



Performance Evaluation of APMCs

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ABSTRACT

APMCs are also required to meet the recurring expenditure such as maintenance of road expenditure, building, godowns, market yard, vehicles, and machinery. After the initial investment in these facilities from the borrowed capital, APMCs need to make payment of interest on loans, tax charges, payment of salaries, printing and stationery etc., are to be paid periodically. The different sources of incomes through which the APMCs are earning revenue are shown in the following parts along with the various expenditures by the APMC in the market yard.

KEYWORDS : Finance,Posiotion,Marketing,Regulated,Former,Evaluaton,

Introduction:

Organized marketing of agricultural commodities has been promoted in the country through a network of regulated markets. Most of the State governments and Union Territories have enacted legislations (APMC Act) to provide for regulation of agricultural produce markets. While by the end of 1950, there were 286 regulated markets in the country, today the number stands at 7,921 (31.3.2014). Besides, the country has 29,191 rural periodical markets, about 15 per cent of which function under the ambit of regulation. The advent of regulated markets has helped in mitigating the market handicaps of producers/sellers at the wholesale assembling level. But, the rural periodical markets in general, and the tribal markets in particular, remained out of its developmental ambit. The central government has advised states and union territories to amend their respective APMC laws in order to avail assistance for developing and strengthening agricultural marketing infrastructure. In the present scenario, with the changing picture in world trade system, there has been growing demand for de-regulating the agricultural markets and establishment of private markets, some initiatives have already been taken in this direction.

NEED FOR THE STUDY

The marketing services available in the regulated markets have been very useful in overcoming various problems of sellers of farm produce like the middle men's malpractices, distress and forced sales at village level, under weighing and other malpractices by the middlemen and also the village money lenders etc.

Majority of the agricultural produce is being sold at the village itself by farmers immediately after harvesting due to urgent financial requirements and lack of transport facilities. Besides, a large number of small holders of agricultural land. Hence, the quantity of produce is too small for brining it to urban market place for the purpose of selling at better prices.

In view of this the present study is undertaken to analyze the extent to which the inadequacy of marketing of services are encountered by the farmers and other functionaries in the APMC at Gulbarga division as a whole. The research confines itself to the management of APMCs in Karnataka in general and Gulbarga, Bidar, Raichur, Koppal and Bellary district APMCs in particular. The total APMCs consist for the present study is five APMCs from each district of study area.

REVIEW OF LITERATURE

Paty (2000) applied the techniques of marketing information system the agricultural marketing. He has explained the concept with flow diagram of the "Integrated Agricultural Marketing Information System" which is quite useful for its practical applications.

Basavaraj et al. (2001) have made it very clear in their article that, Karnataka ranks fifth among the oil seed producing states in the country with an area of

12,00,135 hectares and a production of 9.45,501 tones during 1994 - 95. Groundnut, sunflower, safflower, sesamum and castor were the major oil seeds produced in the state. They have made good policy

implications in their study.

Jayarathnam (2002) in her study on farmers market (Uzhavar Sandhai) in Tamil Nadu, pointed out the problems in cultivation, transportation, marketing and pricing of vegetables. Even she has given strengths, weaknesses, opportunities and threats of vegetable marketing in Uzhavar Sandais of Tamil Nadu.

1.4 STATEMENT OF THE PROBLEM

The farming is largely dependent on the efficient marketing of the products. So the governments have to be very particular and watch all the market operations to remain self-sufficient in food and to produce the goods for export to other countries. In the process of planning, though the agriculture was given high priority for its development, but much attention was not given for the improvement of marketing. But in various states the agricultural marketing boards were established with the objective to remove all the problems of markets and to regulate the markets for increasing the efficiency in marketing.

On the top of it, the Gulbarga division is highly backward with all the indicators of the backwardness which leaves considerable scope for exploitation by the money lenders-cum-merchants. These contrasts in the division call for different approaches to marketing management and hence the study reveals interesting results valuable for policy decisions. This study of the division of Gulbarga is of immense benefit for the economic strategy in the marketing of agricultural produce. However, no study has been made to assess the role played by the APMCs in the agricultural marketing in Gulbarga division highlighting whether these have succeeded in achieving its objective if not what were the causes and what corrective measures would have helped it in over coming the problems. The present study is a contribution in this direction.

1.5 OBJECTIVES OF THE STUDY

The following are the objectives set for the study.

- 1) To critically examine the over all performance of APMCs and to identify the area of improvement in the efficiency.
- 2) to offer suggestions to develop an effective marketing system in Gulbarga division.

1.6 RESEARCH METHODOLOGY

The study is mainly based on both primary data and secondary data. The study covers one broad division of the Karnataka state, a survey method is adopted i.e., through the pre-tested interview schedules addressed to the sample size of farmers and market functionaries. An unscheduled interview is also conducted to the regional officials of KSAMB, project officer and agricultural departments as well as APMCs officials.

1.7 SAMPLE DESIGN

A stratified random sampling method was adopted to drawn the final sample. The Gulbarga division consist of Bidar, Gulbarga, Raichur,

Koppal and Bellary district from each district 30 market functionaries from each district were selected.

1.8 DATA ANALYSIS

The data collected from both primary and secondary was processed and reduced to simple tables in order to present the matter clearly. The suitable financial statement analysis techniques were used to draw the correct conclusion. Ratio analysis, which is most powerful and universally, used technique for the analysis of financial performance of APMCs in Gulbarga division. Analysis of variance technique is employed to test whether there is any statistical significance in sales in different markets

PERIOD OF THE STUDY

The present study covers the period of five years commencing from 2009-10 to 2013-14. The performance of various items such as sales, amenities, infrastructure and facilities of APMCs in Gulbarga division was studied for five years.

Due to the wide operational activities of APMCs for agricultural marketing the study period limited to five years to analyze its role in Karnataka with reference to Gulbarga division.

Data Analysis:

All the regulated markets working in Karnataka are distinct organization created under the special clause with the objective of bringing the socio-economic changes not only in the agricultural marketing sector but also economy as a whole. The existence of regulated markets creates an environment that is more favourable to the existence of competitive conditions and to bring about the harmonious relations between the farmers and market functionaries. These organizations have the special features as compared with the other organizations, so the service of funds of regulated markets and uses of the regulated market would be different, keeping this the following para attempted to analyze their financial performance in terms of their profit position and growth in profit, income position, expenditure position and other relevant financial aspects.

Profit Position of the selected APMCs

Profit is the excess of income over expenditures by the organization. Profit is the best indicator of the performance of any organization. Higher the profit higher is the efficiency and vice-versa. APMCs are established not for profit motive but profits remain important for their survival for future. An attempt here is made to know profit position by taking income and expenditure of all the selected APMCs in the Gulbarga division and conclusion is drawn about their performance by comparing in APMC with other APMC and also level of performance during the period under study.

Table 01 depicts the year wise income, expenditure and profit/loss position of the selected APMCs in the Gulbarga district. The income of the three sample APMCs from the Gulbarga district was shown an upward trend during the research period i.e., 2009-10 to 2013-14 expect in the year 2010-11, the APMC Shorapur income was down to Rs. 60.84 lakhs from Rs. 66.51 lakhs in 2009-10. When we see the expenditure position of all the APMCs in the same table, neither it was constantly increasing or decreasing over a period of time, it was showing zigzag trend. Expect the Shahapur APMC remained increasing during the plan period from Rs. 7.56 lakhs in 2009-10 to Rs. 35.76 lakhs in 2013-14.

**Table – 01
Profit Position of Selected APMC in Gulbarga District
(Rs. In lakhs)**

Year	Gulbarga			Shorapur			Shahapur		
	Income	Expenditure	Profit/loss	Income	Expenditure	Profit/loss	Income	Expenditure	Profit/loss
2009-10	291.76	224.23	67.53	66.51	39.20	27.31	17.05	7.56	0.40
2010-11	300.36	197.83	111.53	60.84	102.34	-41.50	19.90	10.40	0.41
2011-12	426.52	253.22	175.30	98.59	102.29	-3.64	24.04	16.02	8.02
2012-13	730.32	459.47	279.84	125.17	85.86	39.31	49.89	37.08	12.81
2013-14	870.54	493.78	376.76	221.79	46.73	175.02	87.92	35.76	52.16

Source: Annual Reports of Gulbarga APMC for 2009-10 to 2013-14

The detailed study of profit position of the selected APMC in Gulbarga

district also indicates that Shahapur APMC has made average amount of the profit in research period without incurring any loss in the same period. But APMC Shorapur had made huge loss in the year 2010-11 i.e., Rs. 41.50 lakhs during heavy expenditures. As per APMC Gulbarga is concern, profit was increased steadily from Rs. 67.53 lakhs in 2009-10 to Rs. 376.76 lakhs in 2013-14 with an annual aggregate growth of Rs. 61.84 lakhs per year.

The Table 02 reveals that the profit or loss position of the selected APMCs in Bidar district. The analysis of profit of above APMCs in the table indicates that Bidar APMC has positioned first in earning profit among three APMCs followed by Bhalki APMC and APMC Aurad. During the research period APMC Aurad had incurred to Rs. 32.71 lakhs in 2013-14. The profit of Bidar APMC was ranged in between Rs. 9.32 lakhs to Rs. 160.42 lakhs and APMC Bhalki it was lowest to Rs.

1.81 lakhs to highest Rs. 26.08 lakhs. Both income and expenditure of Bidar APMC was increased rapidly over a period time. But in case of Aurad APMC the degree of growth of expenditure was greater than the degree of growth in income which reported slow growth in the profit. The situation was different in case of APMC Bhalki, it was opposite and was almost 4 times increased in APMC Bhalki i.e., from Rs. 7.14 lakhs to Rs. 26.08 lakhs, profit remained stable in APMC Aurad i.e., in between Rs. 3.23 lakhs to Rs. 160.42 lakhs in APMC Bidar during the period under consideration.

**Table – 02
Profit Position of Selected APMCS in Bidar District
(Rs.In lakhs)**

Year	Bidar			Bhalki			Aurad		
	Income	Expenditure	Profit/loss	Income	Expenditure	Profit/loss	Income	Expenditure	Profit/loss
2009-10	162.75	92.43	69.31	10.88	9.75	1.14	11.26	6.56	4.69
2010-11	164.43	158.11	6.32	13.68	11.88	1.81	10.45	8.13	2.32
2011-12	175.75	138.49	37.26	27.38	15.56	11.81	10.52	7.28	3.23
2012-13	318.09	157.82	160.27	43.30	28.57	14.73	18.89	11.97	6.92
2013-14	304.20	189.78	114.42	68.71	42.62	26.08	30.41	53.13	-22.71

Source: Annual Reports of Bidar APMC for 2009-10 to 2013-14

The Table 03 deals with the trends in growth of income, expenditure and profit position of sample group of APMCs from the Koppal district. Koppal district APMCs were considered to be minor APMCs in the Gulbarga division. A micro study of these three APMCs in Koppal district reveals that APMC Gangavati was a leading APMC in the Koppal district as it made super profit during the research period as compared to APMC Koppal and APMC Kustagi. APMC Koppal has made average profit i.e., Rs. 14.92 lakhs to Rs. 41.70 lakhs and APMC Kustagi has made normal profit i.e., from Rs. 5.40 lakhs to Rs. 39.95 lakhs during the five years study period i.e., 2009-10 to 2013-14. Increased expenditures in APMC Koppal and APMC Kustagi was eaten the profit.

Profit position of the three APMCs from the Raichur district, for the period of five years i.e., 2009-10 to 2013-14 is shown in the Table 04. The table clearly shows the year wise income position and its growth, expenditure position and its trend and the profit trend. Among these three APMCs selected in sample from the Raichur district, Raichur APMC has earned highest amount of income which resulted highest profit during the study period as compared to the APMC Sindhnoor and APMC Lingasugur. The profit of APMC Raichur was Rs.206.29 lakhs in 2009-10 increased to Rs. 450.18 lakhs in 2013-14 during the research period. During the same period the profit of APMC Sindhnoor was increased from Rs. 95.18 lakhs to Rs. 191.71 lakhs and APMC Lingasugur from Rs. 13.27 to Rs. 22.01 lakhs with percentage growth of almost 100% and 90.26% respectively.

Table – 03
Profit Position of Selected APMCs in Koppal District
(Rs. In lakhs)

Year	Koppal			Gangavathi			Kuslig		
	Income	Expenditure	Profit / loss	Income	Expenditure	Profit / loss	Income	Expenditure	Profit / loss
2009-10	37.06	22.17	14.82	516.92	297.14	219.77	11.85	6.45	5.40
2010-11	50.40	30.61	19.79	689.17	432.46	256.71	13.46	7.75	5.71
2011-12	62.23	41.49	20.74	762.39	525.16	237.22	18.84	10.95	6.79
2012-13	64.75	40.72	24.03	707.55	506.76	200.79	25.14	14.89	10.25
2013-14	110.32	66.62	43.70	911.23	541.66	369.57	102.91	62.95	39.96

Source: Annual Reports of Koppal APMC for 2009-10 to 2013-14

Table – 04
Profit Position of Selected APMCs in Raichur District
(Rs. In lakhs)

Year	Raichur			Sirasgutta			Ungasur		
	Income	Expenditure	Profit / loss	Income	Expenditure	Profit / loss	Income	Expenditure	Profit / loss
2009-10	408.95	190.35	218.59	208.25	111.111	95.16	37.61	24.34	13.27
2010-11	489.32	448.65	39.66	227.90	140.20	87.70	29.07	15.80	9.26
2011-12	503.56	378.94	124.62	300.94	196.63	104.31	27.06	23.45	3.62
2012-13	719.56	426.01	293.55	428.91	248.71	180.20	69.78	37.11	32.67
2013-14	1061.17	556.99	504.18	494.35	302.64	191.71	75.62	43.62	32.01

Source: Annual Reports of Raichur APMC for 2009-10 to 2013-14

The Table 05 reveals the year wise profit made by the sample APMCs in the Bellary district. APMC Hospet has made least profit during all five years research period but it increased from Rs. 8.64 lakhs in 2009-10 to Rs. 52.11 lakhs in 2013-14.

14. APMC Bellary had achieved significant progress in earning profit as compared to APMC Siraguppa. The profit of APMC Bellary steadily increased around 4 times over the beginning year i.e., Rs. 75.76 lakhs in 2009-10 to Rs. 278.43 lakhs in 2013-14.

14. But the APMC Siraguppa's profit was highest recorded in 2011-12 and 2012-13 i.e., Rs. 117.84 lakhs and Rs. 133.15 lakhs respectively.

Table – 05
Profit Position of Selected APMCs in Bellary District
(Rs. In lakhs)

Year	Bellary			Hospet			Siraguppa		
	Income	Expenditure	Profit / loss	Income	Expenditure	Profit / loss	Income	Expenditure	Profit / loss
2009-10	164.11	88.35	75.76	42.95	34.30	8.64	98.85	79.31	19.54
2010-11	223.46	139.46	83.99	56.82	30.89	25.93	124.08	90.92	33.16
2011-12	282.30	237.85	44.44	64.04	43.48	20.56	277.04	159.20	117.84
2012-13	403.52	246.82	156.70	68.16	43.15	24.99	344.66	211.50	133.15
2013-14	609.59	331.16	278.43	96.39	34.28	62.11	689.12	453.24	235.88

Source: Annual Reports of Bellary APMC for 2009-10 to 2013-14

Conclusion

India's long-neglected agriculture sector is all set to grow faster. We have improved a lot since independence. It is time to APMCs to give concrete shape to the agro-industrial integration by starting industrial units based on agricultural raw- materials. This integration will create a better economic atmosphere for the growth of the Karnataka region as well as Gulbarga division.

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