Financial Analysis Of Agricultural Produce Market Committees
In Pune District, With Special Reference To Junnar,
Ambegaon, Khed And Shirur Taluka Places”

Introduction

India is an agricultural country and one third population depends on the agricultural sector directly or indirectly. Agriculture remains as the main stray of the Indian economy since times immemorial. Indian agriculture contribution to the national gross domestic product (GDP) is about 25 per cent. With food being the crowning need of mankind, much emphasis has been on commercialising agricultural production. For this reason, adequate production and even distribution of food has become a high priority global concern.

Agricultural marketing is mainly the buying and selling of agricultural products. In earlier days when the village economy was more or less self-sufficient the marketing of agricultural products presented with no difficulty the farmer sold his produce to the consumers on a cash or barter basis. Today's agricultural marketing has to undergo a series of exchanges or transfers from one person to another before it reaches the consumer. There are three marketing functions involved in this, i.e., assembling, preparation for consumption and distribution. Selling on any agricultural produce depends on some couple of factors like the demand of the product at that time, availability of storage etc. The products may be sold directly in the market or it may be stored locally for the time being. Moreover, it may be sold as it is gathered from the field or it may be cleaned, graded and processed by the farmer or the merchant of the village. Sometime processing is done because consumers want it, or sometimes to conserve the quality of
that product. The task of distribution system is to match the supply with the existing demand by whole selling and retailing in various points of different markets like primary, secondary or terminal markets.

Most of the agricultural products in India are sold by farmers in the private sector to moneylenders (to whom the farmer may be indebted) or to village traders. Products are sold in various ways. For example, it might be sold at a weekly village market in the farmer's village or in a neighboring village. If these outlets are not available, then produce might be sold at irregularly held markets in a nearby village or town, or in the mandi.

In India, there are several central government organisations, who are involved in agricultural marketing like, Commission of Agricultural Costs and Prices, Food Corporation of India, Cotton Corporation of India, Jute Corporation of India, etc. There are also specialised marketing bodies for rubber, tea, coffee, tobacco, spices and vegetables. Under the Agricultural Produce (grading and marketing) Act of 1937, more than forty primary commodities are compulsorily graded for export and voluntarily graded for internal consumption. Although the regulation of commodity markets is a function of state government, the directorate of marketing and inspection provides marketing and inspection services and financial aid down to the village level to help set up commodity grading centers in selected markets.

As we have a tradition of agricultural production, marketing and allied commercial activities, now it is the time for us to brainstorm and come out with new ideas of value added services. These value added services will give the existing agricultural engine a new dimension. The next logical step could be food-processing which not only could be another revenue generating area but also can provide lots of full-time employment to our youths. With the
changing agricultural scenario and global competition, there is a need of exploiting the available resources at maximum level.

**Need and Importance of the Study:**

The present study is most significant, because it will throw light on many important financial aspects like financial organizational structure of Agricultural produce market committees and their financial administration. The study will helpful for analyzing the sources of income, their significance and trends, to know the pattern of expenditure, their significance and trends in relation to the total income and total expenditure respectively.

The outcome of the study will be more useful for improving the overall performance of agricultural produce market committees and their financial health in the district, state and country.

After considering the importance of financial position of Agricultural produce market committees, the researcher has choose this topic for research study with special reference to four talukas as prominent agricultural marketing areas in Pune district. These talukas are Junnar, Ambegaon, Khed and Shirur. Under this study, an efforts will are to evaluate financial efficiency of each selected Agricultural produce market committee and suggest appropriate means and measures in its financial improvement for effective working. The study also analyzed whether the market committees have been successfully acquiring enough financial strength for its disposal or not. In short, the study will certainly proved to be a grate contribution to the area of financial Administration of Agricultural produce market committees in relation to agricultural marketing particularly in rural environment.
Objectives of the Study:

The broad objectives of the present study are as follows:

1) To know the profile of Agricultural produce market committees in Pune district.

2) To outline the financial organization structure of selected Agricultural produce market committees in Pune district.

3) To analyze the sources of income, their significance and trends in relation to the total income of selected APMC.

4) To know the pattern, their significance and trends in relation to the total expenditure.

5) To reveal the financial problems faced by the Agricultural produce market committees and to suggest some remedies to overcome them.

Hypothesis Tested:

1) The financial well-being of Agricultural produce market committee is depend upon the proper mobilization of fund and their appropriate disposal.

2) A sound financial organization structure plays an important role in financial administration of Agricultural produce market committees.

Scope of the Study:

The present study has been geographically restricted to four market committees i.e. Ambegaon, Khed, and Shirur in Pune district.

Market committees are the corporate bodies and are works independently under their common seal. But they don't have share holders, therefore there is no scope for the study of profitability. The main aim of present study is to make depth of the analysis of source of income and
expenditure and their significance and trends in total income and expenditure.

The Pune district covers 13 taluka places with 12 different market committees out of which four market committees have been selected for the study purpose i.e. Junnar, Ambegaon, Khed, and Shirur out of 12 APMCs in the Pune district. The selection of these four APMCs is purposive and convenient for the comparative analysis in order to draw proper conclusions. In this regard an attention is made on analytical approach to show the financial performance of these APMCs and to reveal their financial weaknesses in relation to Agricultural marketing.

The study covers the period of last 10 years from 1999-00 to 2008-09. This period is specifically a landmark in the rapid development and significant growth particularly in agricultural marketing in the concerned areas. The period of 10 years for research study will be quite fertile to draw proper conclusions and suggestions. Hence, such period is selected for the study purpose.

**Nature and size of Respondents**

The researcher has selected following number of sample respondents. Such selection is based on the effectiveness of study convenience of the sample size. Out of the sample respondent, 10% Board of Directors are chosen. They include chairman and secretary and that the joint questionnaires are framed for them.

Next sample respondents are 100% of the Accounts/Finance officers and the sample respondents are 5% active traders and commission agents. However only ‘A’ grade category traders whose annual turnover is above Rs. 50,000/- were selected. For the sample design, simple random sampling
is adopted. In the sample design, data is collected through questionnaires canvassed among (10%) BODs Board of Directors, 5% (580) farmers selected active farmer member and 5% (66) traders and commission agents ‘A’ traders and commission agents.

**Research Methodology:**

The present study is a descriptive and in depth study of financial analysis of APMCs in Pune district. This study is an analytical study of the financial performance of these APMCs. The study covers the financial organizational structure of APMCs and their financial administration and the financial problems faced by the APMCs in relation to agricultural marketing.

**Collection of Data**

**A) Primary Data:**

Primary Data is collected through discussions, personal interviews with well structured designed questionnaires. The personal interviews was held with Board of directors and other official staff related to finance function of APMCs. The questionnaires was framed to obtain the opinion and information about the financial structure, financial administration, and source of income pattern of expenditure, financial position and financial problems faced by APMCs in relation to agriculture marketing.

**B) Secondary Data:**

Secondary data is collected from the records of APMCs such as annual reports, government reports, journals, periodicals, newspaper and annual audit reports of APMCs and related websites.

Apart from the above sources personal contacts and discussions was made available with the experts who are actively engaged in this field and ex-official concerned with the administration of Agricultural produce market.
committees. Such discussion has enabled the researcher to reconstruct the required data and information in such a manner to arrive at the authentic and concrete conclusions and recommendations.

**Tools and Techniques Used:**

Under this research study, the following statistical data of Agriculture produce market committee is gathered, scrutinized, tabulated and analyzed by using certain techniques like percentage, average and growth rate.

**Selection of Samples:**

The Pune district it covers 13 taluka places with 12 different market committees. By random sampling method overall four market committees has been selected for study purpose i.e. Junnar, Ambegaon, Khed and Shirur market committees have been selected for the analysis.

**Limitations of the Study:**

The limitations of the present study are as follows:-

1. The study is geographically limited to Pune district only and related to Junnar, Ambegaon, Khed and Shirur talukas for financial analysis of agricultural produce market committees as a special reference.

2. The study is restricted to the span of 10 year only. (1999-2000 to 2008-09).

3. There are 12 agricultural produce market committees in Pune district. But the study was restricted to four agricultural produce market committees only.
4. The study was related with only financial aspects of agricultural produce market committees in relation to agricultural produce marketing over the times.

5. Financial weaknesses was analyzed on the basis of statistical analysis of collected data and discussions that would be done with officials and nonofficials- concerned with the financial administration of agricultural produce market committees.

Presentation of the Study:

The present study is followed by different chapters as follows.

1) Introduction.

This chapter provides the basic premise for the research study. It gives a brief introduction of agriculture marketing in India, the types of agri business, scope of agriculture business; agriculture marketing and economic development is also discussed in brief in this chapter, the history and growth of agriculture marketing is also explained in brief. The chapter also includes objectives of the study, hypothesis tested, research methodology, methods and tools of data collection and, analysis of data.

2) Review of literature.

This chapter fourth deals with the overall review of the literature available on the particular topic. Literature is the most important part of any research. In this topic, the review is taken from articles and books regarding the research topic. This chapter is divided into two parts i.e. Review of Research Articles, Review of Books, thesis and other related published or unpublished literature on this particular topic.
3) Profile of APMC in Pune District.

In this chapter a brief review of socio-economic and geographic conditions of the district to enable us to know the background on which the Agriculture Produce Market Committees are functioning has been undertaken. In the historical, political, agricultural and Industrial maps of all the 35 districts of Maharashtra state, Pune district holds a leading rank in respect of sugarcane cultivation and sugar industry and other industries. For administration purpose it is divided into 14 talukas including Pune city, which is situated on Mumbai-Bangalore highway No. 4.

4) Organization and Management of Agricultural Produce Market Committees.

This Chapter covers the information about working and management of Agriculture produce market committees in Pune district as well as Agriculture Produce Market Committees in Khed, Ambegaon, Shirur and Junnar talukas.

5) Sources of Income and Pattern of Expenditure of selected Agriculture Produce Market Committees.

This Chapter mainly deals with the analysis and evaluation of sources, of income, and uses of such income by selected market committees under study. Therefore, it includes an analysis and performance evaluation of income, expenditure, surpluses, deficits, financial support from other agencies, permanent fund, supervision fee and contribution to the state marketing board etc of the selected market committees in Pune district. Further, it is also proposed to study whether the selected four market committees in the district have enough financial strength as expected by the Act.
6) **Comparative analysis of Financial Positions of Agricultural Produce Market Committees.**

This chapter sixth is the aims at analyzing the data collected under different heads in respect three important parts related to Agricultural Produce Market Committees - the Board of Directors, the Accounts/ Finance officers and the traders and commission agents. For the convenience of analysis the chapter is classified into three parts which are as follows – Part I - This part consists of the analysis of the findings related to the financial analysis of selected APMC for the study. Part II – This part consists of the findings related to Board of Directors - viz; chairman and secretary. Part III- This part consists of the analysis of the findings related to traders and commission agents.

7) **Summary, Conclusions and Suggestions**

This Chapter highlights on the overall summary of the study, important conclusions drawn by the researchers and important suggestions made by the researchers regarding to this study.

**Major Conclusions**

1. Agricultural marketing plays a pre-dominant role in the economic development of Country. In which Agricultural produce market committees are the main establishments which are regulating the trade of agricultural commodities in the specified areas.

2. APMCs in their regions raise the Sources of income and deposit them for the creation of healthy atmosphere for buyers & sellers to trading the agricultural commodities.
3. The functioning of the APMCs has been regulated through the separate model legislations made by the Government from time to time.

4. Pune District is one of the rich & irrigated districts having larger production of agriculture commodities in the State of Maharashtra.

5. Junnar, Ambegaon, Khad & Shirur are the most irrigated talukas in Pune district. In these talukas, major cash crops are produced & traded through their respective APMCs. Since, the farmers & growers have gained a lot.

6. APMCs located in these talukas have contributing substantial contribution in the total revenue of the District.

7. The financial organization setup of all the APMCs is very sound. But there is monopoly of chairman & secretary in the day to day functioning of market committee.

8. There is an important role of Maharashtra state Agricultural marketing Board in the management of market committee. But it’s frequent interference in the functioning of the committee creates difficulties in financial decision making.

9. APMCs, Junnar is one of the leading market committee in Pune district in terms of revenue income as compare to APMCs, Ambegaon, Khed and Shirur. Its income accounts for more than 4 times of APMCs of Shirur.

10. There is larger expenditure has been made by APMCs, Khed on infrastructure facilities rather the APMCs of Shirur.

11. Surplus of income of APMCs Junnar is substantially high as compare to the surpluses of other APMCs i.e. Ambegaon, Khed and Shirur.
12. AMPC, Junnar has larger permanent funds with sufficient working capital; hence, it will be able to make more investment in different profitable activities.

13. Financial position of APMCs of Junnar & khed are very sound. It has more source of Income as compared to Ambegaon and shirur.

14. All the APMCs except APMCs of Junnar are indebted from state Government of Maharashtra & District central Co-Op. Banks. But they have not sufficient creditworthiness capacity to make repayment of loan in the few years.

15. APMCs of Ambegaon & Shirur have suffering from financial paucity because the source of income are very low as compared to junnar and khed APMC’s.

16. All the Selected APMCs are not following standard budgeting Practices for their future financial planning.

17. In the age of information technology, all committees have not adopted computerized accounting system yet.

18. There is no effective internal audit system in all the APMCs to strengthen sense of security in the minds of stakeholders regarding accounting accuracy & authenticity.

**Important Suggestions:**

1. APMCs should charge sufficient market fees from the concerned and such fees should be revised from time to time.

2. APMCs should collect the deposits, from commission agents in accordance with their business turnover.
3. APMCs should strengthen their financial wealth by making profitable investments out of permanent funds & also raise additional sources under the lead of other incomes.

4. Chairman’s & Secretaries of respective APMCs should participate the directors in the day to day decision making process.

5. APMCs should adopt most implied Budgeting Practices in the preparation of Budgets.

6. APMCs, Shirur should raise its market fund by retaining certain balance from surplus from year to year.

7. APMCs Shirur should increase its permanent fund by plugging back certain incomes by making the savings in its expenditure.

8. APMCs Shirur & Ambegaon should increase their income sources.

9. APMCs Khed, Ambegaon & Shirur should mobilize more & more funds from their own resources & should make their disposal substantially on creating infrastructural facilities.

10. All APMCs in Pune district should modernize their workings the betterment of framers & growers.

11. Organization & management of all the selected APMCs should be based on the system ‘Portland Framers Market’ in America.

12. All the APMCs in Pune district should create sound competitive arena in trading agricultural produce in the interest of stakeholders.

13. In order to obtain larger benefits of globalization, Model Act should be effective implemented and it should amended from time to time in the light of changing circumstances.
14. APMCs in Pune district should adopt the concept of Market at the door of farmers in order to raise their financial strength.

15. APMCs in Pune district should make their trading electronically & have also adopt fully computerized accounting systems.

16. APMCs should follow the systems of internal control & internal audit to make their accounting system more transparent.

17. APMCs should participates the framers in the managing/Governing body by offering directorship

18. Government should take initiative in the determination of ‘Minimum support Price’ based on cost of production of agricultural produce, make it obligatory on APMCs to follow such price in their trading.

Dr.N.Y.Ghadge
(Research Guide)

Shri.G.M.Dumbre
(Research Student)
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Abstract Submitted to

Dr. Babasaheb Ambedkar Marathwada University
Aurangabad

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BY

MR. DUMBRE GOVIND MAHADEO
(M.Com., M.Phil)
A.W. College, Otur, Tq. Junnar, Dist. Pune

UNDER THE GUIDANCE OF

DR. N. V. GHADAGE
(M.Com. Ph.D.)
Arts, Commerce and Science College,
Majalgaon, Dist. Beed

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