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“FINANCIAL ANALYSIS OF AGRICULTURE PRODUCE MARKET COMMITTEE OF BARAMATI IN PUNE DISTRICT”

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Abstract:

The basic objectives of all five year plans had been i] Growth ii] Modernization iii] Self Reliance and iv] Social Justice. “India is living in its villages” – was a famous quote by Mahatma Gandhi. Rural India is where; about 72% of the total population is living.

Rural Development depends on Agriculture, which constitutes the core of Indian economy. The agricultural sector generates 28 % of the Gross Domestic Product (GDP) and 65 % of total employment. Such economic dominance of agriculture demonstrates the importance of agricultural development for economic growth and poverty alleviation. Although the relative contribution of agriculture to the overall economic growth decreases as an economy develops, agricultural development provides a crucial foundation for economic growth in both agricultural and non-agricultural sectors.

INTRODUCTION

Even after 60 years of planned economy, agriculture sector in India still depends on mercy of 'God'. Millions of rural migrate to urban area in search of livelihood.

Highly automated large industries disappoint these aspirant unemployed migrants. This not only disturbs the economic balance but also disturbs social balance, causing severe problems as Nasality. To over come these rural residence should be provided with opportunities in there habitat itself. There requirements are less and so demands for less returns. They are hard working and needs new areas of earnings.

Productivity increase in agriculture depends on good rural infrastructure, well functioning domestic markets, appropriate institutions, and access to appropriate technology.

Deficiencies in transportation, energy, telecommunication, and related infrastructure translate into poorly functioning domestic markets with little spatial and temporal integration, low price transmission, and weak international competitiveness. In spite of the well documented importance of rural infrastructure to promote growth and poverty alleviation, high economic rates of return to investments in rural infrastructure, and significant deficiencies of rural infrastructure in most developing countries, neither national governments nor international aid agencies seem to prioritize investments in the construction of new infrastructure and maintenance of existing infrastructure.

Global marketing is about widening business horizons to encompass the world in the pursuit of new market opportunities by putting available resources to the best possible use in order to create value for customers other stakeholders. From marketing point of view, globalization presents an organization with unlimited opportunities to grow and transform, not only to become large but more competitive efficient.

In India, the introduction of modern technology in agricultural production since 1964, the Central

and State Government strived to step up the agricultural production in the country. The marketing of high production of food and non food commodities was the problem with the government. The government also thought of the tempo of increased production through green revolution. It would maintain mainly through the assurance of efficient marketing practices to the producers of agricultural commodities in the country. For this purpose the government intervened in the agricultural marketing system through the establishment of regulated markets. The main aims of this market are the elimination of unscrupulous practices, charging of minimum marketing charges, and providing the facilities to the producers and buyers in the markets. The market committees who are executing the various functions and shouldering the responsibilities in the regulated markets seem to be not financially sound enough. So, a great need is felt now to critically examine the financial structure i.e. Capital Investment, Income and Expenditure etc. of the regulated markets. It is equally important on the part of various agricultural produce market committees to know the financial position over the years, as to whether it is progressing well or otherwise. Besides, this study will be guidelines especially to those who are financially weak.

OBJECTIVES-

- 1.To study the financial aspects relating to income and expenditure, surplus of the Agricultural Produce Market Committee [APMC].
- 2.To carry out the trend analysis of income and expenditure, surpluses of the APMC.
- 3.To carry out the financial analysis of income and expenditure, balance sheet.
- 4.To examine the growth rates of income and expenditure, surplus of the APMC.

HYPOTHESIS-

1. There is much increase in both income and expenditure
2. There are no many surpluses left out for the APMC.
3. The financial performance of the APMC does show their better financial position.

RESEARCH METHODOLOGY-

The secondary data was collected from the annual administrative reports of the APMC. With the help of this report the analysis was carried out.

APMC-

The agricultural produce market committee is to be established for every regulated agricultural produce market to look after the day to day functions of the regulated market. The composition of market committee differs from state to state. It ranges from 15 to 20. The members include Agriculturist, Traders, Co-operative societies, Municipality, State Government Nominee and Panchayats representative. The composition of 18 committee member are-

Sr. No.	Category	No. of Members
1.	Framers [Producer]	10 Member [Elected]
2.	Traders	03 Member [Elected]
3.	Co-operative Societies	01 Member [Elected]
4.	Local Administration	02Member [Elected/Nominated]
5.	State Government	02 Member [Nominated]

1.Finance and Expenditure-

APCM have financial resources for the purpose of meet the expenditure on administrative staff, infrastructural facilities etc. The sources of finance were Market fees, License fees, Rent of shops and buildings, Subsidiary from the Government etc. The APMC to incur the expenditure to run the business of holding the operations of the marketing of various agricultural commodities. For this purpose, the committee has to incur the expenditure on establishment, meetings and other expenses such as electricity bill, phone bill, fuel, postage, water taxes, repair and maintenances of building and road stationery etc.

2.Functions-

- a. To manage the yards
- b. To prescribe the trading.
- c. To charge market fees.
- d. To arrange for display of market arrivals and prices
- e. To issue licenses of market traders.
- f. To settle the market disputes.
- g. To arrange the market facilities.
- h. To handle the trading transactions.

ANALYSIS-

It is obvious on the part of APMC, to have some surplus over the expenditure incurred for operating the various transactions. It was therefore felt necessary to examine the level of surplus earned by the Baramati APMC during the period of 2009-2010 to 2011-2012. i.e. three years.

a) Mean, Range, Standard Deviation and Co-efficient of Variation-

Sr. No.	Particular	Mean	Range		Standard Deviation	Co-efficient of Variation
			Minimum	Maximum		
1.	Income [Rs. in Lakh]	91.60	61.79	167.20	31.28	34.14
2.	Expenditure [Rs. in Lakh]	79.35	55.48	129.25	24.05	30.30
3.	Surplus [Rs. in Lakh]	12.25	02.46	37.95	10.35	84.41

b) Linear Growth Rate-

Particulars	Income	Expenditure	Surplus
Linear Growth Rate	08.25%	07.95%	10.23%

c) Correlation Co-efficient-

It was felt necessary to examine the extent of relationship between yearly income and expenditure of the Baramati APMC, the values of 'r' i.e. correlation co-efficient were 0.96.

d) Regression Analysis-

A regression analysis was also carried out by fitting the following equation-

$$Y = a + bX$$

X= Yearly Income, Y= Yearly Expenditure, a= is a constant, b= Regression co-efficient.

$$Y = 11.48 + 0.741 x (0.073)$$

e) Ratio Analysis-

Sr. No.	Ratio	
1.	Current Ratio	14.19
2.	Quick Ratio	14.19
3.	Absolute Ratio	13.64
4.	Capital Turnover Ratio	01.97
5.	Working Capital Turnover Ratio	-73.27
6.	Total Assets Turnover Ratio	01.60
7.	Fixed Assets Turnover Ratio	02.50
8.	Gross Profit Ratio	01.23
9.	Net Profit Ratio	01.23
10.	Return on Equity Ratio	00.28
11.	Debt Equity Ratio	01.29

CONCLUSION-

The financial positions of Baramati APMC were observed to be sound, their percentage surpluses over the period were positive. These conclusions were confirmed from the data on linear growth rates of income and expenditure. The linear growth rate of income, expenditure and surplus were higher. The net profit ratio and return on capital ratio were observed to be positive but it is therefore suggested that the APMC when planning for the expenditure on other items, efforts should be made to increase their income from other sources.

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