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## Performance and profitability of Gadat Vibhag Vividh Karyakari Sahkari Khedut Mandali Ltd., Gadat of Navsari district, Gujarat

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### Abstract

Cooperative is a way of life and it has an important means for weaker section of the society. South Gujarat region is especially recognized for successful sugar and agriculture cooperatives. Apparently, this study provides more insight on the impact and performance of the small scale cooperatives. The present study was on "Performance and Profitability of Gadat Vibhag Vividh Karyakari Sahkari Khedut Mandali Ltd., Gadat of Navsari District, Gujarat". The selected cooperative society is one of the oldest cooperative society existing since 1944. In order to fulfill the stipulated objectives of the study, the major analytical tools employed were tabular analysis, absolute change, relative change and cost concepts. The result revealed that, the commercial statement of the society for the year 2019-20 revealed the total sale of ₹ 18.98 Cr and purchase of ₹ 17.97 Cr and crop selling of ₹ 11.39 Cr with the commercial profit of ₹ 12.39 Cr. This data revealed that the position of the cooperative society is getting better with the passing years. The data clearly revealed that there was a significant development in the volume of business of cooperative society since base year 1999-2000 to 2019-20. This was due to the sphere of diversification of activities. The critical analysis of the net profit of the society of course was very small as compared to the business they made. The reserve fund and position of the society showed the soundness of society and creativity of continue efforts of members towards achievements of stated objective of the society. The society has increased their business in supply of pesticides, fertilizers, grocery, departmental activity, petrol-diesel etc.

**Keywords:** Profitability, agricultural, fertilizers, grocery, petrol-diesel

### Introduction

India is an agricultural country and laid the foundation of world's biggest cooperatives moment in the world. Cooperative is a way of life and it has an important means for weaker section of the society. Agriculture plays an important role in Indian economy. Agriculture and allied sector contribute about 20.19 percent of Indian GDP at current prices. It is worth to mention that the agriculture sector provides jobs to around 53 percent population of India. (The Global Economy.com; 2019) Agricultural cooperatives have been promoted in India's economic development programme as a means of encouraging large scale production while enhancing community cooperation and equity. The government of India, immediately after independence realizing the important role cooperatives can play in development of national economy, recognized cooperatives as third economic sector. They were charged with the responsibility for taking care the needs and aspirations of rural India with special emphasis on uplifting small and marginal farmers as well as weaker section of the society. Government of India is stressing upon and working tirelessly towards the vision of culture of agriculture with an aim to doubling farmers' income by 2022. Cooperatives have played an important role in achieving this aim as "Cooperatives have the potential to revitalize agriculture and make it sustainable."

Within the global census on cooperative the most common type of cooperative is an agricultural cooperative. This is influence by large number of cooperative in India due to small size of land holdings makes it important for farmers to work together to gain economies of scale and scope. This control significant market share in certain sectors, for example Indian cooperative have 36 percent market share in fertilizer market. According to (Anonymous, 2018) <sup>[1]</sup> total no of cooperatives in India were 8.54 lakhs having 290.60 million membership and ₹ 406.89 billions of share capital, among the total cooperatives 17 were National level, 390 state level cooperative, 8 federations while 2750 were district level cooperative federations.

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In India we find that the state of Maharashtra and Gujarat are well developed whereas the Andhra Pradesh, Rajasthan and Karnataka have shown remarkable progress in the cooperative movement.

This cooperative sector expanding all over in Gujarat with 81468 working cooperative society out of them 30 from sugar sector, 4780 from irrigation sector, 907 from farming sector, 15877 from milk sector and 9999 from primary agricultural cooperative sector. Out of all this cooperative societies, total 10538 cooperative society is present only in south Gujarat. Out of them 1125 primary agriculture credit society, 3077 milk cooperatives, 1080 irrigation cooperatives, 499 marketing cooperatives, 54 processing and 21 sugar cooperatives. While in Navsari there are about 779 cooperative societies.

In some areas and in some sectors, the cooperative societies are serving the masses and playing a vital role in the development of small and marginal farmers and their income while in some areas their performances are not up to the mark. There are networks of cooperatives exist at local, regional, state and national levels, which have an expansion in the field mostly related to dairy (AMUL, Mother dairy), fertilizers (KRIBHCO, IFFCO), sugar cooperatives and agriculture cooperatives. A large number of studies had been attempt but most of them focus on large scale cooperatives. In this context, South Gujarat region is especially recognized for successful sugar and agriculture cooperatives. Apparently, this study provides more insight on the impact and performance of the small scale cooperatives. To attempt this study we selected "Gadat Vibhag Vividh Karyakari Sahakari Khedut Mandali Ltd., Gadat of Navsari district, Gujarat". This society was established in 1944 by the freedom fighters of the surrounding area. Its main office is at Gadat. This society has above 3000 registered members with the trademark of GKM. In November, 2019 this cooperative society successfully completes 75 years and celebrated "Amrit Mahotsav". This society is ISO 9001-2015 certified and market their product as brand name GKM in big cities like Ahmedabad and Surat for mango, Delhi, UP, Himachal for sapota. Main activities include collection of Mango, Chiku, Banana, Elephant yam and Paddy on pooling basis and giving reasonable price to its members. It has seven branches in overall operational villages. This society has modern technology for fast processing as well as value addition like grading machine, cold storage, ripening chamber and hot water treatment plant *etc.* This society has adopted The Ambika High School, Gadat as its permanent project and provides strong support to the school. The average collection of mango was around 1224.38 MT and that of Chiku was 4435.72 MT in year 2018- 2019. (Anonymous, 2019) [2] Other activities include selling of steel, fertilizers and pesticides selling, departmental store, flour mill, fast food corner, grocery, tractor facilities, cement, cement sheets, petrol, diesel, oil *etc.*

### Materials and Methods

To fulfill the objectives of this study we selected purposively "Gadat Vibhag Vividh Karyakari Sahakari Khedut Mandali Ltd., Gadat of Navsari district, Gujarat". As this cooperative society is oldest one in South Gujarat region working since 1944. The selected co-operative society is operating in surrounding 9 villages. The study covered all 9 villages; from each village 10 registered members and 10 non-members of the society were selected randomly. The primary data were collected from respondents pertaining to the year 2019-2020.

The market related data were collected from concerned markets as well as from retailers and wholesalers. Secondary data were collected from the previous records of the society and its audit reports. The secondary data of the society were up to the year 2019-20 i.e. current year. In order to fulfill the stipulated objectives of the study, the major analytical tools employed were tabular analysis, absolute change, and relative change.

### Arithmetic Mean

The most common method used to observe the average of variables is arithmetic mean.

$$\bar{X} = \frac{\sum X_i}{n}$$

Where,

$\bar{X}$  = Arithmetic mean,

$X_i$  = Value of the  $i^{\text{th}}$  individual measurement.

$N$  = Number of the  $x_i$  value in the sample.

### Absolute Change

Absolute change method was used to measure the change over time for the variables in the society. The absolute change was worked out for membership, income, expenditure, profit and agricultural activities by taking triennium average of base year and current year. The current and base year selected on the availability of data.

$$\text{Absolute change} = |Y_n - Y_0|$$

Where,

$Y_n$  = Triennium average of current year

$Y_0$  = Triennium average of base year

### Relative Change

Absolute change could not give exact picture to explain the comparative changes among the variables and therefore relative change method was used for estimating the performing the percentage change.

$$\text{Relative change} = \frac{Y_n - Y_0}{Y_0} \times 100$$

### Results and Discussion

Financial performance of co-operative society details about the financial performance of co-operative were presented in Table 1. It indicated that this society had been serving 3150 members in 1999-2000 and reached to 3276 members in 2019-20. The share of government in 1999-2000 was ₹ 1.98 lakhs which decreased to ₹ 88200 in 2019-20. Reserve fund, working fund and other fund of the society has increased up to 768.05 percent 321.70 percent and 694.01percent respectively from base year to 2019-20. 256.96 percent increment has been shown in the deposits of the society. Their property investment significantly increased from the base year to current year up to 569.20 percent (₹ 1.15 crore in base year to ₹ 7.72 cr. in current year). The net profit was increased from ₹ 40000 in base year to ₹ 3.57 lakhs in current year (794.21%). This data revealed that the financial indicators of the society were getting better with time passed. The data clearly revealed that there was a significant development in the volume of business of cooperative society as in 2019-20 to the base year 1999-2000. This was due to the sphere of diversification of activities.

**Table 1:** Financial performance of co-operative society

Sr. No.	Particulars	Initial years 1999-2000 (Yo)	Current year 2019-20 (Yn)	Relative change
1	Members(no)	3150	3276	4.00
2	Share (₹)	198750	88200	95.32
3	Reserve fund (₹)	626446	4874066	678.05
4	Other Fund (₹)	9432089	74891779	694.01
5	Deposits (₹)	30818490	110010727	256.96
6	Credit loan (₹)	23476252	86055107	266.56
7	Property Investment (₹)	11544197	77269090	569.33
8	Working Fund (₹)	70135768	295766033	321.70
9	Net Profit (₹)	40000	357687	794.21

For assessing the economic viability and progress of the selected co-operative society, the variables included were number of members, share and security deposit of members, government share, reserve fund, purchase sale of grocery, fertilizers, pesticides, building materials, petrol, diesel, fabrics material and departmental store. The statistical analysis of above mentioned variable was consisting of absolute and relative change from base period 1999-2000 to current period 2019-20. The commercial profit includes payment of workers, administrative expense, depreciation, interest expenses and Flore mill expenses etc.

The critical analysis of the net profit of the society of course was very small as compared to the business they made. The reserve fund and position of the society showed the soundness of society and creativity of continue efforts of members towards achievements of stated objective of the society.

The data encircled in the Table 2 revealed that the absolute and relative change was highest in the purchase of departmental store (₹ 67.60 lakh absolute change and 155.83 percent relative change) followed by grocery store, consumer petrol pump and fertilizer / pesticide store respectively. Building material store showed the lowest absolute and relative change in purchase (₹ 11.24 lakh absolute change and 10.05 percent relative change). In the sale side highest absolute and relative change in departmental store was ₹ 72.83 lakh absolute and 157.38 percent relative change. The lowest absolute and relative change in the sale side was found in the building material store which was ₹ 9.36 lakh and 7.97 percent. In the cheap grocery store activity, the absolute and relative changes (in purchase and sale side) showed the negative returns. The total purchase and sale activity also has shown absolute and relative change to ₹ 7.55 cr., ₹ 8.02 cr. and 72.44 percent, 73.23 percent respectively. It could be inferred from the data given in the table that the society has increased their business in supply of pesticides, fertilizers, grocery, departmental activity, petrol-diesel etc.

**Table 2:** Absolute change and relative change in purchase and sale performance of society in year 1999-2000 to 2019-20

Sr. No.	Particular	Average purchase (₹)		Absolute change (₹)	Relative change (%)	Average sale (₹)		Absolute change (₹)	Relative change (%)
		Base year (Yo)	Current year (Yn)			Base year (Yo)	Current year (Yn)		
1	Grocery Store	38466074.21	73822929.00	35356854.79	91.91	41537059.57	79648457.00	38111397.43	91.75
2	Cheap Grocery Store	3355147.95	2062655.00	-1292492.95	-38.52	3522170.78	2315985.00	-1206185.78	-34.24
3	Pesticide/ Fertilizer store	10590970.78	16699626.00	6108655.22	57.67	10952058.28	17598608.00	6646549.72	60.68
4	Building Material store	11191768.75	12316365.00	1124596.25	10.05	11752919.11	12689873.00	936953.89	7.97
5	Consumer petrol Pump	31243203.76	57242150.00	25998946.24	83.21	31735427.10	58720628.00	26985200.90	85.03
6	Fabric store	5067731.91	6537761.00	1470029.09	29.00	5440536.19	6920699.00	1480162.81	27.20
7	Departmental store	4338075.50	11098202.00	6760126.50	155.83	4627990.98	11911742.00	7283751.02	157.38
8	Total	104252972.86	179779688.00	75526715.14	72.44	109568162	189805992.00	80237829.99	73.23

**Table 3:** Absolute change and relative change in establishment expenditure of the cooperative society in year 1999-2000 to 2019-20

Sr. No.	Particular	Average Expenditure (₹)		Absolute change (₹)	Relative change (%)
		Base year (Yo)	Current year (Yn)		
1	Payment of Workers	5253993.00	10583328.00	5329335.00	101.43
2	Administrative Expenditure	1257724.10	2014126.00	756401.90	60.14
3	Depreciation Expense	1209543.00	4019841.00	2810298.00	232.34
4	Interest Expense	4699148.17	13056182.00	8357033.83	177.84
5	Flour mill Expense	227011.77	437785.00	210773.23	92.84
6	Other	2632489.74	2201520.00	-430969.74	-16.37
7	Total Expenditure	15279909.78	32312782.00	17032872.22	111.47

The data pertaining to establishment expenditure of the society were presented in the Table 3. The Table 3 revealed that the highest amount of relative change among all the expenses was found in depreciation expenses which was 232.34 percent relative change with ₹ 28.10 lakh absolute change followed by interest expenses (177.84%), payment of workers (101.43%) and flour mill expenses (92.84%) respectively over the time period. The administrative

expenditure showed ₹ 7.56 lakh absolute change and 60.14 percent relative change. The payment of worker was ₹ 52.53 lakh in the base year increased up to ₹ 1.05 cr., the absolute change was ₹ 5.32 lakh and relative change 101.43 percent found. The total expenditure in the base year was ₹ 1.52 cr. in base year and ₹ 3.23 cr. in current year with absolute change of ₹ 1.70 cr. and 111.47 percent relative change.

**Table 4:** Absolute and Relative change in Income and expenditure of the society in year 1999-2000 to 2019-20

Sr. No.	Particulars	Base year (₹)	Current year (₹)	Absolute change (₹)	Relative Change (%)
1	Total Sale	109568162.00	189805992.00	80237829.99	73.23
2	Total Purchase	104252972.90	179779688.00	75526715.14	72.44
3	Crop selling	85959912.00	113927937.00	27968025.00	32.53
4	Commercial Profit	91275101.10	123955424.10	4711114.85	88.63
5	Establishment Expenditure	15279909.78	32312782.00	17032872.22	111.47
6	Net Profit	75995191.32	91641459.00	15646267.68	123.65

The data related to income and expenditure of the society are given in Table 4. Total sale of grocery, pesticides, fertilizer, fabric, petrol-diesel, departmental store and building materials in the base year was ₹ 10.95 cr. which increased to ₹ 18.98 cr. in the current year. The absolute change was ₹ 8.02 cr. and relative change was 73.23 percent. The total purchase was ₹10.42 crore in base year which was increased in the current year to ₹ 17.97 cr. The absolute change was ₹ 7.55 lakh and relative change was 72.44 percent.

The crop selling during the base year was ₹ 8.59 cr. which is increased up to ₹ 11.39 cr. in current year. The absolute change and relative change for crop selling was ₹ 2.79 cr. and 32.53 percent respectively. The commercial profit during the base year was ₹ 9.12 cr. which was increased up to ₹ 12.39 cr.

in current year. The absolute change and relative change for commercial profit was ₹ 47.11 lakh and 88.63 percent respectively.

The establishment expenditure during the base year was ₹ 1.52 cr. which was increased up to ₹ 3.23 cr. in current year. The absolute change and relative change for establishment expenditure was ₹ 1.70 cr. and 111.47 percent respectively. The net profit during the base year was ₹ 7.59 cr. which is increased up to ₹ 9.16 cr. in current year. The absolute change and relative change for net profit was ₹ 1.56 cr. and 123.65 percent respectively. The net profit was not increased in that proportion as the increase in the volume of sale and commercial profit.

**Table 5:** Position of sale, purchase, commercial profit, establishment expenses and net profit of the society for the year 2019-2020

Sr. No.	Particular	Amount (₹)	Percent (%)
<b>1</b>	<b>Purchases</b>		
	Grocery store	73822929	41.06
	Cheap grocery store	2062655	1.15
	Pesticide / fertilizer store	16699626	9.29
	Construction materials store	12316365	6.85
	Consumer petrol pump	57242150	31.84
	Fabrics store	6537761	3.64
	Departmental store	11098202	6.17
	Total	179779688	100.00
<b>2</b>	<b>Sale</b>		
	Grocery store	79648457	41.96
	Cheap grocery store	2315985	1.22
	Pesticide / fertilizer store	17598608	9.27
	Construction materials store	12689873	6.69
	Consumer petrol pump	58720628	30.94
	Fabrics store	6920699	3.65
	Departmental store	11911742	6.26
	Total	189805992	100.00
<b>3</b>	<b>Establishment expenditure</b>		
	Payment of worker	10583328	32.75
	Administrative expense	2014126	6.23
	Depreciation expenses	4019841	12.44
	Interest expenses	13056182	40.40
	Flour Mill expenses	437785	1.35
	Other	2201520	6.81
	Total	32312782	100.00
4	Crop selling	113927937	
5	Commercial profit (Total sale + Crop selling – Total purchases)	123954241	
6	Net profit (Commercial profit – Establishment expenditure)	91641459	

The Table 5 revealed that out of total purchase of ₹ 17.97 cr., share of grocery store was observed to 41.06 percent followed by, pesticides/fertilizers (9.29%), construction material (6.85%), petrol and diesel (31.84%) etc.

Total sale in the financial year 2019-20 was found to ₹ 18.98 cr. share of grocery store was found 41.96 percent followed by pesticides/fertilizers (9.27%), construction material (6.69%), petrol and diesel (30.94%) etc. The value of sale minus purchase gives the commercial profit or gross profit of

the society. The crop selling in the financial year 2019-20 was ₹ 11.3 cr. The establishment expenditure was estimated to ₹ 3.23 cr. which includes payment of workers (32.75%), administrative expenses (6.23%), depreciation expenses (12.44%) and depreciation expenses (40.40%) etc. The net profit was ₹ 1.01 cr. after deducting expenditure expenses from the total of commercial profit and sale of crop.

Hence it is concluded from the table that through the expenditure on establishment was higher than the base year as

per the overall picture of profit reported in the year 2019-20. This indicated that society was working properly and was earning profit of course abundant.

### Conclusion

The above in depth discussion of the results revealed that the total sale of ₹ 18.98 cr. and purchase of ₹ 17.97 cr. with the gross profit of ₹ 12.39 cr. This data revealed that the position of the co-operative society was getting better with the passing years. There was a significant development in the volume of business of co-operative society as in 2019-20 to the base year 1999-2000. This was due to the sphere of diversification of activities. The critical analysis of the net profit of the society of course was very small as compared to the business they made. The reserve fund and position of the society showed the soundness of society and creativity of continue efforts of members towards achievements of stated objective of the society. The society has increased their business in supply of pesticides, fertilizers, grocery, departmental activity, petrol-diesel etc. It was concluded from that through the expenditure on establishment was higher than the base year as per the overall picture of profit reported in the year 2019-20. This indicated that society was working properly and was earning profit of course abundant.

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