

CHAPTER - V

CHAPTER – V**FINANCIAL POSITION OF GADHINGLAJ
MARKET YARD**

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CHAPTER – V

FINANCIAL POSITION OF GADHINGLAJ MARKET YARD

5.1 INTRODUCTION

This chapter examines the financial position of Gadhinglaj Market Yard during 1981-82 to 1999-2000. 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 realised 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 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 an interest in suitable installment in due course. In the long run, the APMC is expected to be self reliant financially. This is possible only if it succeeds in swelling the market arrivals of the regulated commodities.

5.3 SOURCES OF INCOME

On perusal of the financial statements of the APMC, Gadhinglaj of which Gadhinglaj Market Yard is the Principal Market, it appears that the APMC has been collecting funds from the following sources.

1. Licences fee from the market functionaries;
2. Market fee on transaction;
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, Gadhinglaj too, next in impotence is the income from licence fee. All other source has 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.

5.4 FINANCIAL TURNOVER

This section deals with financial turnover of Gadhinglaj Market Yard during 1981-82 to 1998-99. Total financial turnover consists of transaction of agricultural commodities and cattle being carried out in the Market Yard. The total turnover of Gadhinglaj Market Yard increased from 383.06 lakh to 1883.35 lakh during the period 1981-82 to 1991-92, which indicates an increase of 391.66 percent. Total turnover of Gadhinglaj Market Yard during the period 1991-92 to 1998-99, increased from Rs. 1883.35 lakh to Rs. 2394.32 lakh; the increase was to the extent of 27.13 percent.

Table 5.1
Total Financial Turnover of Gadhinglaj Market Yard
(Average for Three Years)

(Rs. in lakh)

Years	Agricultural Commodities	Cattles	Total
1981-82	383.06	47.93*	383.06
1991-92	1697.79 (343.33)	185.55 (287.13)	1883.35 (391.66)
1998-99	2167.21 (27.65)	227.11 (22.40)	2394.32 (27.13)
1981-99	(465.76)	(373.84)	(525.05)

Source; Annual Reports of APMC, Gadhinglaj

Note: Figures in the bracket indicates the percentage change over previous year

*Cattle average taken from 1983-84, 1984-85, 1985-86

During the entire period (1981-82 to 1998-99), total turnover of Gadhinglaj Market Yard increased from Rs. 383.96 lakh

to Rs. 2394.32 lakh, thereby indicates increase of 525.05 percent. Thus, it showed that financial turnover of Gadhinglaj Market Yard has been increasing during said period, which is good sign of financial health of Gadhinglaj Market yard. Moreover, the break-up of total financial turnover of Gadhinglaj Market yard has been given in Table No. 5.1.

5.3.1 Financial Turnover of Agricultural Commodities

The agricultural commodity market turnover was to the extent of Rs. 1697.79 lakh in 1991-92, which raised from 383.06 lakh in 1981-82, thereby indicates an increase of 343.22 percent. Turnover of agricultural commodity market of Gadhinglaj Market Yard during the period of 1991-92 to 1998-99, increased from Rs. 1697.79 lakh to Rs. 2167.21 lakh. During the entire period (1981-82 to 1998-99), turnover of agricultural commodity market in Gadhinglaj Market Yard increased from 383.06 lakh to Rs. 2167.21 lakh; this indicates an increase of 465.76 percent. It is also observed that the relative share of agricultural commodity market in total turnover was higher than other.

5.3.2 Financial Turnover of Cattle Market

In Gadhinglaj Market Yard cattle market was started from 1983. The cattle market turnover was increased from Rs. 47.93 lakh to Rs. 185.55 lakh, which indicates an increase of 287.13 percent. Turnover of the cattle market in Gadhinglaj Market Yard during the

is further sub-divided into two periods; Period – I covered 1981-82 to 1991-92, Period – II spanned 1991-92 to 1998-99 and whole Period – III covered 1981-82 to 1998-99.

Period – I (1981-82 to 1991-92)

It is observed from Table 5.2 that growth rate in the financial turnover of agricultural commodity increased by 14.49 percent. In case of cattle market growth rate was increased by 13.09 percent. Total turnover was increased by 15.59 percent. It was greater than agricultural commodities and cattle market.

Period – II (1991-92 to 1998-99)

In Period – II financial turnover of agricultural commodities increased by 3.09 percent and cattle market growth rate was increased by 2.56 percent. Total turnover was increased by 3.05 percent.

Period – III (1981-82 to 1998-99)

In the third period (entire period) it is observed that financial turnover of agricultural commodities increased by 10.11 percent and cattle market growth rate was increased by 9.03 percent. Total turnover of Gadhinglaj Market Yard achieved remarkable growth rate with 10.72 percent. Thus Gadhinglaj Market Yard has shown good performance in respect of financial turnover during 1981-82 to 1998-99.

5.3.4 percentage Share of Sub-Markets in Total Turnover

Progress of financial turnover of Market Yard ultimately depends upon the performance of the sub-market and, market which determine growth prospect of Market Yard. Gadhinglaj Market Yard consists of two sub-markets such as 1) Agricultural Commodities and 2) Cattle Market.

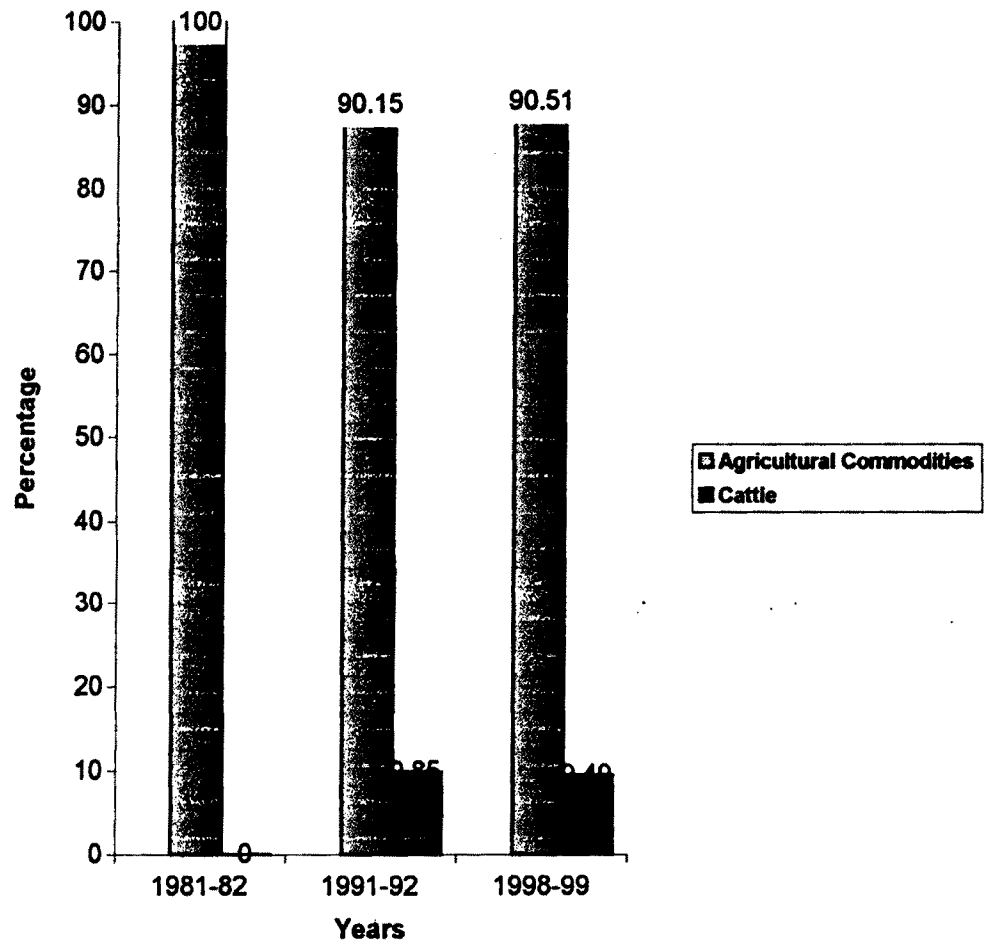
Table 5.3
Share of Sub-Markets in Total Turnover

Year	Agricultural Commodities	Cattle	Total
1981-82	100	-	100
1991-92	90.15	9.85	100
1998-99	90.51	9.49	100

Note: Relative shares are calculated on the basis of statistical data given in Table 5.1.

It could be observed from the table 5.3 that of the total financial turnover of Gadhinglaj Market Yard the share of agricultural commodities was 100 percent, that time other sub-market was not available. In agricultural commodities market jaggery, groundnut, chillie, paddy, rice, wheat, jawar, maize, bajra, potato, cashew nut, green gram, black gram, red gram, and sweet potato. In agricultural commodities jaggery, groundnut and chillie are important commodities. The share of agricultural commodities has been declining. It was 100 percent in 1981-92, which reduced to 90.15 percent and marginally increased by 90.15 percent to 90.51 during 1991-92 to 1998-99. While share of cattle market was 9.85 percent in 1991-92, which marginally reduced to 9.49 percent in 1998-99.

Graph 4.5 Share of Sub Markets in Total Turnover



5.4 FINANCIAL POSITION OF GADHINGLAJ MARKET YARD

5.4.1 Total Income

In this section an attempt is made for examine the financial position of Gadhinglaj Market Yard during 1981-82 to 1998-99. The financial position of Market Yard depends upon 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 5.4 that the market income was Rs. 3.79 lakh in 1981-82 swelled to Rs. 18.63 lakh in 1991-92, thereby recording 391.55 percent increase. The total income increased from Rs. 18.63 lakh to Rs. 32.98 lakh during the period 1991-92 to 1998-99I thus, it indicates an increase of 77.02 percent and 770.18 percent increased during the entire period (1981-1999).

5.4.2 Total Expenditure

Major heads of expenditure of the APMC are payment of 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.

Table 5.4
Progress in Financial Position of Gadhinglaj Market Yard
(Average for Three Years)

(Rs. in lakhs)

Year	Total Income	Total Expenditure	Balance	Provident Fund
1981-82	3.79	2.96	0.84	8.34
1991-92	18.63 (391.55)	11.29 (281.42)	7.33 (772.62)	46.38 (455.88)
1998-99	32.98 (77.02)	29.38 (160.23)	3.60 (-50.87)	86.38 (86.32)
1981-99	(770.18)	(892.57)	(328.57)	(935.73)

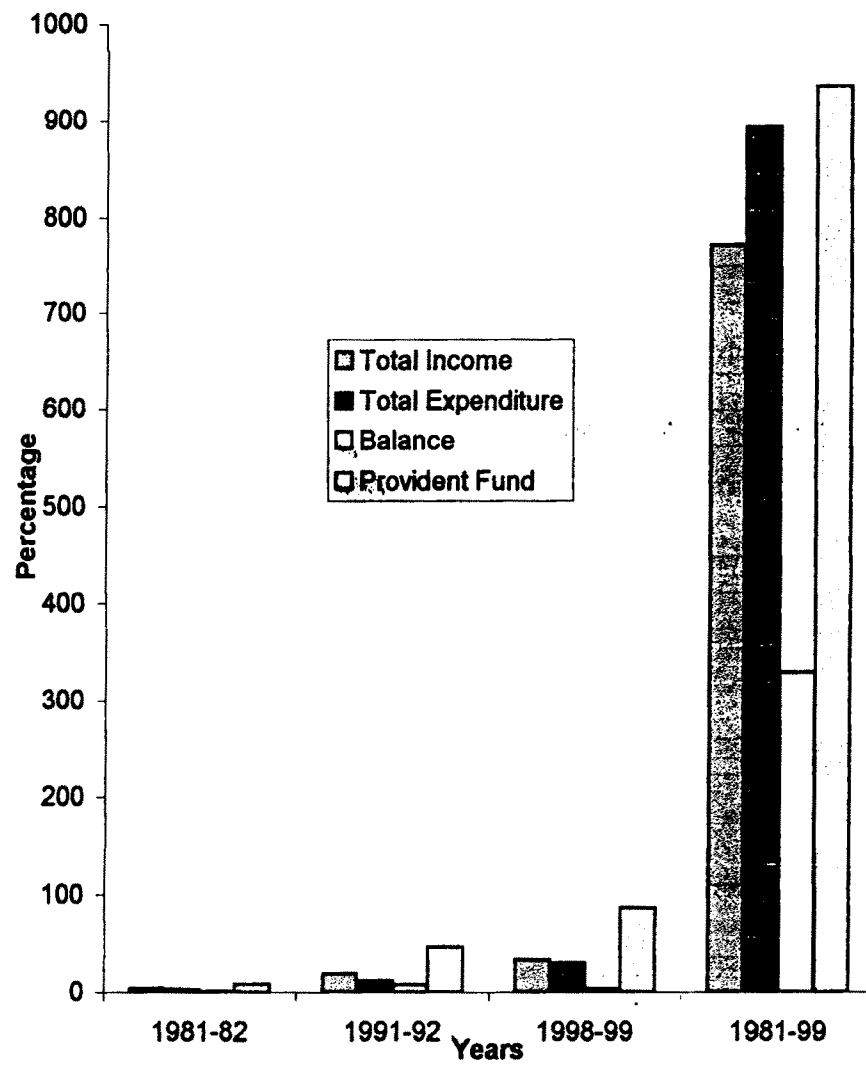
Source: Annual Reports of APMC, Gadhinglaj

Note: Figures in the brackets shows percentage change over previous year.

For the purpose of analysis of total expenditure is split into expenditure on staff and other expenses. The former item constitutes the single largest item of expenditure. In case of other expenses, developmental expenditure is biggest one. Trends of total expenditure can now 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, Gadhinglaj Market Yard spent Rs. 2.96 lakh in 1981-82 and Rs. 11.29 lakh in 1991-92, resulting into an increase of 281.42 percent. Total expenditure of Gadhinglaj Market Yard during the period 1991-92 to 1998-99, increased from Rs.11.29 lakh to Rs. 29.38 lakh, the increase was to the extent of 160.23 percent. During the entire period (1981-82 to 1998-99), total expenditure of Gadhinglaj Market

Graph 4.6 Progress in Financial Position of Gadhinglaj Market Yard



Yard increased from 2.96 lakh to 29.38 lakh this figures indicates an increase of 892.57 percent.

5.4.3 Balance with the Gadhinglaj Market Yard

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

Gadhinglaj Market Yard has been fortunate enough to be in surplus for last 20 years of its working. It could be seen from table 5.4 that balance of Gadhinglaj Market Yard was Rs. 0.84 lakh in 1981-82 and Rs. 7.33 lakh in 1991-92, resulting into an increase of 772.62 percent. Balance with Gadhinglaj Market Yard decreased during the period 1991-92 to 1998-99, from 7.33 to Rs. 3.60 lakh, which indicates decrease of – 50.87 percent. During the entire period, balance of Gadhinglaj Market Yard increased to Rs. 0.84 lakh to Rs. 3.60 lakh, which indicates an increase of 328.57 percent.

Actually, during 20 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, Gadhinglaj Market Yard was able to preserve a big portion of the accumulated funds and thereby could create reserve fund.

5.4.4 Provident Fund

The provident fund of Gadhinglaj Market Yard was increased from Rs. 8.34 lakh to Rs. 46.36 lakh during the period 1981-82 to 1991-92; this indicated an increase of 455.88 percent in the fund. Provident fund with the Gadhinglaj Market Yard was also increased during the period 1991-92 to 1998-99, from Rs. 46.36 lakh to Rs. 86.38 lakh, thereby indicates an increase of 86.32 percent. During the entire period, provident fund of Gadhinglaj Market Yard increased from Rs. 8.34 lakh to Rs. 86.38 lakh, resulting into an increase of 935.73 percent.

5.4.5 Compound Growth Rates in Financial Position of Gadhinglaj Market Yard

In order to get more realistic idea of financial position of Gadhinglaj Market Yard compound growth rates are calculated and present in Table 5.5 for the entire period (1981-99) and sub-period Period-I (1981-82 to 1991-92) and Period – II (1992-92 to 1998-99)

Table 5.5
Compound Growth Rate in Income and Expenditure

Sr. No.	Items	Period – I (1981-82 to 1991-92)	Period – II (1991-92 to 1998-99)	Period – III (1981-82 to 1998-99)
1	Total Income	15.58	7.40	12.77
2	Total Expenditure	12.94	12.69	13.59
3	Balance	21.76	- 8.50	8.42
4	Provident Fund	16.88	8.09	13.87

It is observed from Table 5.5 that balance of Gadhinglaj Market Yard has increased by 21.76 percent during 1981-82 to 1991-92, then followed by Provident Fund with Gadhinglaj Market Yard 16.88 percent, total income 15.58 percent and total expenditure 12.94 percent during Period – I. While in Period – II it could noticed that balance of Gadhinglaj Market Yard decreased by 8.50 percent. But total expenditure of Gadhinglaj Market Yard increased by 12.69 percent, followed by provident fund and total income increased by 8.09 percent and 7.40 percent, respectively. Period – III showed that provident fund and total expenditure with Gadhinglaj Market Yard increased by nearly 13.60 percent while total income and balance increased by 12.77 percent and 8.42 percent, respectively during 1981-82 to 1998-99. Thus overall analysis showed that Gadhinglaj Market Yard has making good progress in the field of financial position over the time period under consideration.

5.5 CONCLUSION

The Agricultural Produce Market Act empowers the APMC to levy certain charges on the market functionaries and thereby raised money for its own requirement. the APMC has been collecting funds from licence for market fee, godown fee, gate pass fee, rent of plots and buildings, interest on bank deposits etc. of all these source, market fee has assumed the placed of pride. In fact, income from this source is, as with every APMC, the backbone of the APMC, Gadhinglaj too.

Total financial turnover consist of transaction of agricultural commodities and cattle being carried out in the Market Yard. The total turnover of Gadhinglaj Market Yard increased during 1981-99. The turnover of agricultural commodities in Gadhinglaj Market Yard increased during the same period. It is also observed that the relative share of agricultural commodity market in total turnover was higher than other. The turnover of cattle market increased during 1981-99, but the share of cattle market in the total turnover of Gadhinglaj Market Yard was lower than agricultural market. Total turnover of Gadhinglaj Market Yard achieved remarkable growth rate. Thus Gadhinglaj Market Yard has shown good performance in respect of financial turnover during 1981-82 to 1998-99.

The financial position of Market Yard depends upon the 1) Total Income, 2) Balance, 3) Permanent Fund, 4) Other Sources. The total income was increased during 1981-99. During the entire period,

balance of Gadhinglaj Market Yard increased. In the same period provident fund of Gadhinglaj Market Yard increased. Thus overall analysis showed that Gadhinglaj Market Yard has making good progress in the field of financial position over the period under consideration.