

Business analysis on medium farm in Marathwada region of Maharashtra

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Accepted : March, 2009

ABSTRACT

The various efficiency measures was used to express technical efficiency of farm enterprises and to relate these to the financial success. The sample of 100 medium farmers were analysed and the results revealed that in case of net worth statement long term assets was Rs. 943171.86 followed by current assets Rs. 200835.25 and intermediate assets Rs. 37615.62 so the total assets was Rs. 1181622.73. Current liabilities was Rs. 107731.21 followed by long term liabilities Rs. 1049.00 and intermediate liabilities Rs. 970.46 so the total liabilities was Rs. 109750.67. The gross income obtained from all crops was Rs. 153186.54 and gross income from livestock was Rs. 15079.02 and extra income obtained from hiring of labour on farms, custom work as non farm, other income was Rs. 4653.00. Thus, total gross income was found to be Rs. 175208.56 during the year. While the total expenses occurred on farm during the year was Rs. 104466.35 which contributed from operating expenses with Rs. 47784.06. Net cash income received was Rs. 111583.27 and net farm income was Rs. 70742.21. In respect to financial analysis of farm business, the current ratio was 1.86 which indicated the capacity of the farmer to meet immediate financial obligations. Intermediate ratio was 2.19 which showed the liquidity position of the farm business over an intermediate period of time *i.e.* 2 to 5 years. Net capital ratio was 10.76. Solvency position of the farmer/borrowers, operating ratio, fixed ratio and gross ratio were 0.32, 0.27 and 0.59, respectively. Equity value ratio, debt equity ratio and current liability ratio were 0.90, 0.10 and 0.10, respectively which indicated healthy performance of the farm business.

Key words : Farm business, Technical efficiency, Liabilities, Assets, Gross income.

Farming is the activity based on piece of land to rise crops, livestock and other related activities. Farming business is famous in India since time immemorial. In India, 70 per cent of people depend on agriculture, about 20 per cent national income is from agriculture.

Farm management is important concept to maximize the per hectare production of farm business. In India, farm business is the basic business but due to lack of management, it is not much profitable, if we develop the farm management we can maximize the our per hectare production and ultimately national income of a country. Farm business management has assumed greater importance not only in developed and commercial agriculture all round the world but also in developing and subsistence type of agriculture. A farm manager must not only understand different methods of agriculture production, but also he must be concerned with costs and returns. He must know how to allocate scarce production resources on the farm business to meet his goals and at the same time react to economic forces that arise from both within and outside the farm.

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Farm management is concerned with resource allocation. Farmer has set of farm resources such as land, labour, farm building, working capital, farm equipment, etc that are relatively scarce. On other hand, farmer has set of goal or objective to achieve maximum family satisfaction through increasing net farm income and employment generation. Balance sheet shows the financial status of a business at a given point of time. It provides a snapshot and may be regarded as static picture. It is a systematic listing of all asset and liabilities of the business. Its purpose is to reveal liquidity, solvency and wealth of business of that particular movement. Income statement is also called profit and loss account. It is the accounting report which summaries the revenues, expenses and difference between them, means net profit for an accounting period. In consideration of above aspects, the present study has been undertaken with specific objective *i.e.* farm business analysis on medium farm.

METHODOLOGY

Marathwada region of Maharashtra was purposively selected in order to study the business analysis on medium farm. Multiple stage sampling design was used for selection of zone, tehsils, villages and farms. The eight districts of region were selected because of their involvement in cost of cultivation scheme. From 50 cluster villages, two farmers of medium categories from each