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RESEARCH ARTICLE

PERFORMANCE OF MARKFED AND AGRICULTURAL SUSTAINABILITY

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ABSTRACT

In a country like India importance of agriculture is not likely to decline due to different aspects of food security and employment to rural poor. Emphasis of different five year plans is on self-sufficiency and self reliance in agricultural production and efforts have also resulted in sustainable increase in production and productivity. Measurement of sustainability has becoming a challenge for the corporations seeking to evaluate their efficiency and effectiveness. Different state corporations play important role in the development of agricultural sector. This research studies the performance of MARKFED and its impact on the agricultural sustainability. The present study is based on secondary data only and has undertaken different aspects of agricultural sustainability with special reference to MARKFED

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INTRODUCTION

Agricultural sustainability can be termed as production of food-grains using such techniques that are in favour of environment, public health, human communities and animal welfare. Indian economy comprises corporate sector, service sector and agriculture sector. Agriculture is the backbone for any country's economic development. It is also a popular belief that economic development takes place because of rapid industrialization. But industrial development itself cannot take place without agriculture. Specifically, agriculture contributes to economic development in at least four ways:

- product contribution, i.e. making available food and raw materials;
- market contribution, i.e. providing the market for goods produced by other sectors;
- factor contribution, i.e. making available labour and capital to the non-agricultural sector, and
- foreign exchange contribution.

Punjab state is an agriculture-dominated economy and it is known as food basket of India as state has become the backbone for the food security of the country with the maximum contribution to central pool.

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Different central and state government corporations are playing important role in development of agriculture sector by performing different promotional functions. The Punjab State Cooperative Supply and Marketing Federation commonly known MARKFED being one of them, came into existence in 1954 with a share capital of Rs 54000. The cooperative structure of Markfed, Government support, progressive policies, innovative plans and dedicated personnel at managerial and field level have become the ingredients for the success of the corporation. Markfed being an important part of the economy of Punjab is playing an important and innovative role. The use of technology has also helped for sustainable base of production for agriculture products. In spite of its commercial objectives it has also considered its social responsibilities by providing free services to farmers for the use of chemical fertilizer and quantity and quality of water use. The proper financial management, inventory control, project planning has resulted into generation of profits. Markfed has also contributed to various socio economic programmes which relate to development.

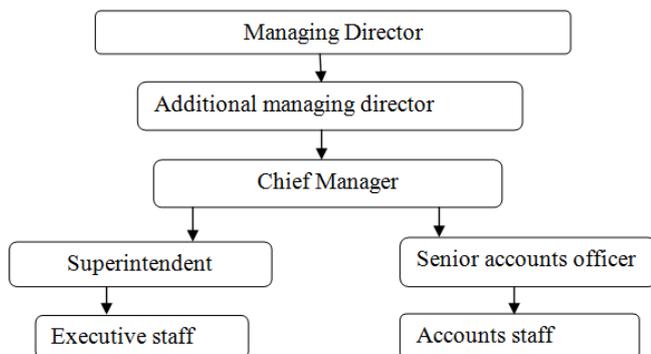
Functions of Markfed

The objectives of Markfed are as follows:

- To make arrangements for procuring, trading, manufacturing of agricultural products as well as by products of its affiliated members.

- To adopt the latest technology and supply of goods.
- To raise funds for its own business.
- To provide financial assistance to its members in the shape of advances, loans and grants.
- To make arrangements for production in bulk.
- To make arrangements for procured foodgrains.
- To make arrangements for distribution of agricultural inputs at retail to members.
- To make arrangements for the distribution of foodgrains under Public Distribution System.
- To arrange for construction of buildings necessary for business of the corporation.
- To guide, assist and supervise the working of its member societies.
- To undertake industrial trade, import and export of agriculture produce, farm equipment and consumer goods.
- To act as insurance agent and to guide its member societies and other regarding all insurance matters.

Administrative structure and management of food and grains department of markfed



The management of affairs of the corporation shall include Board of Directors, nominees of the Government, nominee of the apex cooperative bank, representatives of member societies etc.

Objectives of the study

- To study the role of MARKFED in agriculture sustainability.
- To identify major problems and offer suitable suggestions.

Area of study

The present study is based on the Markfed Punjab only. Therefore, study covers Punjab state to the fulfillment of objectives of the study.

Research methodology and data collection

The performance of Markfed has been analyzed with the help of key performance indicators. The present study is based on secondary data published by Punjab Markfed.

Other required data and literature for the study purpose was collected from number of books, different issues of journals and internet.

Scope and limitations of study

- The study is limited to performance of Markfed.
- The information is collected from Markfed Punjab only.
- The study is considering only financial analysis factors.

Significance of the study

The study will be useful to improve agricultural produce of Markfed which positively affect agricultural sustainability.

Research findings of the study would be helpful to planners, policy makers, administrators, researchers and other stake holders who are concerned with development of agricultural sector and the whole country in general.

Administrative functions

Fertilizer arrangement: Markfed is making arrangements for proper distribution of fertilizer to farmers through different cooperative societies.

Rice mills management: Different rice mills are established and being run.

Cattle feed production: For production of cattle and poultry feeds there are plants in different areas which are sold in different sectors.

Storage facilities: For storage of wheat and paddy procured under Minimum Support Price Markfed has sufficient storage capacity.

Computerization of Procurement arrangements

wheat and paddy procured through 307 exclusive and 1800 shared mandis. Full computerization of wheat and paddy procurement and disposal process has been done and issue of cheque towards the value of foodgrains supplied by farmers. Lifting of foodgrains from procurement centre is done as under:

- Supply of wheat to state and central pool
- Supply of paddy to millers directly
- Dispatch of paddy to storage centres
- Training to employees
- Fixation of procurement targets
- Gunny bags and wooden crates arrangements
- Funds arrangements

Key performance indicators of punjab markfed

Table 1. Key performance indicators

Key performance indicators	2013-14	2010-11
Share capital	201360999	201,151,999
Funds and reserves	2645584158	2906978887
Deposits	550725807	414373191
Fixed assets	1481790140	1507553983
Advances	64702167	208275560
Net profit	107341683	9980417

Source: Punjab Markfed Annual Reports

Table 2. Agency wise detail of Procurement in Punjab 2013-14 (000 tones)

Agency	Wheat	Paddy
PUNGRAIN	2022307	3687346
MARKFED	2416927	2828087
PUNSUP	2205622	2715906
PSWC	1265867	1171858
PAFC	1046505	1230055
FCI	1939918	460271

Department of Food and Public Distribution

Table 3. Storage capacity of centre/state level agencies (million tonne)

Name of Agency	capacity
FCI	83.22
Food Supplies Department	18.38
MARKFED	44.34
SWC	16.57
Central Warehousing Corp.	1.29
PUNSUP	32.37
PAIC	29.92
Marketing Board	0.24
Total	226.33

Source: Department of Food and Public Distribution

Swot analysis of Markfed strengths

- Markfed has purchased 20% share of total procurement. It has achieved the status of Export House from Indian Government. Markfed has been declared as a nodal agency for export of fruits, vegetables and foodgrains by Punjab government.
- Markfed has been contributing towards research and development work carried out by the Punjab agricultural University, Ludhiana (Punjab).
- Through its vital contribution towards development of agro-industry over the period, Markfed has been awarded by National Productivity Council Award
- With changing scenario, Markfed has adopted state of the art methodologies like vast communication system, electronic data processing, analysis and dissemination of information.
- Markfed has a wide spread network of 17 district offices, 107 branches and 19 agro service centers. This has helped Markfed to come close to the farmers.
- Markfed has made sufficient arrangements for the storage of wheat. Like sufficient quantity of gunny bales, wooden crates, polythene covers, cover nets & fumigation covers have been purchased

Weaknesses

- The stock levels of food grains maintained in the organization are quite high. As it is known that food grain get spoiled or perish with passage of time, so the stock level maintained should be adequate. Also, the cost involved in maintaining and holding the stock of food grains and their preservation is quite high, so proper measures should be taken in this regard.
- Markfed does not use computerized accounting. Thus a lot of time is consumed in performing accounting procedures manually.

- No accounting standards are there for cooperative societies like in case of companies.
- Covered warehouses are very less in number for the storage of foodgrains. Therefore due to storage of large quantities of food grains in the open warehouses/godowns leads to wastage of huge quantities of food grains every year.
- Food grains procured of a particular grade but of different qualities in the same grade are procured at the same prices i.e. at minimum support price (MSP fixed by govt.) which is not correct.
- There is a lack of an aggressive marketing programme to enhance the sale of the products, which are sold in the open market.
- Decision making process is very slow as the channel of decision making process is very lengthy.

Opportunities

- Punjab Markfed is a marketing federation of over 3000 societies. Hence it has been a big opportunity to utilize the quantum in the right direction.
- Markfed has won recognition and many awards from the govt. of India in various fields of excellence; it can enhance its export market.
- Markfed caters to the needs of one state only, it can serve other parts of the country as well.
- It has high financial flexibility as a result of good relations with the banks and with other financial institutions

Threats

- The existence of Markfed entails a proper equilibrium between its existence as a cooperative society with the aim of providing farmers the right deal and as a business concern, the main aim of which is to earn profit.
- The performance in the area of Food Grain trading depends wholly on the quality and quantity of production, which cannot totally be improved by the use of fertilizers only as it is also dependent on natural factors like monsoons etc. Thus it poses a greater threat of reduced production and deteriorating quality of food grains in years to come.

RESULTS AND FINDINGS

From the analysis of various aspects it is clear that Markfed Punjab is serving in the field of agricultural development. Maximum number of customers are satisfied with the functioning of Markfed. The service level of Markfed is satisfactory. In short it can be said that Markfed is providing all round assistance for agricultural sustainability. The major key indicators showed an increasing trend

Problems of Punjab Markfed

- Markfed is working with adequate working capital because a huge amount of income is used for payment of interest.

- There is a shortage of scientific storage to keep the produce.
- Transport facilities are also lacking.
- Untrained personnel is there.
- Encouragement from apex societies is lacking.
- Poor management is also there.

Suggestions

- The inventory stock levels of food grains maintained in the organization are quite high. As it is known that food grain get spoiled or perish with passage of time, so the stock level maintained should be adequate. Also, the cost involved in maintaining and holding the stock of food grains and their preservation is quite high, so proper measures should be taken in this regard.
- At Markfed, the branch accounting system is such that the branches are dependent on the head office and separate profit of each branch cannot be calculated. Hence total picture showing overall profits may hide the inefficiencies of weak branches. This may really affect the decisions of business regarding which branch to continue or shutdown or expand etc. hence, to get the best results, every branch should be viewed as a 'profit centre'.

Conclusion

With the rapid economic policies and development of technology Indian agriculture is reaching at the stage of development and maturity. Since formation Markfed is continuously playing active role in the development of welfare and life standard of small and medium farmers. With the facilities provided by markfed agriculture produce is increasing rapidly which is a good sign for agricultural sustainability. Markfed has adopted new techniques and profitable ways which has positively affected the agriculture sustainability.

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