

Financial Aspects of Agricultural Produce Market Committees - A Study with Reference to Nanded District

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Introduction:

An important landmark for improvement of the agricultural marketing system in the Indian economy goes back to the recommendations of the Royal Commission on Agriculture in during the years of 1928, which pertained to regulation of marketing practices and establishment of regulated markets. Marketing is as critical to better performance in agriculture as farming. Market reforms ought to be an integral part of any policy for agricultural development. The National Commission on Agriculture (NCA-1976) emphasized that produce must be satisfactorily marketed.

Objectives & Limitations of the Study:

The objective of this paper is to study the financial performance APMCs it studies the performance on Revenue and Expenditure side as well as Assets & Liabilities side.

The study is limited to a period of five years from 1999-2000 to 2003-04. It is a study of select samples APMCs in Nanded District of Maharashtra.

Methodology:

The researcher has selected a sample of 5 APMCs namely, Nanded, Kandhar, Loha, Degloor, Bhokar. The study is based upon secondary data collected from annual reports of the APMCs. This is a study based upon financial analysis.

Hypothesis:

The hypothesis of this study is that the financial performance of APMCs shows an uneven trend.

Significance of the study:

Despite the large number of market players due to infrastructure bottlenecks coupled with geographically dispersed marked places, The possibilities of localized monopolies or oligopolies can not be ruled out. The various types of agricultural markets are Primary markets, Secondary Markets, Terminal markets, Fairs, Regulated markets, Co-operative markets, State Trading Corporations.

The present policy frame work for the functioning of agricultural produce markets in India is the outcome of many years of experimentation in state intervention based on the objectives, the nature of instrument and the programmes of intervention. The current policy framework under which agricultural produce market functions can be divided in the six components namely.

The vital role rural marketing has to play in the economic development of a developing country is beyond any doubt at present. In addition to the movement of finished goods from rural areas, particularly food grains and supplying inputs for the rural sector, rural markets also help in preventing starvation and deaths in drought and flood-hit areas in different parts of the country. Recent trends in the developmental processes have also given an impetus for the development of rural marketing.⁶ The following table shows age-wise classifications of the sample APMCs.

Table No. 1
Age-wise classifications of the sample APMCs

Sr.No.	Particulars (APMCS)	Years
1	Nanded	75
2	Loha	45
3	Bhokar	45
4	Degloor	56
5	Kuntur	09

Source: Primary Data

Thus it can be observed that out of the sample APMCs that of Nanded is the oldest one with 75 years tradition, Degloor APMC is next to Nanded and is 56 years old, Loha and Bhokar both the APMCs are 45 years old and Kuntur is a recent one.

Financial Aspects of APMCs:

Finance is one of the important aspects of business. Finance is the life blood of any institution. No institution can work without finance. Finance is the foundations of all acitivity. APMCs, through working in co-operative sector heve to takecare or finance. The financial positions of APMCs is reflected through it annual accounts. The resercareher has selected following two annual accounts for study of finaincial postions sample APMCs viz. Receipt and Payment Account, Income and Expenditure Account, Balance Sheet Position on the basis of these three documents the resarcher has analyzed.

This study is based upon the analysis and interpretation of primary and secondary data. This paper covers financial aspects of the APMCs.

Income and Expenditure Account:

Is a revenue account of a non-trading and non-profit making entity like a charitable or cultural society, educational institution, hospital, library etc. to depict the result of the working of an accounting year. Like the profit & loss account of a trading ad profit making concern. The income expenditure account of the sample APMCs for period under study are analyzed here.

Income Side of the Account: This is the credit side of the income expenditure account APMCs. In the first instance the researcher has analyzed the total annual income of sample APMCs for the period under study. The major income includes market fee, license fee and other income. Major income heads of the income and expenditure account of APMCs include Market Fee, License Fees & other income. These income heads of sample APMCs for period under study are analyzed hereunder.

Total Annual Income: The researcher has studied trends and progress in the total annual income at the sample APMC and the results are shown in the following Table No.2.

Table No. 2
Total Annual Income Select APMCs in Nanded Dist.

(Rs. In lacs)

Sr. No.	Particulars	YEARS									
		2000	2001	Perc-entage Change	2002	Perc-entage Change	2003	Perc-entage Change	2004	Perc-entage Change	Ave- rage
1	Nanded	39.87	60.28	51.19	71.31	18.30	100.29	40.64	95.85	-4.43	73.52 A
2	Loha	19.85	16.02	-19.29	17.86	11.49	17.41	-2.52	18.4	5.69	17.91 D
3	Bhokar	30.37	23.88	-21.37	30.09	26.01	39.12	30.01	36.48	-6.75	31.99 B
4	Degloor	27.53	24.77	-10.03	15.2	-38.64	33.62	121.18	26.08	-22.43	25.44 D
5	Kuntur	3.36	0.8	-76.19	2.64	230.00	1.92	-27.27	4.13	115.10	2.57 E

Source: Secondary Data, Annual report of APMCs.

Note: Percentage Changes are over previous Years. The grades are in the descending order.

An analysis of the above table shows following trends in the total annual Income.

- Nanded APMC:** It can be observed that this APMC had a total annual Income of Rs. 39.87 lac in the year 2000 and this figures increased to Rs.95.85 lac in the year 2004. The highest positive change was recorded in the year 2001 (51.19%) and the lowest positive change was recorded in the year 2002.(18.30 %). The negative trend was recorded in the year 2004 (4.43 %). The average total annual Income at Nanded APMC during the period has been Rs. 73.52 lac the overall position shows an increasing trend.
- Loha APMC:** It can be observed that this APMC had a total annual Income of Rs. 19.85 lac in the year 2000 and this figures decreased to Rs.18.4 lac in the year 2004. The highest positive change was recorded in the year 2002 (11.49%). The lowest positive change was recorded in the year 2004 (5.69%). The negative trend was recorded in the year 2001 (19.29%), 2003 (2.52 %) The average total annual Income at Loha APMC during the period has been Rs. 17.91 lac The overall position shows an decreasing trend.
- Bhokar APMC:** It can be observed that this APMC had a total annual Income of Rs. 30.37 lac in the year 2000 and this figures increased to Rs.36.48 lac in the year 2004. The highest positive change was recorded in the year 2003 (30.01%). The lowest positive change was recorded in the year 2002 (26.01 %) The negative trend was recorded in the year 2001 (21.37%) & 2004 (6.75%). The average total annual Income at Bhokar APMC during the period has been Rs. 31.99 lac The overall position shows an increasing trend.
- Degloor APMC:** It can be observed that this APMC had a total annual Income of Rs. 27.53 lac in the year 2000 and this figures decreased to Rs.26.08 lac in the year 2004. The only positive change was recorded in the year 2003 (121.18 %). The negative trend was recorded in the year 2001 (10.03%), 2002 (38.64), 2004 (22.43). The average total annual Income at Degloor APMC during the period has been Rs. 25.44 lac The overall position shows an decreasing trend.
- Kuntur APMC:** It can be observed that this APMC had a total annual Income of Rs. 3.36 lac in the year 2000 and this figures increased to Rs. 4.13 lac in the year 2004. The highest positive change was recorded in the year 2002 (230.00 %). The lowest

positive change was recorded in the year 2004 (115.10 %) The negative trend was recorded in the year 2001 (76.19%) & 2003 (27.27%). The average total annual Income at Kuntur APMC during the period has been Rs. 2.57 lac. The overall position shows an increasing trend.

Thus It can be seen that the average total annual Income of Nanded APMC has been Rs. 73.52 lac (A) , that of Loha APMC has been Rs. 17.91 lac (D), that of Bohkar APMC Rs. 31.99 lac (B), that of Degloor APMC Rs. 25.44 lac (C) , that of Kuntur APMC Rs. 2.57 lac (E). The Nanded APMC is on the highest rank A whereas the Kuntur APMC is on the lowest rank E as regards total annual Income.

Expenditure Side of the Account: This is the debit side of the income expenditure account APMCs. The researcher has analyzed the total annual expenditure of sample APMCs for the period under study. The major expenses include salary and establishment, committee member expenses and other items.

Major expenditure heads of the income and expenditure account of APMCs include, total annual expenditure, establishments exp, committee member exp., other exp. etc. These expenditure heads of sample APMCs for period under study are analysed hereunder.

Total Annual Expenditure: The researcher has studied trends and progress in the total annual expenditure at the sample APMC and the results are shown in the following Table No. 3.

Table No. 3
Total Annual Expenditure Select APMCs in Nanded Dist.

(Rs. In lacs)

Sr. No.	Particulars	YEARS										
		2000	2001	Perc-entage Change	2002	Perc-entage Change	2003	Perc-entage Change	2004	Perc-entage Change	Ave- rage	
1	Nanded	43.72	40.21	-8.03	48.66	21.01	74.00	52.08	60.5	-18.24	53.42	A
2	Loha	17.64	15.38	-12.81	16.36	6.37	17.00	3.91	19.62	15.41	17.20	D
3	Bhokar	14.23	14.61	2.67	17.09	16.97	26.29	53.83	23.76	-9.62	19.20	C
4	Degloor	23.12	27.35	18.30	15.44	-43.55	31.52	104.15	26.3	-16.56	24.75	B
5	Kuntur	2.66	2.43	-8.65	2.48	2.06	2.45	-1.21	3.67	49.80	2.74	E

Source: Secondary Data, Annual report of APMCs.

Note: Percentage Changes are over previous Years. The grades are in the descending order

An analysis of the above table shows following trends in the total annual expenditure.

- 1. Nanded APMC:** It can be observed that this APMC had a total annual Expenditure of Rs. 43.72 lac in the year 2000 and this figures increased to Rs.60.50 lac in the year 2004. The highest positive change was recorded in the year 2003 (52.08%) and the lowest positive change was recorded in the year 2002 (21.01%). The negative trend was recorded in the year 2001 (8.03%), 2004 (18.24%). The average total annual Expenditure at Nanded APMC during the period has been Rs. 53.42 lac the overall position shows an increasing trend.

2. **Loha APMC:** It can be observed that this APMC had a total annual Expenditure of Rs. 17.64 lac in the year 2000 and this figures increased to Rs.19.62 lac in the year 2004. The highest positive change was recorded in the year 2004 (15.41%) and the lowest positive change was recorded in the year 2003 (3.91%). The only negative trend was recorded in the year 2001 (12.81%), The average total annual Expenditure at Loha APMC during the period has been Rs. 17.20 lac The overall position shows an increasing trend.
3. **Bhokar APMC:** It can be observed that this APMC had a total annual Expenditure of Rs. 14.23 lac in the year 2000 and this figures increased to Rs.23.76 lac in the year 2004. The highest positive change was recorded in the year 2003 (53.83%). The lowest positive change was recorded in the year 2001 (2.67%). The only negative trend was recorded in the year 2004 (9.62%). The average total annual Expenditure at Bhokar APMC during the period has been Rs. 19.20 lac The overall position shows an increasing trend.
4. **Degloor APMC:** It can be observed that this APMC had a total annual expenditure of Rs. 23.12 lac in the year 2000 and this figures increased to Rs.26.30 lac in the year 2004. The highest positive change was recorded in the year 2003 (104.15%). The lowest positive change was recorded in the year 2001 (18.30%). The negative trend was recorded in the year 2002 (43.55%), 2004 (16.56%), The average total annual Expenditure at Degloor APMC during the period has been Rs. 24.75 lac The overall position shows an increasing trend.
5. **Kuntur APMC:** It can be observed that this APMC had a total annual Expenditure of Rs. 2.66 lac in the year 2000 and this figures increased to Rs. 3.67 lac in the year 2004. The highest positive change was recorded in the year 2004 (49.80%). The lowest positive change was recorded in the year 2002 (2.06%). The negative trend was recorded in the year 2001 (8.65%), 2004 (1.21%). The average total annual Expenditure at Kuntur APMC during the period has been Rs. 2.74 lac. The overall position shows an increasing trend.

Thus It can be seen that the average total annual Expenditure of Nanded APMC has been Rs. 53.42 lac (A), that of Loha APMC has been Rs. 17.20 lac (D), that of Bohkar APMC Rs. 19.20 lac (C), that of Degloor APMC Rs. 24.75 lac (B), that of Kuntur APMC Rs. 2.74 lac (E). The Nanded APMC is on the highest rank A whereas the Kuntur APMC is on the lowest rank E as regards total annual Expenditure.

Total Annual Excess of Income Over Exp.: The researcher has studied trends and progress in total annual excess of income over exp. at the sample APMC and the results are shown in the following Table No. 4.

Table No. 4
Total Annual Excess of income over exp. Select APMCs in Nanded Dist.

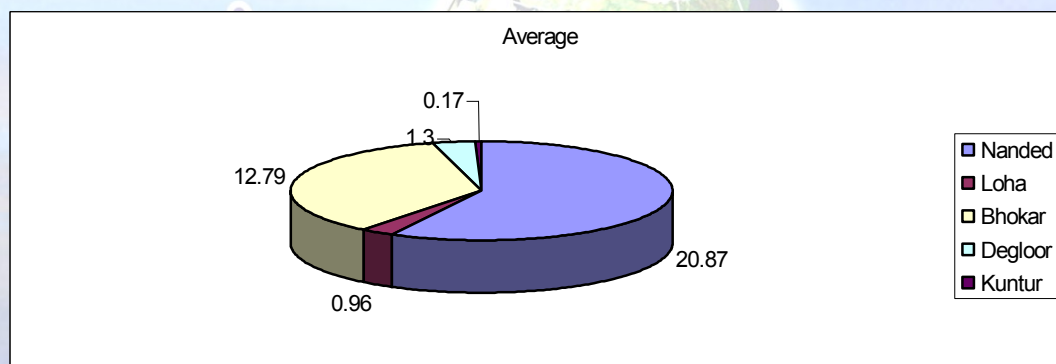
(Rs. In lacs)

Sr. No.	Partic- Ulars	YEARS									
		2000	2001	Perc- entage Change	2002	Perc- entage Change	2003	Perc- entage Change	2004	Perc- entage Change	Ave- Rage
1	Nanded	0.00	20.08	0.00	22.65	12.80	26.29	26.00	35.35	34.46	20.87 A
2	Loha	2.21	0.64	-71.04	1.52	137.50	0.41	-73.03	0.00	-100.00	0.96 D
3	Bhokar	16.14	9.27	-42.57	13.00	40.24	12.83	-1.31	12.72	-0.86	12.79 B
4	Degloor	4.42	0.00	-100.00	0.00	0.00	2.10	0.00	0.00	-100.00	1.30 C
5	Kuntur	0.21	0.00	-100.00	0.16	0.00	0.00	-100.00	0.46	0.00	0.17 E

Source: Secondary Data, Annual report of APMCs.

Note: Percentage Changes are over previous Years. The grades are in the descending order

Graph No. 1
Total Annual Excess of Income Over Expenditure



An analysis of the above table shows following trends in the total annual Excess of income over exp.

- 1. Nanded APMC:** It can be observed that this APMC had a total annual Excess of income over exp. of Rs. 20.08 lac in the year 2001 and this figures increased to Rs.35.35 lac in the year 2004. The highest positive change was recorded in the year 2004 (34.46%), and the lowest positive change was recorded in the year 2002 (12.80%). There is no negative change during period under the study. The average total annual Excess of income over exp. at Nanded APMC during the period has been Rs. 20.87 lac the overall position shows an increasing trend.
- 2. Loha APMC:** It can be observed that this APMC had a total annual Excess of income over exp. of Rs. 2.21 lac in the year 2000 and this figures decreased to Rs.0.00 lac in the year 2004. There is only positive change during the period under study in the year 2002 (137.50%). The highest negative change was recorded in the year 2004 (100.0%) and the lowest negative change was recorded in the year 2001 (71.04%). The average

total annual Excess of income over exp. at Loha APMC during the period has been Rs.0.96 lac The overall position shows an decreasing trend.

3. **Bhokar APMC:** It can be observed that this APMC had a total annual Excess of income over exp. of Rs.16.14 lac in the year 2000 and this figures decreased to Rs.12.72 lac in the year 2004. There is only positive change during the period under study in the year 2002 (40.24%). The highest negative change was recorded in the year 2001 (42.57%) and the lowest negative change was recorded in the year 2004 (0.86%) and The average total annual Excess of income over exp. at Bhokar APMC during the period has been Rs. 12.79 lac The overall position shows an decreasing trend.
4. **Degloor APMC:** It can be observed that this APMC had a total annual Excess of income over exp. of Rs. 4.42 lac in the year 2000 and this figures decreased to Rs.0.00 lac in the year 2004. The no positive change was recorded in the period. All other years have shown 100 % negative change. The average total annual Excess of income over exp. at Degloor APMC during the period has been Rs.1.30 lac The overall position shows an decreased trend.
5. **Kuntur APMC:** It can be observed that this APMC had a total annual Excess of income over exp. of Rs. 0.21 lac in the year 2000 and this figures decreased to Rs.0.00 lac in the year 2004. The no positive change was recorded in the period. All other years have shown 100 % negative change. The average total annual Excess of income over exp. at Kuntur APMC during the period has been Rs.0.17 lac The overall position shows an decreased trend.

Thus It can be seen that the average total annual Excess of income over exp. of Nanded APMC has been Rs. 20.87 lac (A) , that of Loha APMC has been Rs. 0.96 lac (D), that of Bohkar APMC Rs. 12.79 lac (B), that of Degloor APMC Rs. 1.30 lac (C) , that of Kuntur APMC Rs. 0.17 lac (E). The Nanded APMC is on the highest rank A whereas the Kuntur APMC is on the lowest rank E as regards total annual Excess of income over exp.

Conclusion:

Thus it can be observed that, the financial aspects of performance of APMCs show uneven trends. The performance has relevance with the administration and management of the APMCs. APMCs are semi political bodies. The political dominance over these bodies keeps them away from streamlining the systems. The trading is dominated by traders and middlemen. The illiteracy of farmers also affects adversely.

Notes & References:

1. R.K. Lekhi, Joginder Singh, (1997) : **Agricultural Economics, Kalyani Publishers.. P.No.211-229**
2. **Annual Report of Nanded APMCs – 1999-2000 to 2003-2004**
3. **Annual Report of Loha APMCs – 1999-2000 to 2003-2004**
4. **Annual Report of Bhokar APMCs – 1999-2000 to 2003-2004**
5. **Annual Report of Degloor APMCs – 1999-2000 to 2003-2004**
6. **Annual Report of Kuntur APMCs – 1999-2000 to 2003-2004**

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