

Indian soils are generally deficient in fertilizing elements namely nitrogen, phosphorus and potassium and do not give high yields. It is, therefore, essential to feed these soils with chemical fertilizers so that their productivity increases. The significant contribution made by the chemical fertilizers can be seen from the impact of the Green Revolution on Indian agriculture.The major role which fertilizers have played in raising the country's food-grains production can be seen from the increase in fertilizer consumption from 0.55 kg per hectare in 1951-52 to 10.7 kg in 1968-69, 32 kg in 1980-81 and 255.4 kg per hectare in 2014-15.

Literature Review

i. **Singh (2010)** revealed that effective management of fertilizer is crucial to achieve the objectives of productivity, profitability, sustainability and environment health in crop system management. He found that there are a number of specific practices which can be classified as fertilizer Best Management Practices (BMPs) in his study.
ii. **Roy (2010)** argued that the fertilizer policies announced by government of India prior to decontrol of phosphatic and Potassic fertilizers in the year 1992 were conducive and paid rich dividend in terms of increased investment in the fertilizer industry and thereby created new capacities and enhanced fertilizer production and use resulting in increased food grain production.
iii. **Hussain (2012**) estimated the impact of major agriculture inputs (credit disbursement, the area under cultivation, fertilizer consumption and water availability) on total rice production in Pakistan using a time series ranging from 1988 to 2010.

Objective of the Study

Present article is based on the Study ofReturn of Selected Companies of Fertilizer Industry of India

Period of the Study

The study period is to be converted 5 years; from 2012-13 to 2016-17.

No. of Samples

Researcher has selected 5 Fertilizercompanies on the base of highest profit for the year ended March 2013. Following are the research unit for the present study.

i. Coromandel International Limited - **CIL**
ii. Chambal Fertilizers and Chemicals Limited - **CFCL**
iii. Gujarat Narmada Valley Fertilizers & Chemicals - **GNFC**
iv. Rashtriya Chemicals and Fertilizers Limited - **RCFL**
v. Gujarat State Fertilizers & Chemicals - **GSFC**

Tools & Techniques

For the present study Ratio Analysis as an accounting tools and F-Test - ONE WAY ANOVA is used as tools of Statistics

(a) Return on Net Worth

Return on net worth indicates how much profit has been generated for every rupee of equity investment.A high return on net worth percentage is indicative of the prudent use of shareholders' money while a low percentage indicates less efficient deployment of equity resources.

Table 1
Return on Net worth in percentage for the selected companies of the Fertilizer Industry of India for the Period from 2012-13 to 2016-17

Name of Company	2012-13	2013-14	2014-15	2015-16	2016-17	Total	Average
CIL	20.40	15.44	18.62	14.29	16.95	85.7	17.14
CFCL	15.34	13.86	10.22	(00.50)	16.76	55.68	11.136
GNFC	10.05	09.92	(18.22)	08.48	13.71	23.94	4.788
RCFL	11.92	09.96	11.88	06.75	06.12	46.63	9.326
GSFC	13.14	08.16	08.96	07.43	06.38	44.07	8.814
Total	70.85	57.34	31.46	36.45	59.92	256.02	51.204
Average	14.17	11.468	6.292	7.29	11.984		

Source: moneycontrol.com

From the above table it is evident that CIL is having highest average Return on Net worth with 17.14 percentages during research period which is followed by CFCL with an average 11.136 percentages.Research Unit under study is showing different range of Average Return on Net worth. CIL is having highest operational efficiency on Net worth Utilization during research period.

Statistical Analysis

Table 2
"F"-Test One Way ANOVA for Return on Net Worth in percentage for selected Fertilizer Companies of India for the Period from 2012-13 to 2016-17

H_0: There is No Significant Different between Return on Net Worth of Selected Fertilizer companies of India for the period from 2012-13 to 2016-17

H_1: There is Significant Different between Return on Net Worth of Selected Fertilizer Companies of India for the period from 2012-13 to 2016-17

Source of Variation	Sum of Square	Degree of Freedom	Mean Sum of Square	F_c	F_t
B.S.S.	405.0299	04	101.2575	2.129442	2.866081
W.S.S.	951.0299	20	47.55117		
T.S.S.	1356.053	24			

F_c =2.129442 and F_t = 2.866081 that means $F_c < F_t$ Hence Null Hypothesis is accepted and Alternative Hypothesis is rejected that there is no any significant difference in Return on Net Worth for selected Fertilizer companies of India during research period.

(b) Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability ratio that helps determine the profit that a company earns for the capital it employs. ROCE measure the overall operational efficiency of the organization. If a business is financed completely by equity, ROE and ROCE will be same. Investors can also use ROCE figure to analyze the performance of a company or compare the performances of different companies within the same sector.

Table 3
Return on Capital Employed in percentage for the selected companies of the Fertilizer Industry of India for the Period from 2012-13 to 2016-17

Name of Company	2012-13	2013-14	2014-15	2015-16	2016-17	Total	Average
CIL	13.98	12.77	16.35	13.04	15.96	72.1	14.42
CFCL	08.56	08.29	06.69	(00.35)	11.17	34.36	6.872
GNFC	05.61	04.69	(08.12)	04.33	08.87	15.38	3.076
RCFL	09.48	07.67	09.22	05.41	04.92	36.7	7.34
GSFC	11.22	07.07	07.84	06.64	05.82	38.59	7.718
Total	48.85	40.49	31.98	29.07	46.74	197.13	39.426
Average	9.77	8.098	6.396	5.814	9.348		

Source: moneycontrol.com

From the above table it is evident that CIL is having highest average Return on Capital Employed with 14.42 percentages during research period which is followed by GSFC, RCFLL and CFCL with an average 7.718; 7.340 and 6.872 percentages respectively.

Statistical Analysis

Table 4
"F"-Test One Way ANOVA for Return on Capital Employed in percentage for selected Fertilizer Companies of India for the Period from 2012-13 to 2016-17

H_o: There is No Significant Different between Return on Capital Employed of Selected Fertilizer companies of India for the period from 2012-13 to 2016-17

H_1: There is Significant Different between Return on Capital Employed of Selected Fertilizer Companies of India for the period from 2012-13 to 2016-17

Source of Variation	Sum of Square	Degree of Freedom	Mean Sum of Square	F_c	F_t
B.S.S.	335.9189	04	83.97974	5.767299	2.866081
W.S.S.	291.2273	20	14.56136		
T.S.S.	627.1462	24			

F_c =5.767299 and F_t = 2.866081 that means $F_c > F_t$ Hence Null Hypothesis is rejected and Alternative Hypothesis is accepted that there is significant difference in Return on Capital Employed for selected Fertilizer companies of India during research period.

Conclusion

From the above study it is found that Return on Net Worth and Return on Capital Employed have not an equal pattern on the base of these two parameters which shows that research unit under study have different way of utilization of capital structure.

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