

# A Descriptive Research on Financial Performance of Agriculture Product Market Committee Market – A Study on Net Profit Ratio and Gross Profit Ratio to APMC Unjha, North Gujarat

RESEARCH PAPER

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## Abstract


Horticulture Item Market Boards of trustees assumes exceptionally critical part for the financial advancement of the ranchers. horticulture item market board could be characterized as, "A Market region pronounced by endorsement of government in the neighbourhood in a specific locale for trading of the horticultural items between or among ranchers and merchants." agribusiness item market panel Unjha is one of the super dynamic agribusiness item market councils in Gujarat as well as in India, which points financial improvement of the provincial unfortunate ranchers by giving them greatest potential costs of their rural products. It is arranged in the Mahesana locale of Gujarat state. It is neither a non-benefit association nor an exchanging association thus, it gets ready pay and use account instead of benefit and misfortune record, and it likewise plans accounting report. For examination of monetary execution different proportions can be utilized and registered based on putting farming item market panel terms in corporate terms. Different proportions like net benefit proportion, current proportion, obligation value proportion, different pay and consumption proportions and fixed resources turn over proportions are utilized for estimating monetary execution of farming item market board Unjha. In short, this paper is an endeavor by scientist for deciding monetary execution of farming item market advisory group Unjha.


**Keywords:** Agriculture Product Market Committee, Profitability Ratio, t- test


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## 1. Introduction

Farming item market panel implies Horticultural Produce Market Council. horticulture item market board of trustees is one sort of directed market. It implies this association chips away at the premise of specific principles and guidelines made by the public authority. In current time there is an endeavor made by government for the correction in the agribusiness item market board of trustees act 2013 by welcoming ideas for the further revision in the year 2016, choice is as yet forthcoming. In short one might say that horticulture item market advisory group is managed organized market which is associated with coordinating the agrarian wares from the provincial ranchers to the customers through middle people for example dealers.

### 1.1 Prologue to APMC Unjha

Farming item market panel Unjha is laid out in the year 1954. From the extended period of foundation agribusiness item market panel Unjha is working for the improvement and advancement of the ranchers through different endeavours like fair costs to ranchers, opportune instalment, protection cover to ranchers, mechanical cultivating mindfulness and gifts for the advancement of towns of farming item market board region. Agribusiness item market council Unjha is laid out according to the Bombay Agrarian Produce Act 1939. Its primary goal is financial development of the country ranchers living in the towns shrouded in the Unjha market region. Unjha farming item market board is renowned for the buy and offer of cumin and fennel seeds in the Asia. Numerous ranchers from various region of Gujarat and outside Gujarat are coming in the farming item market board Unjha for selling and buying their horticultural wares.

horticulture item market board of trustees is directed market so nobody individual or association can work in farming item market advisory group without permit and consent. In this way, permit charges, premium, various pay and market expenses are the huge and solid types of revenue for any farming item market board including agribusiness item market panel Unjha and principal uses are pay and devaluation costs.

### 1.2 Objective

The centre goal of this study is to quantify the degree of monetary execution such as net profit ratio and gross profit ratio for financial year 2018 to 2022 for APMC Unjha.

### 1.3 Research Approach

This examination study is logical in nature. The example of the review is just a single horticulture item market board of trustees of Gujarat state for example horticulture item market advisory group Unjha of Mehsana locale. The review depends on auxiliary information. Furthermore, it is gathered from the yearly reports of the agribusiness item market council Unjha. For the estimation of monetary execution in this examination study, three years are considered from 2013-14 to 2015-16. Different proportions like Net Profit Ratio (NPR) and Gross Profit Ratio (GPR).

#### 1.3.1 Research Methodology

This research is carried out with special objective to examine the profitability in terms of NPR and GRP of the APMC, Unjha for the financial year 2018 to 2022. Thus, the nature of this research can be descriptive. The financial statements of APMC Unjha for the said years are examined to conclude the percentage values of NPR and GPR. The formulation of NPR and GPR are used to calculate the values. The second part of analysis is presented for inferential statistics. The extension is given for four years for each of the ratio thus variability of NPR and GPR are examined by using t-test.

#### 1.3.2 Net Profit Ratio (NPR)

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

$$NPR = \frac{\text{Net Profit}}{\text{Total Sales}} \times 100$$

Here in this study as we know agriculture product market committee 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.

#### 1.3.3 Gross Profit Ratio

The research is carried out for the financial year 2018 to 2022. The nature of data is secondary, which is calculated based on the published balance sheets of the APMC, Unjha. Mainly, gross profit ratio is used as a tool for the study. The comparative statements are presented for each of the year as a part of conclusion of the research. It makes very clear view to understand the research.

Gross Profit Ratio is basically gross pay partitioned by net income. The proportion reflects evaluating choices and item costs. The half gross edge for the organization in our case demonstrates that half of incomes created by the firm are utilized to pay for the cost of merchandise sold.

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

## 1.4 Application to Data

### 1.4.1 Ratio Analysis

Gross profit ratio is a financial tool, which can help to examine the financial efficiency of the firm. Gross profit is to be calculated after subtracting the cost of net sale from net profit. The ratio to gross profit and net sales is defined as a gross profit ratio.

Table 1 Net Profit Ratio (%) for 2018 -2022

Year	NPR (%)
2018	14.2
2019	17.26
2020	20.45
2021	22.26
2022	26.59

(Source: Calculated by Researcher, based on Financial Statements)

Unjha is very well known for big market for dealing in agricultural products. It has gained every year. During financial year 2018 it has gained 14.2% in net sales. Very next year it has increased by 3.06% in NPR. It is known that financial year 2019 and 2020 – the world has suffered with Covid – 19 situations, still the market has boomed with agro business. It has gained and enhanced with 20.45% and 22.26% in NPR. It can be seen that the growth in NPR was reduced compare to last financial year. But it has gained rather than loss as other industries have done. After Covid-19 circumstances the market has gained a lot in net sales. It has gained 4.33% in net sales in 2022.

Table 2 Gross Profit Ratio (%) for 2018 -2022

Year	GPR (%)
2018	16.26
2019	20.47
2020	21.54
2021	26.3
2022	29.67

(Source: Calculated by Researcher, based on Financial Statements)

While discussing the data of GPR, it is observed that the gross profit of the APMC, Unjha was 16.26 during 2018 which was increased by 4.21% and reached up to 20.47% in financial year 2019. It was the march assessment of the statement. The impact of pandemic can be seen very clearly during 2019 and 2020. The market has fall down in terms of GPR. It has gained, but compare to last year it has declined. After reopen of market during financial year 2021 it has again gained and reached up to 26.3% percentage. For last financial year it has measured with 29.67% of GPR.

Figure 1 Profitability Ratios of APMC Unjha

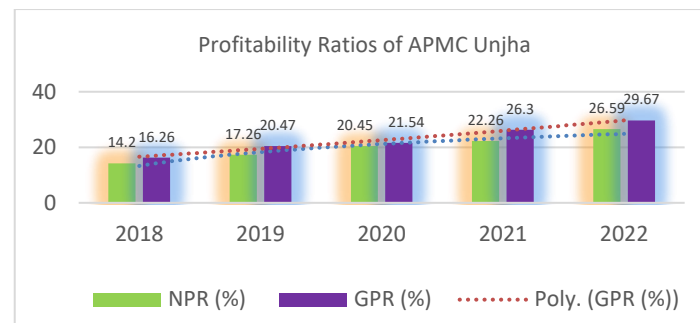


Figure – 1 is presented for NPR and GPR. It can be seen the impact of financial year 2019 and 2020. The trend lines are very closed to each other. It shows the great fall to the market in profitability. It has again raised during financial year 2021 and 2022.

#### 1.4.2 Inferential Analysis

To examine the major changes in the market an application of test of variability is required to apply. Thus, a two mean t – test is used to examine the data. To examine the test following hypothesis is stated.

H0: There is no significance difference in NPR and GPR of APMC Unjha

Ha: There is a significance difference in NPR and GPR of APMC Unjha

Table 3 Two sample t – test results

	NPR (%)	GPR (%)
Mean	20.15	22.85
Variance	22.44	27.31
Observations	5	5
Pooled Variance	24.87	
Mean Difference	4.49	
Df (n – 2)	8	
T Stat	<b>2.27</b>	
P(T<=t) two-tail	0.052	
t Critical two-tail	<b>2.3</b>	

(Source: Calculated by Researcher)

Table 3 is presenting the statistics of t- test for two samples NPR and GPR. It is clear to us that lower the GPR affects NPR. The test results are representing that for mean difference 4.49 the t –critical (2.3) value is to be found higher than the t – computed value (2.27). Moreover, the asymptotic p –value is calculated as 0.052 which is higher than the 5% significant value. It shows the acceptance of the null hypothesis. It shows that There is a significance difference in NPR and GPR of APMC Unjha. The gross profit may differ due to unavoidable circumstances. Thus the net sales may decline and the market has face a reduced NPR value.

## 2. Findings and Suggestions

There is nonstop expansion in the profit of the horticulture item market advisory group Unjha in last years. There is expansion in the obligation of agribusiness item market council Unjha in proportionate correlation with own assets in monetary year 2019-20. On the best of information on specialist, it tends to be proposed that, agribusiness item market board of trustees Unjha ought to attempt to expand the gross pay to adjust the deficiency of pandemic years. It needs to expand the kinds of revenue. The horticulture item market council Unjha ought to likewise attempt to work on its monetary revealing for making it clear to comprehend to the normal partners of the farming item market board Unjha. Endeavours ought to likewise be made to do greatest usage of the proper resources and different assets of farming item market advisory group Unjha. Most likely that it has been using innovation at its best yet more use ought to be increment types of revenue of agribusiness item market council. The farmers must counsel and propel to blast the market with their endeavours.

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