
Financial Performance: A Study of Unjha Market Yard (Apmc)

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ABSTRACT

APMCs plays very significant role for the socio-economic development of the farmers. APMC could be defined as, "A Market area declared by approval of government in the local area or in a particular district for buying and selling of the agricultural products between or among farmers and traders." APMC Unjha is one of the main active APMCs in not only Gujarat but in India, which aims socio-economic development of the rural poor farmers by giving them maximum possible prices of their agricultural commodities. It is situated in the Mehsana district of Gujarat state. It is neither a non-profit organization nor a trading organization so, It prepares Income and Expenditure account in place of Profit and Loss account, and It also prepares Balance sheet. For analysis of financial performance various ratios can be used and computed on the basis of putting APMC terms in corporate terms. Various ratios like Net Profit Ratio, Current Ratio, Debt Equity Ratio, Various income and expenditure ratios and Fixed assets turn over ratios are used for measuring financial performance of APMC Unjha. In short this paper is an attempt by researcher for determining financial performance of APMC Unjha.

Key Words: APMC, Financial Performance of APMC Unjha.

INTRODUCTION

APMC means Agricultural Produce Market Committee. APMC is one type of regulated market. It means this organizations works on the basis of certain rules and regulations made by the government. In current time there is an attempt made by government for the amendment in the APMC act 2013 by inviting suggestions for the further amendment in the year 2016, decision is still pending. In short it can be said that APMC is regulated arranged market which is involved in directing the agricultural commodities from the rural farmers to the consumers through intermediaries i.e. traders.

ABOUT APMC UNJHA

APMC Unjha is established in the year 1954. From the year of establishment APMC Unjha is working for the betterment and development of the farmers through various efforts like fair prices to farmers, timely payment, insurance cover to farmers, technological farming awareness and donations for the development of villages of APMC area.

APMC Unjha is established as per the Bombay Agricultural Produce Act 1939. Its main objective is socio-economic upliftment of the rural farmers living in the villages covered in the Unjha market area. Unjha APMC is famous for the purchase and sale of Cumin (Jeera) and Fennel Seeds (Variety) in the Asia. Many farmers from different district of Gujarat and

outside Gujarat are coming in the APMC Unjha for selling and purchasing their agricultural commodities.

APMC is regulated market so no one person or organization can operate in APMC without license and permission. So, license fees, interest, miscellaneous income and market fees are the significant and reliable sources of income for any APMC including APMC Unjha and main expenditures are salary and depreciation expenses.

OBJECTIVE OF THE STUDY

The core objective of this study is to measure the level of financial performance of APMC Unjha.

RESEARCH METHODOLOGY

This research study is analytical in nature. The sample of the study is only one APMC of Gujarat state i.e. APMC Unjha of Mehsana district. The study is based on secondary data. And it is collected from the annual reports of the APMC Unjha. For the measurement of financial performance in this research study, three years are considered from 2013-14 to 2015-16. Various ratios like Net Profit Ratio, Current Ratio, Debt Equity ratio, Fixed Assets turnover ratio and ratios related to main income and expenditures are calculated on the basis of Income and Expenditure statement and Balance Sheet of three years.

FINANCIAL PERFORMANCE ANALYSIS OF APMC UNJHA

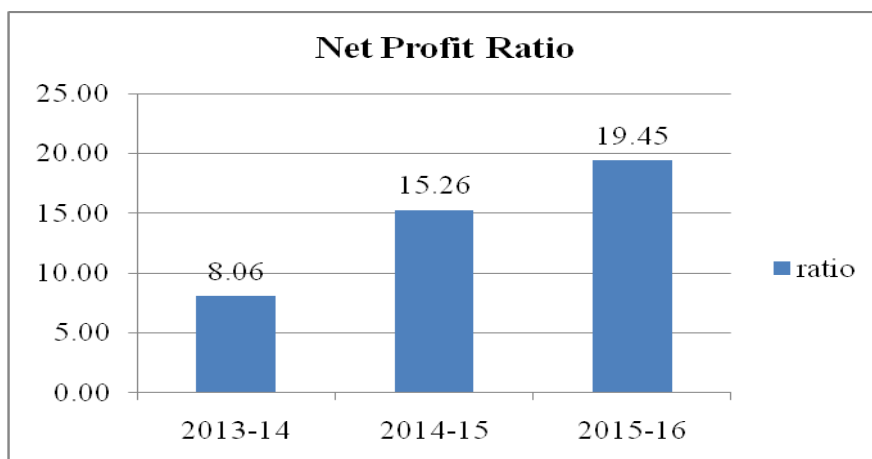
1. NET PROFIT RATIO

For measurement of profitability of any business this ratio is being used.

Net Profit Ratio = $\text{Net Profit} / \text{Net Sales} \times 100$

Here in this study as we know APMC is not a trading organization and not even a non- profit organization so, on the basis of information available from the Income and Expenditure statement, net profit is replaced by amount of **surplus** and net sales is replaced by **total income** in the current research.

Year	Net Profit Ratio (%)
2013-14	8.06
2014-15	15.26
2015-16	19.45
Average	14.26



The above table and chart shows the increasing execution of the net profit ratio in the mentioned three years. Lowest ratio was in the year 2013-14 i.e. 8.06% and highest ratio was in the year 2015-16 i.e. 19.45%. Average net profit ratio of three years was 14.26%. It can be concluded that APMC is working efficiently and increasing sources of income year by year.

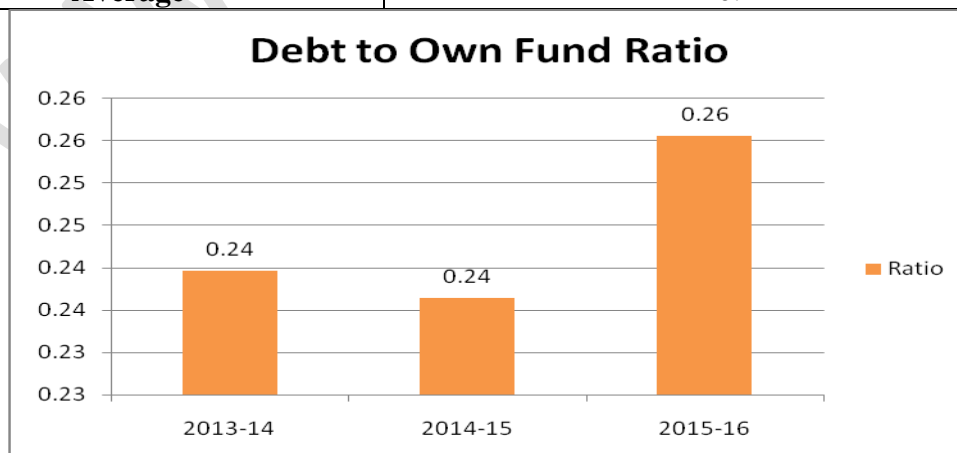
2. DEBT TO OWN FUND RATIO

For determining proportion of debt in comparison to own fund of any business organization this ratio is being used.

Total Debt to own fund = Total debt/Own fund

Generally in business analysis, accountants use to take shareholder's fund but here in the case of APMC it is not possible so, own fund is considered which includes permanent fund and depreciation fund.

Year	Debt to Own Fund Ratio (Proportion)
2013-14	0.24
2014-15	0.24
2015-16	0.26
Average	0.24



Above table and chart indicated the debt to own fund ratio of APMC Unjha.

Debt to own fund ratio was stable in first two years i.e. 0.24, in the last year it showed increase from 0.24 to 0.26. The average ratio for three years was 0.24.

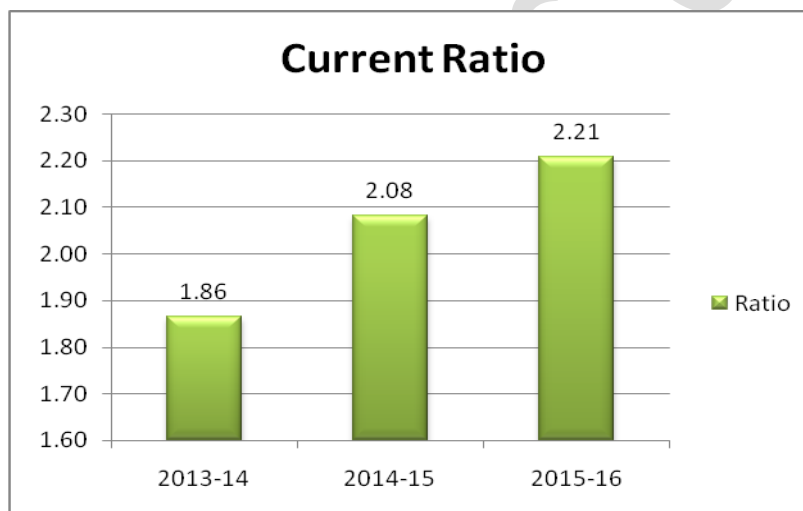
It can be said that there was increase in amount of debt as compare to own fund in the year 2015-16 as compared to previous two year.

3. CURRENT RATIO

Current ratio is used by business organizations for determining proportion of current assets in comparison to current liabilities. Standard current ratio is 2:1.

Current Ratio = Current Assets/ Current Liabilities

Year	Current Ratio (Proportion)
2013-14	1.86
2014-15	2.08
2015-16	2.21
Average	2.05



In above table and chart it can be seen that current ratio is constantly increasing in three years from 2013-14 to 2015-16.

The lowest current ratio was 1.86 in the year 2013-14 and highest current ratio was 2.08 in the year 2014-15. Average of current ratio was 2.05 for three years. It can be concluded that there was constant increase in the current assets as compare to current liabilities during all three years. In the year 2015-16 current assets becomes more than double.

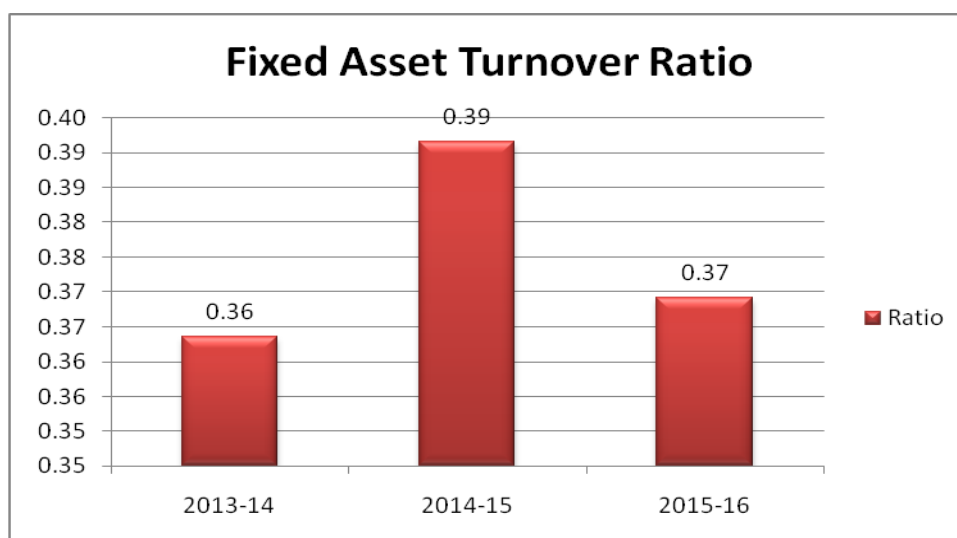
4. FIXED ASSETS TURN OVER RATIO

To know that how efficiently fixed assets are being used this ratio is calculated. This ratio shows the relationship between fixed assets and sales of business organization.

Fixed Assets Turnover Ratio = Sales/Fixed Assets.

APMC Unjha is not a trading organization so, it is not selling anything so, here sales could not be available that's why sales is replaced by total income.

Year	Fixed Assets Turnover Ratio (Proportion)
2013-14	0.36
2014-15	0.39
2015-16	0.37
Average	0.37



Above table and chart displays the ups and downs in fixed assets turnover ratio of three years from 2013-14 to 2015-16.

The lowest fixed assets turnover ratio was 0.36 in the year 2013-14 and highest fixed assets turnover ratio was 0.39 in the year 2014-15. The average ratio of three years was 0.37. It can be concluded that fixed assets are not efficiently used in all years except the year 2014-15.

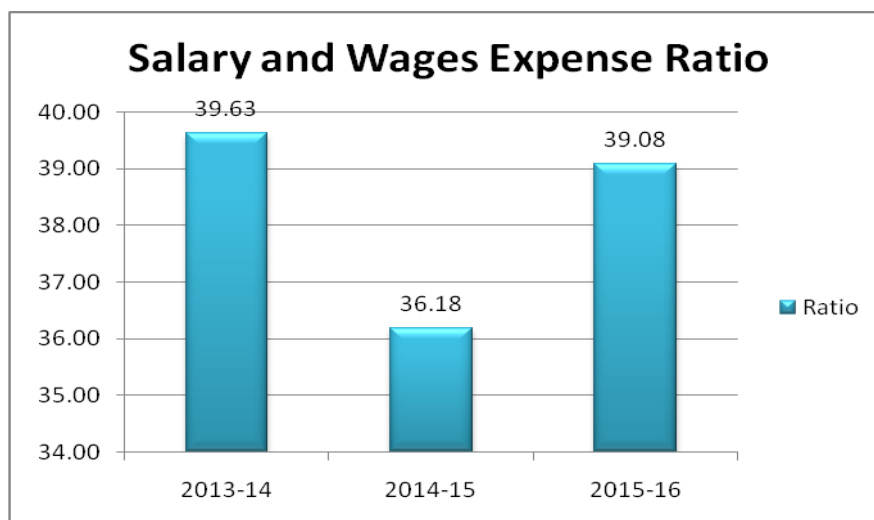
5. SALARY AND WAGES EXPENSE RATIO

This ratio indicates the level of salary and wages expense to total income of APMC.

Salary and Wages Expense ratio = $\text{Salary and Wages Expense} / \text{Total Income} \times 100$

In the term salary and wages expense, all expenses related to staff like salary, contribution in provident fund, allowances to employee uniform expense etc. are included by APMC Unjha.

Year	Salary Wages Expense Ratio (%)
2013-14	39.63
2014-15	36.18
2015-16	39.08
Average	38.30



In the above table and graph salary and wages expense ratio is displayed for the period of three years from the year 2013-14 to 2015-16, which shows ups and downs during three years.

Highest salary and wages expense ratio was 39.63% in the year 2013-14 and lowest ratio was 36.18% in the year 2014-15. The average salary and wages expense ratio was 38.30% of three years. It can be said that salary and wages expense covers significant part of total income. Salary and wages expense is also fluctuating.

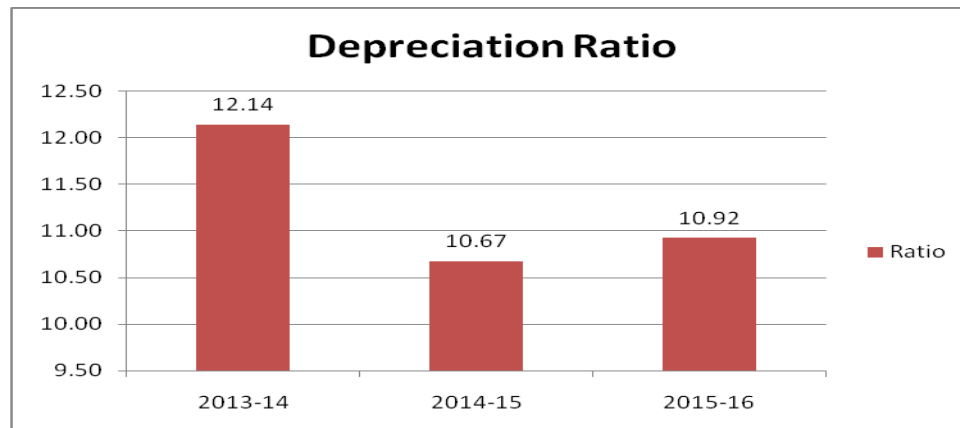
6. DEPRECIATION RATIO

This ratio shows the percentage of depreciation to total income.

Depreciation Expense Ratio = $\text{Depreciation Expense} / \text{Total Income} \times 100$

Depreciation is charged by very high amount in the income and expenditure statement so, it is one of the main expenditures of the APMC Unjha, so, it is being considered in the current study.

Year	Depreciation Ratio (%)
2013-14	12.14
2014-15	10.67
2015-16	10.92
Average	11.25



Above table and chart shows the depreciation to total income ratio for the period of three years.

The highest depreciation ratio was 12.14% in the year 2013-14 and lowest depreciation ratio was 10.67% in the year 2014-15. The average depreciation ratio was 11.25% of three years. It can be concluded that depreciation ratio is fluctuating in three years.

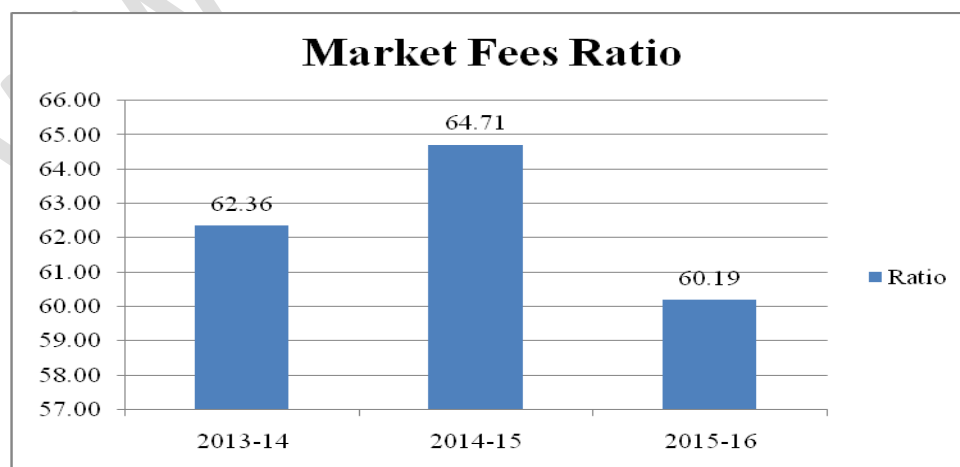
7. MARKET FEES RATIO

In the amount of total income there is ample part of market fees income. APMC derives market fees from the traders of APMC only. Burden of market fees is not given to farmers.

Market Fees to Total Income Ratio = $\text{Market Fees} / \text{Total Income} \times 100$

This ratio indicates the percentage portion of market fees in the total income.

Year	Market Fees Ratio (%)
2013-14	62.36
2014-15	64.71
2015-16	60.19
Average	62.42



Above table and graph displays market fees ratio of three years from the year 2013-14 to 2015-16.

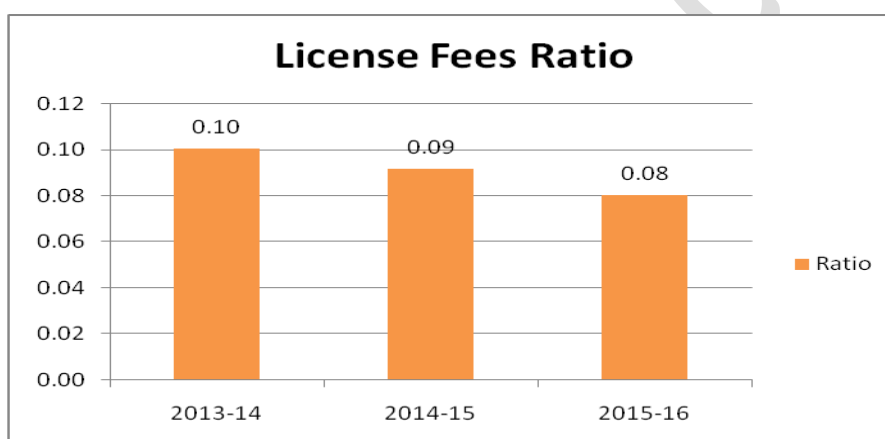
The highest market fees ratio was 64.71% in the 2014-15 and lowest market fees ratio was 60.19% in the year 2015-16. The average market fees ratio of three years was 62.42%. It can be said that market fees is a main source of income of APMC Unjha. Market fees ratio is fluctuating in the three years.

8. LICENSE FEES RATIO

Person, who wanted to operate in the APMC is needed to have license from APMC, For, Ex. Traders and weight man. APMC collects license fees from these license holders.

License Fees to Total Income Ratio = $\text{License Fees} / \text{Total Income} \times 100$

Year	License Fees Ratio (%)
2013-14	0.10
2014-15	0.09
2015-16	0.08
Average	0.09



Above table and chart shows license fees to total income ratio for the period of three years from 2013-14 to 2015-16.

The highest license fees ratio was 0.10% in the year 2013-14 and the lowest license fees ratio was 0.08% in the year 2015-16. The average license fees ratio of three years was 0.09%. It can be said that license fees is permanent source of income of APMC Unjha but it is not contributing significant amount in total income. License fees ratio is decreasing year by year so, it can be concluded that income from license fees is contributing amount in deceasing trend.

FINDINGS AND SUGGESTIONS

- There is continuous increase in the earnings of the APMC Unjha in the three years.
- There is increase in the debt of APMC Unjha in proportionate comparison to own funds in the last year 2015-16.
- There is continuous increase in the current assets as compare to current liabilities. In the year 2015-16 current assets are double than current liabilities.

- There is efficient utilization of fixed assets in the year 2014-15 as compare to another two years.
- Salary and wages expense and depreciation both are main expenses of APMC Unjha because maximum amount of income is spent towards those two expenses.
- Market fee is a main source of income of APMC Unjha.

On the best of knowledge of researcher it can be suggested that, APMC Unjha should try to control the salary and wages expenditure and try to increase the sources of income. APMC Unjha should also try to improve its financial reporting for making it clear to understand to the ordinary stakeholders of the APMC Unjha. Efforts should also be made to do maximum utilization of the fixed assets and other resources of APMC Unjha. No doubt that APMC Unjha is utilizing technology at its best but still more utilization will increase sources of income of APMC.

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