

CHAPTER - 5

CHAPTER 5

**FINANCIAL POSITION OF SIDDHESHWAR
MARKET YARD**

- 5.1 Introduction
- 5.2 Sources of Income
- 5.3 Financial Turnover
 - 5.3.1 Compound Growth Rates in Turnover of Siddheshwar Market Yard
 - 5.3.2 Share of Sub-markets
- 5.4 Financial Position of Siddheshwar Market Yard

CHAPTER 5

FINANCIAL POSITION OF SIDDHESHWAR MARKET YARD

5.1 Introduction

The APMC has the obligation to provide adequate marketing facilities on the market yard and furthermore it is expected to generate resources for this purpose itself. The Agricultural Produce Market Act empowers the APMC to levy certain charges on the market functionaries and thereby raise money for its own requirement. It is expected that the resources generated should be enough not only to meet the current expenses but also to provide for the development of the principal market as well as the sub-markets. The Government realises that in the initial stage after the establishment of the APMC that the market committee would fall short of the resources. Hence, the government extended loan facilities to the APMC particularly for acquisition of land, locating the principal market and later on the sub-market, construction of roads and buildings on the land acquired, and so on. The APMC is expected to return the loan with a interest in suitable installments in due course. Anyway, in the long run, the APMC is expected to be self-reliant financially. This is possible only if its succeeds in swelling the market arrivals of the regulated commodities.

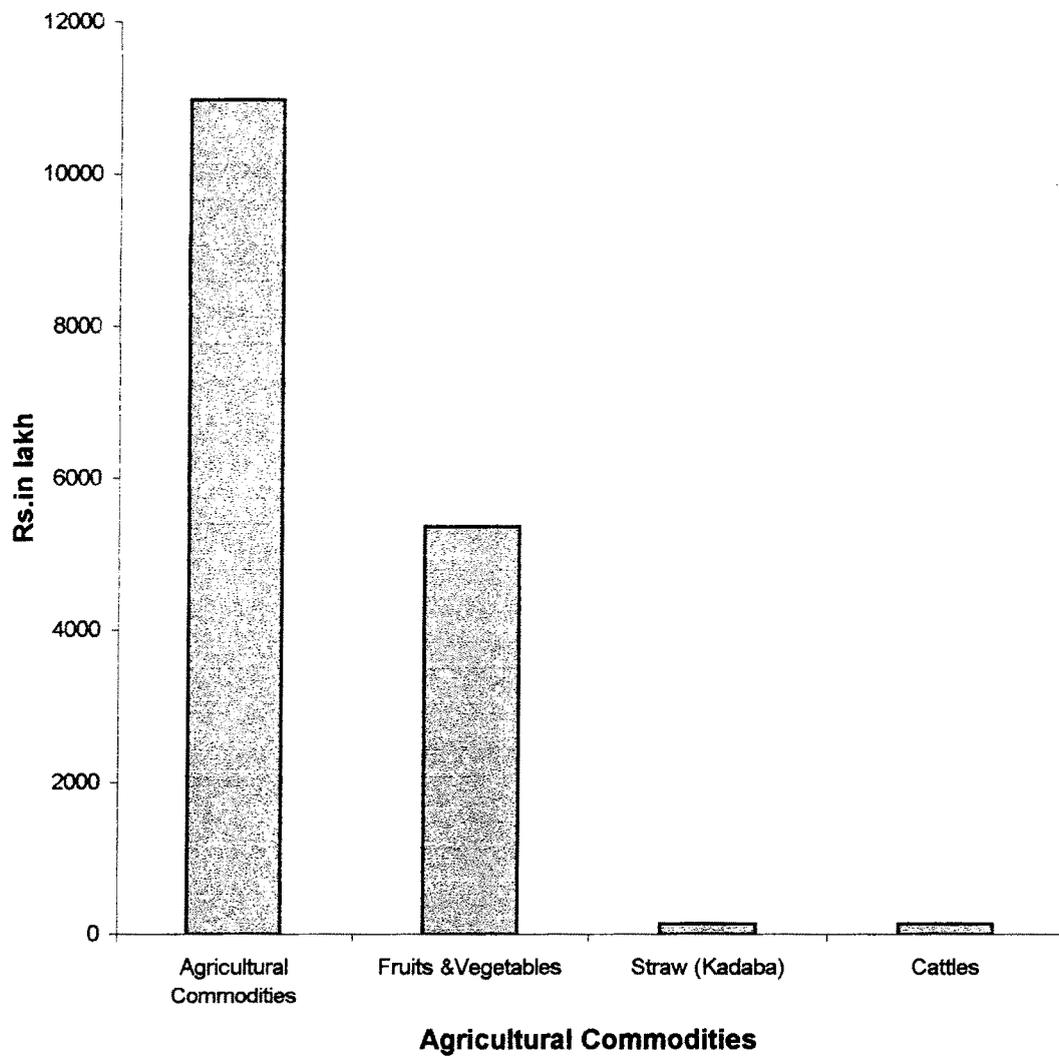
5.2 Sources of Income

In this light the present chapter attempts to examine the finances of Siddheshwar Market Yard over a period from 1977-78 to 1998-99. On perusal of the financial statements of the APMC, Solapur of which Siddheshwar Market Yard is the principal market , it appears that the APMC has been collecting funds from the following sources :

1. licence fee from the market functionaries;
2. market fee on transactions;
3. rent of plots and buildings;
4. godown fee;
5. auction of grass and murum;
6. interest on bank deposits;
7. gate pass fee;
8. commission on the recovery of loans of the co-operative societies; and
9. miscellaneous income.

Of all these sources, market fee has assumed the place of pride. In fact, income from this source is, as with every APMC, the backbone of the APMC, Solapur too, next in importance is the income from licence fee. All other sources have remained of lesser significance. They can be described as incidental incomes. A detailed scrutiny of the income sources follows in the light of the statistical details presented the next section.

5.1 Financial Turnover of Siddheshwar Market Yard during 1997-98



5.3 Financial Turnover

This section deals financial turnover of Siddheshwar Market Yard during 1977-78 to 1998-99. Total financial turnover consists of transaction of agricultural commodities, fruits and vegetable, straws (Kadaba) and cattle being carried out in the market yard. The total turnover of Siddheshwar Market Yard increased from Rs.2155.27 lakh to Rs.4427.21 lakh during the period 1978-79 to 1987-88; which indicates an increase of 105.41% Total turnover of Siddheshwar Market Yard during the period 1987-88 to 1997-98, increased from Rs.4427.21 lakh to Rs.18356.63 lakh; the increase was to the extent of 314.63%. It was higher than earlier period.

Table No. 5.1
Total Financial Turnover of Siddheshwar Market Yard
(Average for three years)

(Rs. In lakhs)

Year	Agricultural Commodities	Fruits & Vegetables	Kadaba (Straws)	Cattles	Total
1978-79	1729.91	351.36	26.75	49.25	2155.27
1987-88	3088.62 (78.25)	1194.31 (239.91)	91.70 (242.78)	52.59 (6.78)	4427.21 (105.41)
1997-98	10968.28 (255.12)	5353.82 (348.28)	137.93 (50.42)	134.58 (155.92)	18356.63 (314.63)
1978-98	(534.77)	(1423.74)	(415.61)	(173.27)	(751.71)

Figures in the bracket show percentage change over previous year.

Source : Annual Report of Agricultural Produce Marketing Committee, Solapur

During the entire period (1977-78 to 1998-99), total turnover of Siddheshwar Market Yard increased from Rs.2155.27 lakh to Rs.18356.63 lakh; thereby indicates in increase of 751.71%.

Thus it showed that financial turnover of Siddheshwar Market Yard has been increasing during said period which is good sign of financial health of Siddheshwar Market Yard. Moreover the break-up of total financial turnover of Siddheshwar Market Yard has been given in Table No. 5.1.

I Agricultural Commodities

The agricultural commodity market turnover was to the extent of Rs.3088.62 lakh in 1987-88, which raised from Rs.1729.91 lakh in 1978-79, thereby indicates an increase of 78.75%. Turnover of agricultural commodity market of Siddheshwar Market Yard during the period 1987-88 to 1997-98, increased from Rs.3088.62 lakh to Rs.10968.28 lakh; the increase was to the extent of 255.12%. It was higher than earlier period. During the entire period (1977-78 to 1998-99), turnover of agricultural commodity market in Siddheshwar Market Yard increases from Rs.1729.81 lakh to Rs.10968 lakh; this figures indicates an increase of 534.77%. It is also observed that the relative share of agricultural commodity market in total turnover is higher than other.

II. Fruits and Vegetable Market

The fruits and vegetable market turnover was to the extent of Rs.1194.31 lakh in 1987-88, raised from Rs.351.36 lakh in 1978-79, which indicates an increase of 239.91%. Turnover of the fruits and vegetable market in Siddheshwar Market Yard during the period 1987-88 to 1997-98, increased from Rs.1194.31 lakh to Rs.5353.82 lakh; the increase was to the extent of 348.28%. It was higher than earlier period. During the entire period (1977-78 to 1998-99), turnover of the fruits

and vegetable market in Siddheshwar Market Yard increases from Rs.351.36 lakh to Rs.5353.82 lakh; which indicates an increase of 1423.74%. It is further observed that the fruits and vegetable market's share in total turnover was lower than agricultural commodity but was higher than straw (Kadaba) and cattle market.

III. Straw (Kadaba) Market

The straw (Kadaba) market turnover was to the extent of Rs.91.70 lakh in 1987-88 raised from Rs.26.75 lakh in 1978.79; which indicates an increase of 242.78%. Turnover of the Kadaba market in Siddheshwar Market Yard during the period 1987-88 to 1997-98, increased from Rs.91.70 lakh to Rs.137.93 lakh; the increase was to the extent of 50.42%. It is lower than earlier period. During the entire period (1977-78 to 1998-99), turnover of the straw (Kadaba) market in Siddheshwar Market Yard increases from Rs.26.75 lakh to Rs.137.93 lakh; which indicates an increase of 415.61%. It is observed that the share of Kadaba market in total turnover was relatively lower than agricultural commodity market and fruits and vegetable market.

IV. Cattle Market

The Cattle market turnover was marginally increase from Rs.49.25 lakh to a Rs.52.59 lakh during the period 1978-79 to 1987-88; which indicates an increase of 6.78%. Turnover of the cattle market in Siddheshwar Market Yard during the period 1987-88 to 1997-98, increased from Rs.52.59 lakh to Rs.134.58 lakh; the increase was to the extent of 155.92%. It was higher than earlier period. During the entire

period (1977-78 to 1998-99), turnover of the cattle market in the Siddheshwar Market Yard was increased from Rs.49.25 lakh to Rs.134.58 lakh; which indicates an increase of a173.27%. It is observed that the share of cattle market in the total turnover of Siddheshwar Market Yard was marginal.

5.3.1 Compound Growth Rates in Turnover of Siddheshwar Market Yard

In previous section we have seen percentage changes in financial turnover of Siddheshwar Market Yard during 1978-79, 1987-88 and 1997-98. Now we shall examine progress in financial turnover of Siddheshwar Market Yard based on entire period (1977-78 to 1988-89) and its sub periods.

Table No. 5.2
Compound Growth Rates in Financial Turnover

Sr. No.	Items	Period-I (1977-88)	Period-II (1987-99)	Period-III (1977-99)
1	Agricultural Commodities	6.21	12.75	9.75
2	Fruits & Vegetables	15.26	17.59	16.33
3	Kadaba (Straw)	16.76	4.16	8.17
4	Cattle Market	2.23	10.70	7.55
5	Total Turnover	8.13	15.07	11.47

Source : Annual Report of Agricultural Produce Marketing Committee, Solapur

Table 5.2 gives the annual compound growth rates in turnover of Siddheshwar Market Yard. Which examines the growth profile of Agricultural Commodities, Fruits and Vegetables, straw (Kadaba) and Cattle Market in the Siddheshwar Market Yard for the entire period 1977-99. Whole time period (1977-99) is further sub-divided into two

periods ; Period I covered 1977-78 to 1987-88, Period II spanned 1987-88 to 1998-99, and whole period III covered 1977-78 to 1998-99.

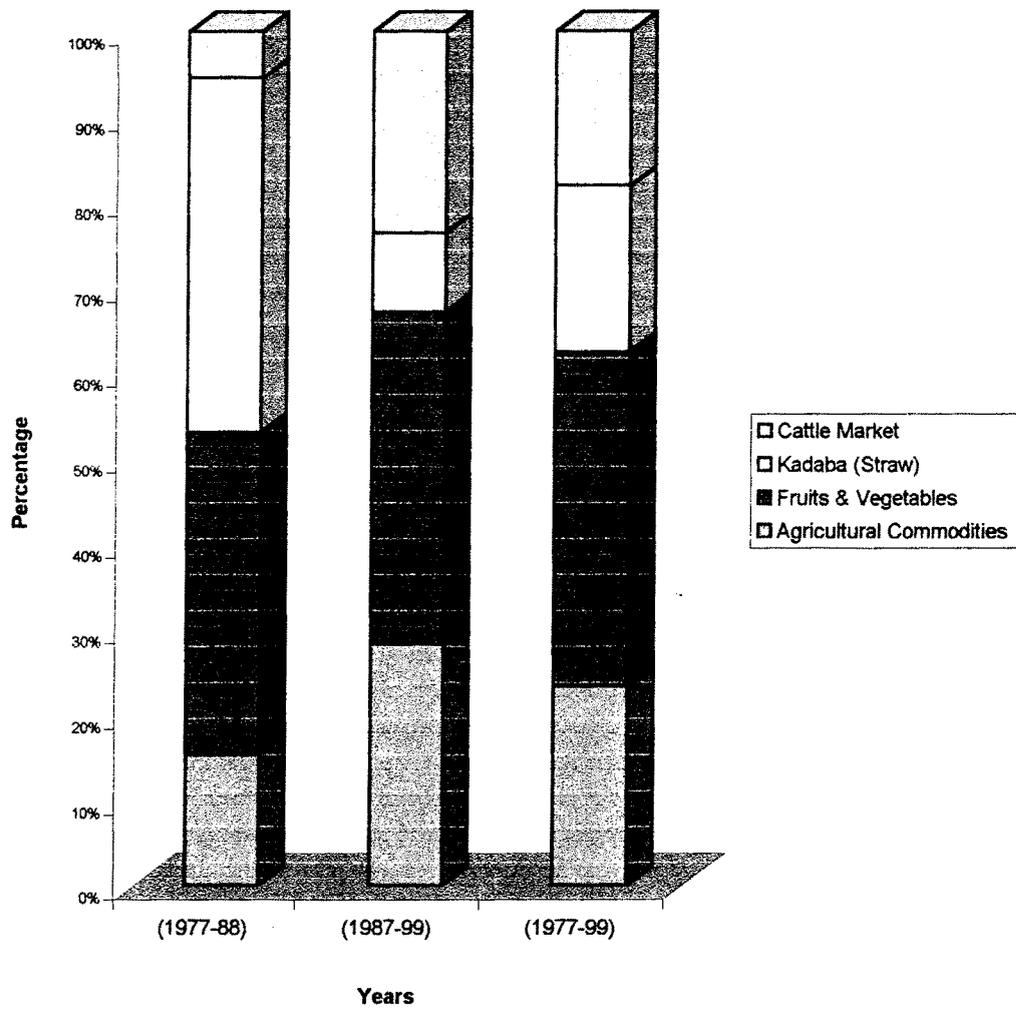
Period-I : (1977-78 to 1987-88)

It is observed from the Table No. 5.2 that growth rate in the financial turnover of straw (Kadaba) increased by 16.76 percent. While fruit and vegetables was next to Kadaba with 15.26 percent, also good performance of agricultural commodities with 6.21 per cent. In case of cattle market growth rate was increased by 2.23 per cent. Total turnover was increased by 8.13 per cent. It was greater than agricultural commodities and cattle market but it was lower than straw (Kadaba) and fruits and vegetable market.

Period-II : (1987-88 to 1998-99)

As compared to period I, the Period II showed relatively much better performance in respect of annual compound growth rates in turnover of Siddheshwar Market Yard except straw (Kadaba) Market. In period II financial turnover of fruits and vegetable has increased by 17.59% followed by agricultural commodities (12.75%) and cattle market (10.70%). Financial transaction of straw (Kadaba) did not show much improvement in fact growth rate is low as compared to period I. Moreover it was observed that a significant performance of total turnover with 15.07 per cent, and it was near about double as compared to Period I.

5.3 Share of Sub-markets in Total Turnover



Period-III : (1977-78 to 1998-99)

In the third period (entire period) it is observed that financial turnover of fruits and vegetable increased 16.33 percent followed by agricultural commodities (9.75 per cent) and straw (Kadaba) market (8.17 per cent). While cattle market recorded 7.55 per cent growth rate. Total turnover of Siddheshwar Market Yard achieved remarkable growth rate with 11.47 per cent. Thus Siddheshwar Market Yard has shown good performance in respect of financial turnover during 1977-78 to 1998-99.

5.3.2 Share of Sub-markets

Progress of financial turnover of market yard ultimately depends upon the performance of the sub-markets and, market which determine growth prospect of market yard. Siddheshwar Market Yard consists of four sub market such as 1) Agricultural Commodities 2) Fruits and Vegetables, 3) Straw (Kadaba) and 4) Cattle Market.

Table No. 5.3
Share of Sub-markets in total turnover

Year	Agricultural commodities	Fruits & Vegetables	Kadaba	Cattle	Total
1978-79	80.17	16.30	1.24	2.29	100
1987-88	69.76	26.98	2.07	1.19	100
1997-97	59.75	29.17	0.75	0.73	100

Note : Relative shares are calculated on the basis of statistical data given in Table No. 5.1

It could be observed from the 5.3 that of the total financial turnover of Siddheshwar Market Yard the share of agricultural commodities was 80.17 percent, followed by fruits and vegetable (16.30) straw (Kadaba)

1.24 percent and cattle 2.29 percent. In the agricultural commodities market rice, wheat, Jawar, maize, bajra, gram, groundnut, sunflower, green gram, black gram, pigeon pea, chillie and jaggery are important commodities. In fruits and vegetables market major vegetables are onion, banana, tomato, potato, vetch, lady's finger, brinjal, bitter gourd, cabbage, carrot, coriander leaves, spinach, fenugreek, garlic, etc. and major fruits are grapes, mango apple, guava, sweet potato, water melon, pomegranate, sweet lime, orange, papaya, custard apple, lemon, etc. Over period of time, it could be observed that share of each market has been changing in the respect of financial turnover of the market yard. The share of agricultural commodities has continuously been declining. It was 80.17% in 1978-79 which reduced to 69.76 in 1987-88 and further declined to 59.75% in 1997-98. While share of fruits and vegetables has increased. It was 16.30 per cent in 1978-79 which increased to 26.98% in 1987-88 and further increased to 29.17 percent in 1997-98. In respect of cattle market its share was 2.29% in 1978-79 which reduced to 1.19 percent and further reduced to 0.73% in 1997-98. In case of straw (Kadaba) the relative share of total financial turnover has increased from 1.24 percent (1978-79) to 2.07 percent (1987-88) and then reduced to 0.75% in 1997-98, indicating no systematic trend during 1978-79 to 1997-98.

5.4 Financial Position of Siddheshwar Market Yard

I) Total Income

In this section an attempt is made for examine the financial position of Siddheshwar Market Yard during 1978-79 to 1997-98. The financial

position of market yard depends upon the 1) income 2) Balance 3) Permanent Fund 4) other sources, if any. Following section deals in growth of income, balance and permanent funds. It can be seen from Table No. 5.4 that the market's income was Rs.10.80 lakh in 1978-79 swelled to Rs.58.28 lakh in 1987-88 thereby recording 439.60% increase. The total income increased from Rs.58.28 lakh to Rs.299.23 lakh during the period 1987-88 to 1997-98; thus it indicates an increase of 413.45% and 2671% increased during the entire period (1978-98).

Table No. 5.4
Progress in financial position of Siddheshwar Market Yard
(Average for Three Years) *permanent (in lakh)*

Year	Total Income	Total Expenditure	Balance	Provident Fund	Capital Expenditure
1978-79	10.80	5.38	5.42	32.41	3.05
1987-88	58.28 (439.60)	23.16 (330.50)	35.12 (547.85)	221 (581.85)	31.90 (944.77)
1997-98	299.23 (413.45)	125.63 (442.55)	173.60 (394.27)	1025.24 (636.89)	NA
1978-98	(2670.61)	(2235.67)	(3102.14)	(3063.06)	-

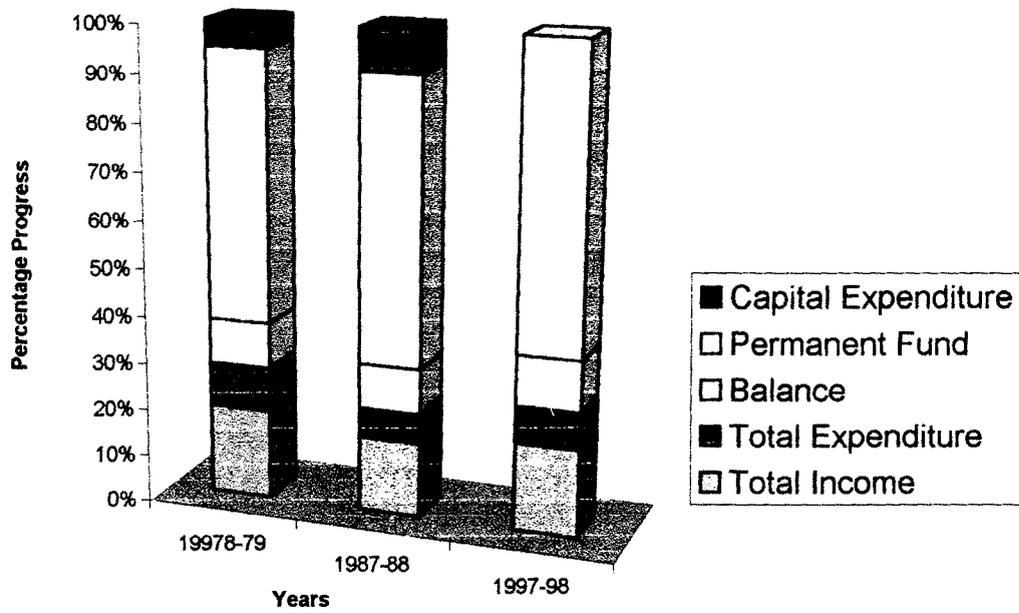
Source : Annual Report of Agricultural Produce Marketing Committee, Solapur

Figures in the bracket shows percentage change over previous year.

II) Total Expenditure

Major heads of expenditure of the APMC are payments to staff, construction of Yards, buildings and other development work, development of sub-markets, office equipments and stationery, electricity and water bills, publicity, bank commission, dead stock, etc. For the purpose of analysis total expenditure is split into expenditure on staff and other expenses. The former item constitutes the single largest item of expenditure. In case

5.4 Progress in Financial Position of Siddheshwar Market Yard



of other expenses, developmental expenditure is the biggest one. Trends of total expenditure can now be examined.

It is obvious that with growth of the market yard, its liabilities also would grow by leaps and bounds. As per table 5.4 Siddheshwar Market yard spent Rs.5.38 lakh in 1978-79 and Rs.23.16 lakh in 1987-88 resulting into an increase of 330.50%. Total expenditure of Siddheshwar Market Yard during the period 1987-88 to 1997-98, increased from Rs.23.16 lakh to Rs.125.63 lakh; the increase was to the extent of 442.55%. It is higher than earlier period. During the entire period (1978-79 to 1997-98), total expenditure of Siddheshwar Market yard increased from Rs.5.38 lakh to 125.63 lakh; this figure indicates an increase of 2236%.

III) Balance with the Siddheshwar Market Yard :

Since income of the APMC from market fee increases with strides with the growth of the market, it plays a major role in creating surplus of income over expenditure. Even though the aggregate expenditure over time increased, aggregate income also raised at a faster rate. As such, the Siddheshwar Market Yard could generate its own resources and in course of time accumulate huge reserves for future development programmes. Perennial surpluses help the Siddheshwar Market Yard to become self-reliant financially.

Siddheshwar Market Yard has been fortunate enough to be in surplus for last 25 years of its working. It could be seen from Table 5.4 that balance of Siddheshwar Market Yard was Rs.5.42 lakh in 1978-79 and Rs.35.12 lakh in 1987-88 resulting into an increase of 548%. Balance with

the Siddheshwar Market Yard increased during the period 1987-88 to 1997-98; from Rs.35.12 lakh to Rs.173.60 lakh; which indicates an increase of 394%. During the entire period, balance of Siddheshwar Market yard increased from Rs.5.42 lakh to Rs. 173.60 lakh; which indicates an increase of 3102%.

Actually, during 25 years period, the accumulated surpluses were used for completing development works on the market yard premises from time to time. Even then, the rate of generation of surplus was more than the rate of utilisation and therefore, the Siddheshwar Market Yard was able to preserve a big portion of the accumulated funds and thereby could create reserve fund.

IV) Permanent Fund

The Permanent fund of Siddheshwar Market Yard was increased from Rs.32.41 lakh to Rs.221 lakh during the period 1978-79 to 1987-88; this indicated an increase of 582% in the fund. Permanent fund with the Siddheshwar Market Yard was also increased during the period 1987-88 to 1997-98, from Rs.221 lakh to Rs.1025.24 lakh; thereby indicates an increase of 364%. During the entire period, permanent fund of Siddheshwar Market Yard increased from Rs.32.41 lakh to Rs.1025.24 lakh; resulting into an increase of 3063%.

V) Capital Expenditure

Capital Expenditure of Siddheshwar Market Yard was increased from Rs.3.05 lakh to Rs.31.90 lakh during the period 1978-79 to 1987-88;

which indicates an increase of 945% in the capital expenditure. As statistical data on capital expenditure for 1997-98 was not available, percentage change for 1987-88 and 1998-99 could not be calculated.

5.4.1 Compound Growth Rates in Financial Position of Siddheshwar Market yard.

In order to get more realistic idea of financial position of Siddheshwar Market Yard an compound growth rates are calculated and presented in Table No. 5.5 for the entire period (1977-99) and sub-periods. Period I (1977-78 to 1987-88) and Period II (1987-88 to 1998-99).

Table No. 5.5
Compound Growth Rate in Income and Expenditure

Sr. No.	Items	Period-I 1977-88	Period-II 1988-98	Period-III (1977-98)
1	Total Income	21.8	17.99	18.59
2	Total Expenditure	18.14	18.03	18.66
3	Balance	24.49	18.03	19.01
4	Permanent Fund	24.34	16.67	19.78
5	Capital Expenditure	30.50	-	-

Source : Annual Report of Agricultural Produce Marketing Committee, Solapur

It is observed from table 5.5 that capital expenditure incurred by Siddheshwar Market Yard has increased by 30.50 percent per annum during 1977-78 to 1987-88, then followed by balance with Siddheshwar Market Yard 24.49%, permanent fund 24.34%, total income 21.8% and total expenditure 18.14% during period-I. While in period II it could be noticed that balance with Siddheshwar Market yard and total expenditure increased by nearly 18.03 percent per annum followed by total income 17.99% and permanent fund 16.67 percent. As statistical data for capital

expenditure for the latest years was not available, compound growth rates could not be calculated for period II and III. Period III showed that permanent fund and balance with Siddheshwar Market Yard increased by nearly 19.0 percent per annum. While total income and total expenditure increased by 18.59 percent, and 18.66 percent respectively during 1977-78 to 1997-98. Thus overall analysis showed that Siddheshwar Market Yard has making good progress in the field of financial position over the time period under consideration.