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A study of profitability of selected APMCS of Hyderabad-Karnataka region

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Abstract

Agriculture is the main stay of the Indian economy as its performance is dependent upon the growth of Agriculture sector. Agriculture sector contributes considerable amount in the national income of the Indian economy and also provide large number of employment opportunity and nearly 22% of India's Gross Domestic Product (GDP) & 13% of total exports. The very existence of economic activities of the entire people is related to the state and health of this sector. Hence the level of efficiency and productivity in agriculture more or less determines the efficiency of Indian economy. An attempt has been made in this paper to study of profitability and analyse net profit ratio of selected agricultural produce marketing committees (APMCs) of Hyderabad-Karnataka region.

Keywords: Agriculture Sector, Economy, Efficiency, National Income, GDP

Introduction

The Agriculture sector plays a crucial role in the growth of the Country. It contribute considerable amount in the national income of the Indian economy and also provide large number of employment opportunity in the country. India stands some top terms of production of various agricultural commodities like wheat, groundnut, pulses, paddy, rape seeds, fruits, vegetables, sugarcane, tea, jute, cotton, tobacco leaves, etc. In spite of this terrible growth in Indian agriculture, it is suffering from inherent problems on marketing front. It is the backbone of the Indian economy. In spite of the fast strides of progress made on industrial front, agriculture continues to play a predominant role in accelerating the economic development. The improvement in living standard of rural India is one of the major indicators of economic development of the country. Since the agriculture is one of the major producing sectors in the economy, it influences the performance of other sectors too. Higher income and consequently, the higher purchasing power among the rural households create demand for industrial goods.

The growth of Agricultural Produce Market Committee (APMC) was 286 such markets during 1950-51 in India. These markets have grown exponentially in following years. Now the country has 7921 Agricultural Regulated Markets. Since independence, almost all the states have enacted APMC Acts empowering them to regulate the trade of agricultural commodities. The Karnataka State Agricultural Marketing Board (KSAMB) has 4 Divisional offices at Bangalore, Mysore, Belgaum and Gulbarga for proper co-ordination of the activities of all Agricultural Produce Market Committees (APMCs) in the State.

The Karnataka State Agricultural Marketing Board (KSAMB) takes care of the development aspects of the agricultural marketing in the state. The Board, established on 1st September 1972 as per section 100 of the Karnataka Agricultural Produce Marketing (Regulation and Development) Act, 1966 and Rules 1968, acts as a link between the Market Committees and the Government of Karnataka for all round development of agricultural marketing in the State. The Board is the policy and decision making body. The executive Head of the Board is the Managing Director. These are four divisional offices at Bangalore, Mysore, Belgaum and Gulbarga. In addition, there are the Karnataka Institute of Agricultural Marketing at Mysore and Agricultural Marketing Training College at Hubli. A total of 155 principle market yards with 354 sub-yards were operational in the state during 2012-13. The Hyderabad-Karnataka region has 29 main market yards and 71 sub market yards. In addition, there are 730 rural primary markets to facilitate the movement of agricultural commodities from farm gate to the consumer in Karnataka.

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Review of literature

Kareemulla Basha and Hussaina Banu (2009) [1] studied the present status of Agricultural Marketing and also analysed the need for the growth of marketing infrastructure. This study stated that marketing infrastructure is important not only for the performance of various marketing functions and expansion of market but also for transfer of appropriate price signals leading to improved marketing efficiency.

Raghurama (2005) [2] studied that organized marketing institutions must be set up in the rural areas to provide better price, the infrastructure for development, higher income, and higher standard of living to the s and to remove exploitation of the s by the middlemen and money lenders. Marketing was the beginning and end of all economic activities. Globalization and opening of the economy were not the immediate answer to the marketing problems of rural s to ensure an organized marketing system and better prices to the rural farmers.

Sukhsanjam, Chahal, S.S., and Toor, M.S. (2000) [3] conducted a study in nine regulated markets of Punjab and observed that the adequacy of various facilities to the farmers were not there. Majority of the farmers were of the view that the time taken for the disposal of produce was not reasonable.

Analysed the state level trends in agricultural production and market arrivals in Karnataka and found that arrivals of major commodities in regulated markets have lagged behind the production in both cereals and commercial crops. Though of course of the total market surpluses, the share of regulated markets found to be increasing the study also states that markets with well-developed yards have failed to attract more and more arrivals.

Bhogappa (1982) [4] has undertaken the study on “marketing of agricultural produce in Gulbarga division of Karnataka”, which covers only the APMCs of Gulbarga Revenue

Division. He has made a special study of the effects of draught and draught prone areas. He has analysed the special problems of the markets in “Ayacut” areas.

Objective of the study

The main objective of this research is to know and analyse net profit ratio of selected agricultural produce marketing committees (APMCs) of Hyderabad-Karnataka region.

Methodology

The study is based on both primary and secondary data. Primary data related to the study unit has been collected by the General Secretary, Assistant Secretary, and Accountant of APMCs.

The secondary data were taken from published annual reports of APMCs. The published annual reports of APMCs of Hyderabad-Karnataka region are collected from the offices of APMCs, Various publications of the APMCs would also be considered for data collection purpose. The present study has been made for ten years from 2005-2006 to 2014-2015. Various reports and publication is used for this purpose. Other information related to the APMCs has been collected from profile of the regulated market concepts, journals, periodicals, magazines, various relevant website, reports etc.

Samples of the study

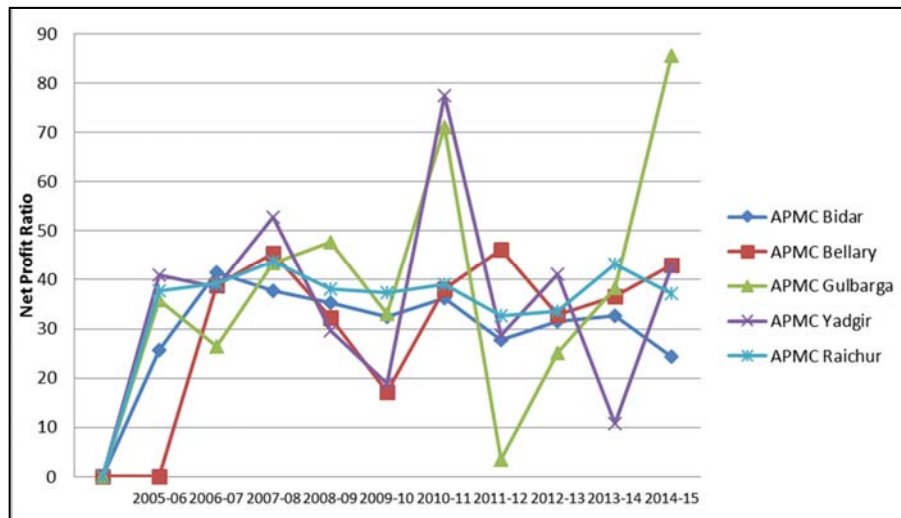
- APMC Bidar
- APMC Kalaburagi (Gulbarga)
- APMC Yadgir
- APMC Raichur
- APMC Bellary

Analysis and interpretation

Table 1: Net Profit Ratio of APMCs from 2005-06 to 2014-15

Year	APMC Bidar	APMC Bellary	APMC Gulbarga	APMC Yadgir	APMC Raichur
2005-06	25.75	15.74	35.94	40.84	37.67
2006-07	41.48	38.83	26.37	38.50	39.30
2007-08	37.67	45.36	43.45	52.77	43.81
2008-09	35.21	32.27	47.63	29.61	38.19
2009-10	32.50	17.14	33.11	18.84	37.32
2010-11	36.16	38.12	71.03	77.54	39.14
2011-12	27.78	46.12	3.39	28.63	32.62
2012-13	31.45	32.75	25.03	41.07	33.54
2013-14	32.67	36.63	38.22	10.84	43.16
2014-15	24.36	43.09	85.60	42.58	37.15
Average	32.50	34.61	40.98	38.12	38.19
Average of all APMCs under study 36.88					

Source: Computed and Compile from the Annual Reports of Sampled APMCs



Source: Computed and Compile from the Annual Reports of Sampled APMCs

Chart 1: Net Profit Ratio of APMCs from 2005-06 to 2014-15

APMC Bidar

In APMC Bidar the ratio of net profit registered fluctuating trend. It was 25.75 times in the year 2005-06 and increased to 41.48 per cent (highest during the study period) in the year 2006-07. Then the ratio decreased to 37.67 per cent and 32.50 times in the years 2006-07 and 2009-10 respectively. Again it went up to 36.16 per cent in the year 2010-11. Then it showed decreasing trend till the year 2011-12. It was 27.78 per cent in the year 2011-12. It further increased to 31.45 and 32.67 per cent in the year 2012-13 and 2013-14. The average ratio of this APMC was 32.50 which are lower than average ratio (36.88 per cent) of sampled APMCs. Then it was decreased 24.36 per cent in the year 2014-15. The average ratio of this APMC was 32.50 percent which is lower than average ratio of all APMCs under study.

APMC Kalaburagi (Gulbarga)

In APMC Kalaburagi net profit ration revealed fluctuating trend it ranged between 35.94 per cent in the year 2005-06 and 71.03 per cent in the year 2010-11. Then it was decreased 3.39 (the lowest among all APMCs under study) in the year 2011-12 and increasing 25.03 and 85.60 (the highest among all APMCs under study) in the year 2012-13 and 2014-15 respectively. The average ratio of this APMC was 40.98 per cent which was highest average among average ratio of all APMCs under study.

APMC Bellary

The ratio of net profit in APMC Bellary witnessed fluctuating trend during study period. It was 15.74 percent in the year 2005-06 and increased 45.36 percent in the year of 2007-08. Then it decreased to 32.27 and 17.14 (lowest during the study period) percent in the year 2008-09 and 2009-10 respectively. The ratio was increased 46.12 percent (highest during the study period) in the year 2010-11. The average ratio of this APMC was 34.61 percent which is lower than average ratio of all APMCs under study. The performance of this APMC was not satisfactory except years 2005-06, 2008-09, 2009-10 and 2012-13 because the ratio was less than average ratio of sampled APMCs.

APMC Yadgir

The ratio of net profit in APMC Yadgir showed fluctuating trend. It was 40.84 percent in the year 2005-06 and

decreased 38.50 percent in the year of 2007-08. Again it was increased 52.77 in the year of 2007-08. Then the ratio was decreased 29.61 and 18.84 percent in the year 2008-09 and 2009-10 respectively. In the year 2010-11 the ratio was 77.54 percent (highest during the study period). Then it was decreased and increased 28.63 and 41.07 in the year 2011-12 and 2012-13 respectively. Next it was decreased 10.84 percent (lowest during the study period) in the year 2013-14 and increased 42.58 percent in the year 2014-15. The average ratio of this APMC was 38.12 per cent which was higher than average ratio (36.88 per cent) of all APMCs under study, it indicated satisfactory performance.

APMC Raichur

The ratio of net profit in APMC Raichur witnessed increasing trend during first three year of study period it was 37.67 per cent in the year 2005-06 and increased to 43.81 per cent (highest during the study) in the year 2007-08. Then fall down to 38.19 and 37.32 in the year 2008-09 and 2009-10 respectively. Again the ratio was increased 39.14 in the year 2010-11. The ratio showed decreasing trend during the year 2011-12 and 2012-13 when it was 32.62 per cent (lowest during the study period) and 33.54 per cent respectively. It was increased 43.16 percent in the year 2013-14 and decreased 37.15 percent in the year 2014-15. The average ratio of this APMC was 38.19 per cent which was higher than average ratio (36.88 per cent) of all APMCs under study, it indicated satisfactory performance.

Findings

- The net profit ratio shows fluctuating trend in all selected APMCs during study period.
- The performance of APMC Kalaburagi found satisfactory followed by Raichur and Yadgir and poor in APMC Bidar followed by Bellary.
- The net profit ratio of Kalaburagi APMC is the highest and lowest among all APMCs under study i.e., 85.60 and 3.39 in the year 2014-15 and 2011-2012 respectively.

Conclusion

The agriculture sector is the backbone of Indian economy. It plays a crucial role in the growth of the Country. It

contribute considerable amount in the national income of the Indian economy and also provide large number of employment opportunity in the country. A management of the APMCs is very much interested to locate and pin-point the causes which are responsibility for low or high profitability. Generally profitability of industry in India has been analyzed from the view point of financial management and share holders. But, APMCs are neither industry nor a non trading organization. As a whole it can be concluded that the performance of APMC Kalaburagi (Gulbarga) found satisfactory followed by Raichur and Yadgir and poor in APMC Bidar followed by Bellary.

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