

# A STUDY ON FINANCIAL PERFORMANCE OF SELECTED APMCs (AGRICULTURE PRODUCE MARKET COMMITTEES) NADIAD APMC AND KAPADVANJ APMC OF KHEDA DISTRICT IN GUJARAT STATE

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## Abstract

The agriculture market has a very important role in the Indian economy because it provides employment to the maximum population. So, the government has a main focus upon the farmers with providing facilities and made up APMC for their ease of products selling in the market. The financial performance of the APMCs can also help to analyze the financial condition of APMCs to government.

**Keywords:** APMC's financial performance, Agriculture produce commodity market, farmer, Agriculture market, commodities.

## INTRODUCTION

In India, the agriculture sector performs a major role in the Indian economy and a big part of the Indian population is surviving upon agriculture-based employment and is the producers. The whole economy has been heavily influenced by agriculture. APMCs have been established to ensure the large retailers do not have any chance to misuse the farmer's rights and are also authorized to APMCs to maintain the price level of farm to retail that would not get excessively high. APMCs are a kind of mechanism which monitors marketing conduct from time to time with several compulsory regulations. Under the guideline of the APMC Act, the market and the rules and the regulation are set up by the state's Government only. (Government of India, 2019)

India is the nation where most of the population survives upon agriculture, and 65% to 70% of individuals are connected with agrarian. This research is based upon one of the very important parts of the agriculture sector which is APMCs, which regulate the Agriculture produces buying selling and mainly made to safeguard the rights of the farmer, who is having an equally important role in the agriculture sector. (Government of India, 2019)

### What is APMC?

The full form of APMC is Agriculture Produce Market Committee. It is a statutory committee that is made for the regulation of Agriculture produces for buying and selling or marketing. This is a kind of monitoring and regulating committee which controls the selling rate of agricultural produce which does not exceed the given guidelines. It is regulated by the state government in India under its norms or rules by the law. APMCs are geographically divided into different-different states in India. (index @ [www.arthapedia.in](http://www.arthapedia.in), n.d.)

### The Working of the APMC under the APMC ACT (1963):

- This is the first reform for the agriculture sector in India for the betterment of the agriculture sector.
- The buying and selling of agricultural produces or products that are notified under the umbrella are set for a particular market area's yards or sub-yards. APMCs have proper infrastructure for the selling and buying process of agricultural products.
- The commodities prices are decided by an auction, with the proper management where the suppliers are not get faced with any kind of problem regarding buying and selling
- Objectives of APMC Act-To provide for the developed and efficient marketing system and to promote the Agro-processing and agricultural exports and so on.
- e-NAM & APMC- The National Agriculture Market (NAM) is an Indian electronic platform which the APMCs, the buyers, and the sellers, to find the actual state or communicate under government norms and it also provides the platform to all the APMC. (India)

### Need of the APMC:

These are responsibilities of the Market Committees under the APMC Act-

- To provide the transparency in pricing program and the exchange of agro produces can do smoothly in the market area;
- To provide more facilities for the farmer so that they cannot face the problem regarding their work;
- Farmers have also one benefit that the government wants to give them an area where they can sell their produces on the same day so that the loss of the farmers can be reduced;

- To advertise the agro produces, that can be processed.  
([http://www.arthapedia.in/index.php%3Ftitle%3DAgricultural\\_Produce\\_Market\\_Committee\\_\(APMC\),2015](http://www.arthapedia.in/index.php%3Ftitle%3DAgricultural_Produce_Market_Committee_(APMC),2015))

#### Two Principles for APMC's Operation:-

1. The intermediaries are not taking advantage of farmers. Who forces the farmers to sell their products at a very low price and took advantage of them.
2. All food products are firstly carried to the market yard after that sell-off in the market. APMCs are divided in their state geography.

#### Features of APMC:

1. Single market fee
2. Special market for decomposable.
3. The norms of licensing are relaxed.
4. Contract framing model for facilities.
5. Any private person or farmer can set up their market.
6. Through the earning or the revenue, APMCs are used for the development of the infrastructure of the market.(*index @ www.arthapedia.in, n.d.*)

**APMC Nadiad** - In this study the five APMCs were selected from the Kheda district in Gujarat. The first APMCs are Nadiad APMCs which is the 'A' category APMC. In the Nadiad APMC, there is one principal market and three sub yards. There are around 550 go downs for the warehouse facilities, weight bridge, Drinking water facility, canteen, washrooms, restrooms for the farmers, R.R.C roads for better transport, a notice board for communication and updates, and there is also an auction shed for buying and selling, etc. The main commodities from which the APMC Nadiad do major buying selling activity and they are all spices for example cumin seeds, Tamarind, Psyllium husk, etc, along In the district the Nadiad APMC is the biggest dealer of vegetables. (parmar, 2019)

**APMC Kapadvanj**- APMCs is Kapadvanj APMCs which is 'A' category APMC. In the Kapadvanj APMC, there is one principal market and two sub yards. There is around 450 go down were these for the warehouse facilities, weight bridge, Drinking water facility, canteen, washrooms, restrooms for the farmers, R.R.C roads for better transport, a notice board for communication and updates and there is also an auction shed for buying and selling, etc. The main commodities from which the APMC Kapadvanj do major buying selling activity and they are Paddy, Peanut, Tobacco, Wheat, and vegetables. (Patel, 2020)

## REVIEW OF LITERATURE

In the literature review analysis, the researcher has gone through prior studies, journals, dissertations, books, and published papers, etc. An attempt has been made by the other researchers to review the research studies for APMCs are as follows-

**Yadav et al., (2020)**, this journal defines the evaluation of e-mandi effectiveness on marketing productivity. The researcher opts for Varanasi Uttar Pradesh as the research area. The data type was primary, the sampling technique was Simple random technique. Two fiscal year data from the year 2016-17 to 2017-18, collected for this journal and pre-e-NAM and Post e-NAM effect of the market among these two years. So it results in better profit gain through this platform.

**Bhat,(2019)**,Studies on the Review of the economic Status of APMC, Shivamogga of Karnataka APMC Mandis in the Shivamogga district of Karnataka, including revenues and expenses for the last 10 years from 2006 to 2016. The researcher used secondary information resources. The profits of the Shivamogga district APMCs were very low from 2006 to 2010. However, sales rose from 2010-11 to 2014-15, and very importantly the Revenue increased gradually in 2012-13 and 2014-15. So the finding of this research was that economic policy is to import a new element of dynamism to agriculture, which makes coordination between farmers, customers, and management of APMCs. Shivamogga district APMCs is good.

**Kumari, (2017)**, assessed the "Study on Farmer's Perception Related to numerous Price Sources and Effectiveness of Price Application, Awareness on APMC Act in Telangana and Constraints Faced by Farmers in Marketing of many Commodities" In this research paper the researcher analyzed, that APMC saves the right to make decisions about the market commodities and under this act of APMC norms. The management should also match the given APMC guidelines. To improve the marketing system the all the facilities are given by the APMCs like warehouse facilities Agricultural Marketing in India role of agriculture produces marketing committee. This research paper is based on the APMC working and the price variations over the years. In the end, the researcher found the problems of the APMC at the market level.

**Chandake et al.,(2016)**, studied, A Proposed Model for Online Solution for APMC. The study of APMC working which ensures that farmers got the right price on their products on this platform, they will save the farmer from those mediator bodies. The solution of online application should be introduced in the market so that transparency will increase. The problem arises when the farmers can't direct connection with the merchants they will have to contact the middle man to reach the merchant which causes loss to them but such type of application can help the farmers to connect the merchant directly.

**Chand & Singh,(2016)**, The research was based upon the agricultural marketing and farmer-favorable reforms across Indian states UTs the researcher wants to reforms in agricultural areas like farming with an agreement, direct sales by producers to processing industries, etc. the data Was collected from various sources like the report of the export committee on land leasing, report on regulatory regime regarding felling and transit regulation for tree species growing on non-forest land.

**Mohanty,(2014)**, the research was based upon the Agricultural produce market committee (APMC) act in Uttarakhand and its impact on agribusiness. The researcher wants to show the functioning of the APMC Acts in Uttarakhand and wants the state government helps to build and enlarge the scope of the act in all hilly districts. This research alludes to budget documents of the state government, a yearly survey of industries, and the information from the district industries center (DIS) for the investment outline and growth in the Agro processing section. To study the price scenario, they have studied daily arrival and price data available from the AGMARKNET website. The limitation of the study is geographically limited to the Uttarakhand state.

## 2.2 Research Gap:

After analyzing the literature review that the researcher recognizes and tries to identify the factors are the Role of APMCs, factor affecting the development, Financial position of a particular region, to know the profitability, labor productivity, capital analysis, The technological importance, agriculture sector financial inclusions, The number of researches have been made on the APMCs working, management and the performance but the research did not come across on the five APMCs Nadiad and Kapadvanj APMC of Kheda district in Gujarat, APMCs workings and performance of last six financial years (2014-15 to 2019-2020). It has been observed from the literature review that various aspects like profitability, liquidity and the efficiency related to APMCs have been studied

## 3. RESEARCH METHODOLOGY

For the conduct of research on the “A study on Performance and Management of selected APMCs (Agriculture produce market committees) in Kheda district from Gujarat State”, has been adopted by the researcher for coming up with some meaningful conclusion. In this part of the research selected two APMCs' financial performance of the last six-year data from the year 2014-2020.

- **Sample Design:** Descriptive, statistical, or quantitative .
- **Sample Size:** Two APMCs(Kapadvanj & Nadiad District)
- **Variables:** Income, Expenditure and various components of balance sheet
- **Tools & Techniques:** Trend Analysis, One Way ANOVA
- **Sources of Data Collection:** Secondary Data

## 4. OBJECTIVES OF THE STUDY

1. To study the various financial factors of selected APMCs of Kheda district in Gujarat.
2. To study the financial health of Both APMCs.

## 5. HYPOTHESIS OF THE STUDY

**H<sub>01</sub>:** There is no significant difference in the income and expenditure trend of the selected APMC's of Kheda district.

## 6. DATA ANALYSIS AND INTERPRATION

Making an efficient marketing system for the farmers and sellers in India the government is encouraging and supporting the Agriculture Produce Marketing Committee (APMC)in various states and districts of the country by providing various supports to them.

### Statistical Analysis:

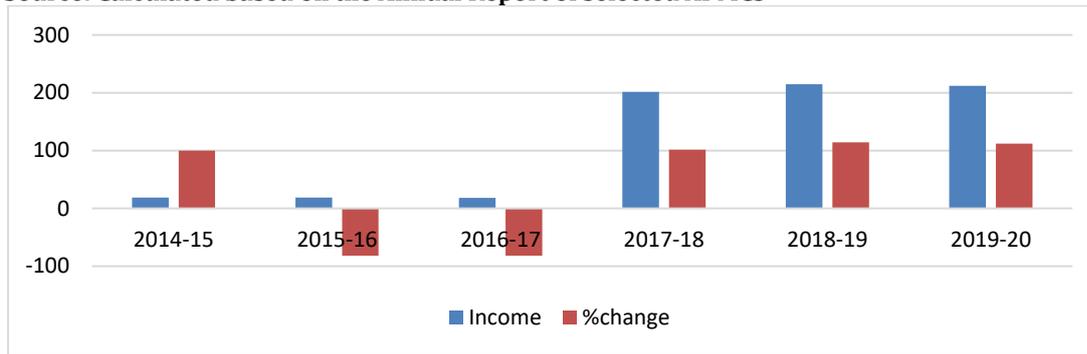
For statistical analysis the researcher used ANOVA (Analysis of variance) as tool for analysis in (Napier, 1990)

**Trend Analysis of Income of Selected APMC of Kheda District: (A) Kapadvanj APMC:**

Trend Analysis of Annual Income of Kapadvanj APMC (Amount in Lakhs)		
Year	Income	%change
2014-15	18.65	
2015-16	18.45	(81.55)
2016-17	18.14	(81.86)
2017-18	201.6	101.6
2018-19	214.51	114.51
2019-20	212.18	112.18

**Table 1: Trend Analysis of Income of Kapadvanj APMC**

Source: Calculated based on the Annual Report of selected APMCs



**Figure1 - Annual Trend of Kapadvanj APMC**

Source: Calculated based on the Annual Report of selected APMCs

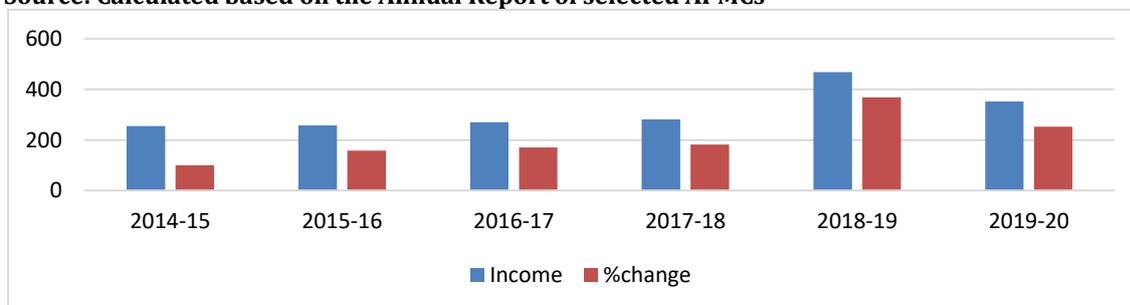
From the above table 8, the Kapadvanj APMC shows the trends in the income earned by the APMC in 6 years. From the above, it shows the positive trend in the income of the APMC. In the year 2018-19, the APMC has the highest positive trend of 114.51 %in the income, and in the year 2016-17, it has a negative trend of -81.86%.

**(B)Nadiad APMC:**

Trend Analysis of Annual Income of Nadiad APMC (Amount in Lakhs)		
Year	Income	%change
2014-15	255.53	----
2015-16	257.19	157.19
2016-17	270.56	170.56
2017-18	282.12	182.12
2018-19	468.52	368.52
2019-20	352.39	252.39

**Table 2 : Trend Analysis of Income of Nadiad APMC**

Source: Calculated based on the Annual Report of selected APMCs



**Figure 1- Annual Trend of Nadiad APMC**

Source: Calculated based on the Annual Report of selected APMCs

From the above table 10, the Nadiad APMC shows the trends in the income earned by the APMC in 6 years. From the above, it shows the negative trend in the income of the APMC. In the year 2018-19, the APMC has the highest

positive trend of 368.52 %in the income, and in the year 2014-15, it has a positive trend by a low level of 157.19%.

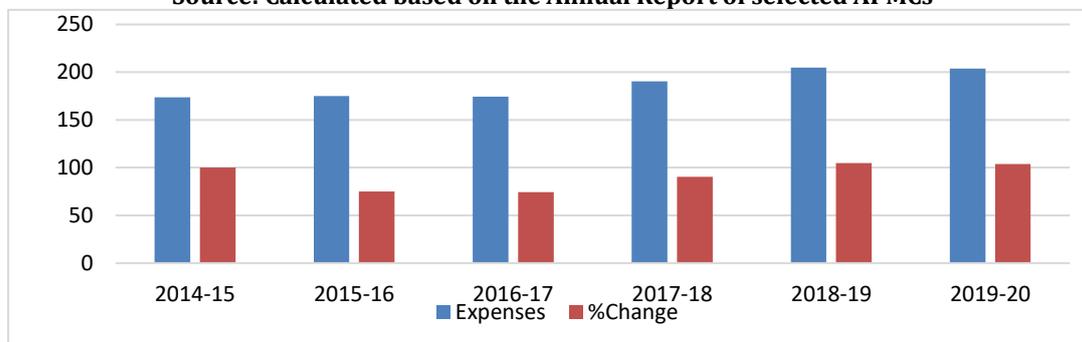
**Trend Analysis of Expenditure of Selected APMC of Kheda District.**

**(a)Kapadvanj APMC:**

Trend Analysis of Annual Expenses of Kapadvanj APMC (Amount in Lakhs)		
Years	Expenses	%Change
2014-15	173.79	100
2015-16	175.16	75.16
2016-17	174.26	74.26
2017-18	190.3	90.3
2018-19	204.89	104.89
2019-20	203.8	103.8

**Table 1: Trend Analysis of Expenditure of Kapadvanj APMC**

Source: Calculated based on the Annual Report of selected APMCs



**Figure- Annual Expenditure Trend of Kapadvanj APMC**

Source: Calculated based on the Annual Report of selected APMCs

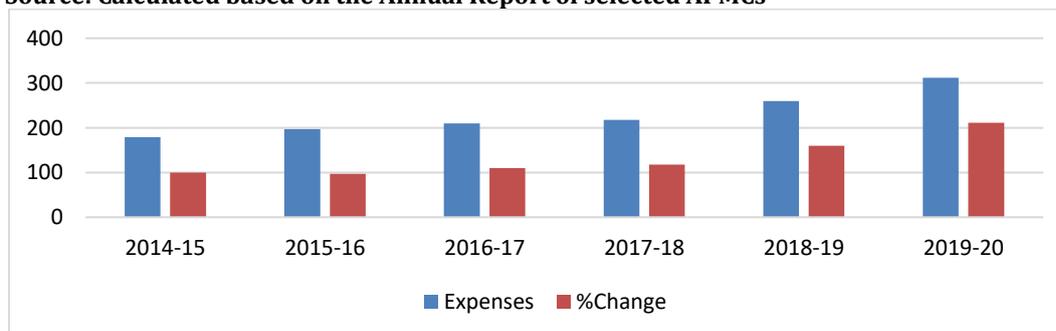
The above table, of Kapadvanj APMC, shows the trend in the expenditure of the APMC for the 6 years. The above table shows the negative trends in the expenditure of the APMC. As the negative trend in the expenditure is a positive sign to the APMC. In the year 2016-17, it has the lowest changes of 74.26% and in the year 2018-19, it has the highest changes of 104.89%.

**(e) Nadiad APMC:**

Trend Analysis of Annual Expenses of Nadiad APMC (Amount in Lakhs)		
Years	Expenses	%Change
2014-15	178.8	--
2015-16	196.9	96.9
2016-17	209.59	109.59
2017-18	217.6	117.6
2018-19	259.61	159.61
2019-20	311.43	211.43

**Table 4: Trend analysis of Annual Expenses of Nadiad APMC**

Source: Calculated based on the Annual Report of selected APMCs



**Figure - Annual Expenditure Trend of Nadiad APMC**

**Source: Calculated based on the Annual Report of selected APMCs**

The above table 15, of Nadiad APMC, shows the trend in the expenditure of the APMC for the 6 years. The above table shows the negative trends in the expenditure of the APMC. As the negative trend in the expenditure is a positive sign to the APMC. In the year 2015-16, it has the lowest changes of 96.9% and in the year 2019-20, it has the highest changes of 211.43%.

**Hypothesis testing of selected APMCs of Kheda district in Gujarat -**

**H<sub>01</sub>: There is no significant difference in the income and expenditure trend of the selected APMC's of Kheda district.**

• **Total Income Trend**

Sources of variance	Sum of Squares	D.F.	M.S.S.	F- Value	Sig.	Decision of H <sub>0</sub>
Between Groups	321492.477	4	80373.119	21.587	0.000	<b>Rejected</b>
Within Groups	93078.630	25	3723.145			
Total	414571.107	29				

**ANOVA test of Total Income Trend**

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**ANOVA test of Total Income Trend**

Table 4.7, the result of the ANOVA test Between APMCs total income Trend within the groups and the groups at a 5% level of significance. This means the P-value of the total income Trend within the groups and within the groups are lesser than 0.05(p-Value < 0.05), and the value was (0.00 < 0.05), so it rejected the hypothesis at the 5% of significance. The value is 0.000 So It clearly shows that there is no significant difference in total income trend between the group and within the group of APMCs. Also, it is calculated the total income is the individual variable in the study.

• **Total Expenditure Trend**

Sources of variance	Sum of Squares	D.F.	M.S.S.	F-Value	Sig.	Decision of H <sub>0</sub>
Between Groups	5860.004	5	1172.001	0.125	0.985	<b>Failed to Reject</b>
Within Groups	225760.545	24	9406.689			
Total	231620.549	29				

**Table 5 ANOVA test of Total Income Trend**

Table48, the result of the ANOVA test Between APMCs total income Trend within the groups and the groups at a 5% level of significance. This means the P-value of the total income Trend within the groups and within the groups are greater than 0.05(p-Value >0.05), and the value was (0.00 < 0.05), so it is failed to reject the hypothesis at the 5% of significance. The value is 0.985 So It clearly shows that there is no significant difference in total income trend between the group and within the group of APMCs. Also, it is calculated the total expenditure trend is the individual variable in the study.

**5. FINDINGS, SUGGETIONS AND CONCLUSION**

Agriculture Marketing is essential in the interests of the farmers for their productions. The central government and the state government both have made valuable efforts for increasing agricultural marketing in the whole country as a result it has created high agricultural production but it has also created hurdles in the marketing method of the agricultural products. For that, both governments first are the central government and the second is state government has passed various acts for increasing agricultural production and its marketing. The acts were updated from time to time or we can say the amendments in the acts were occurring according to the need.

**Findings:**

The annual average income of the selected APMC's is ranged from 46852790.25corers to 1702417Lakhs. While the annual average expenditure of the selected APMC's is ranged from 31143403.3 crores to 2231775Lakhs. So it's good to expend less and earn more profit.

1. Nadiad APMC is been the biggest APMC and has an average annual income of Rs. 3,14,39,145.125corers and the average annual expenditure isRs.1,90,05,179.325corers. That APMC shows that if there is good income generated the expenditure is also at the same place needed that much. So Nadiad APMC is the best APMC who performed well based on income and expenditure.

2. The measurement of the variability of annual expenditure is highest for the Mahemdabad APMC and it is observed lowest for Nadiad APMC.
3. Kapadvanj APMC, through the trend analysis showing the highest positive trend of 114.51 % in the income, and the year 2016-17, it has a negative trend of -81.86%. So Kapadvanj is one of the best performers in the trend in income analysis.
4. Nadiad APMC, through the trend analysis showing a negative trend in the income of the APMC. In the year 2018-19, the APMC has the highest positive trend of 368.52 % in the income, and in the year 2014-15, it has a positive trend by a low level of 157.19%
5. Annual Expenditure of all selected Five APMCs of Kheda district- Kapadvanj APMC, through the trend analysis showing a negative trend in the expenditure, is a positive sign to the APMC. In the year 2016-17, it has the lowest changes of 74.26% and in the year 2018-19, it has the highest changes of 104.89%. Nadiad APMC, through the trend analysis showing negative trends in the expenditure of the APMC. As the negative trend in the expenditure is a positive sign to the APMC. In the year 2015-16, it has the lowest changes of 96.9% and in the year 2019-20, it has the highest changes of 211.43%.

#### Suggestions:

In this study, the researcher found that all five APMCs are performed well year by year. All five APMCs which are Kapadvanj APMC and Nadiad APMC these two APMCs said that Kapadvanj APMC should increase its efficiency towards the betterment of financial performance and management.

#### Limitation of the study:

- The Study is based on five APMCs of Kheda district. Thus APMCs situated in other states of India might have different working.
- The study examines the financial performance through ratio analysis and trend analysis only.
- The study is based on secondary data obtained through APMCs. So the reliability of the data is based on published data.
- The study period is of 6 years, i.e. from 2014-2015 to 2019-2020.

#### Further scope of the study:

- The analysis is based on five APMCs of the Kheda district of Gujarat state. Researchers can opt for this research as a base and refer it to different APMCs from other states also.
- The study examines the financial performance through ratio analysis and trend analysis of APMCs. Hence, researchers can opt for other techniques and can also compare the performances of APMCs.

#### Conclusion:

This research helps to improve the APMCs the financial performance of the APMCs, to provide the Economic benefit to the APMCs, and at the same place, the expenditure which has made to hike the profitability is also going to better for the farmer's facilities betterment. That effect shows how APMC can use this study to enhancement the performance of its working which directly increases income. And if better facilities are provided by the APMCs to the farmers so the productivity of the buying and selling process will get better as a result of it.

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