

**RESEARCH ARTICLE :**

# Net worth statement of orchard farm and agrarian farm in South- Goa district of Goa state

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**SUMMARY :** Investigation was carried out during the year 2014-15. Cross sectional data were collected from sample growers with the help of pretested schedule by personal interview method. Budgeting technique was applied to achieve the objective. The results revealed that the total asset found to be Rs. 4637326.67 while the total liability was Rs. 157128.33 and net worth or equity was found to be Rs. 4480198.34 on orchard farm, where as total asset was Rs. 4190682.54 while total liability was Rs. 155421 and worth or equity was found to be Rs. 4035261.54 on agrarian farm. Equity value ratio was 0.97 and 0.96 orchard farm and agrarian farm, respectively. Equity value on orchard farm was slightly higher than that of agrarian farm. This ratio indicated the farm position of business over the period of time. Debt value ratio on orchard farm and agrarian farm was 0.03 and 0.04, respectively. The lower the ratio, it was good sign of the business. Thus, orchard farm was in a good condition because its owner's equity was higher.

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**KEY WORDS :**

Orchard farm,  
Agrarian farm, Net  
worth statement,  
Financial ratio

**BACKGROUND AND OBJECTIVES**

Agriculture represents the third important economic activity in the state livelihood after mining and tourism. Agriculture contributes only 10 per cent to the state domestic product and 35 per cent of population partly or fully is depending on it. Orchard farm consisted with more than 65 per cent area under orchard crops and remaining area is under seasonal crops, annual crops and dairy as well as farm enterprises. On the contrary, agrarian farm consisted with more than 65 per cent area under seasonal crops, annual crops and remaining area is under orchard crops and dairy as well as other farm

enterprises. Orchard farm comprises of fruits and nut producing trees which are grown for commercial production. Orchard farm is laid out in regular grid with a grazed or mown grass or bare soil base that makes maintenance and fruit gathering easy. Agrarian farming is a science of growing foodgrain crops and rearing animals on farm.

The budgeting technique is used to achieve the performance of large farm by using farm efficiency measures. One can know the net worth of farm business in a specified year. The study is useful to the planner at micro as well as macro level. The study is useful to the farmers, scientists and

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policy makers. In other words, for overall development of agriculture farm business as a whole is more important rather than the individual crops.

### **Hypothesis :**

Equity of orchard farm is higher than agrarian farm.

## **RESOURCES AND METHODS**

### **Sampling design :**

Orchard farm consisted with more than 65 per cent area under orchard crops and remaining area is under seasonal crops, annual crops and dairy as well as other farm enterprises. On the contrary, agrarian farm consisted with more than 65 per cent area under seasonal crops, annual crops and remaining area is under orchard crops and dairy as well as other farm enterprises. Multistage sampling design was adopted for selection of district, tehsils, villages and orchard farms Kanhore (2008). In the first stage, the South- Goa district was purposively selected because of mostly existence of orchard farmings. In the second stage, Sanguem and Quepem tehsils were selected on the basis of higher area under orchard farms. In the third stage, eight villages were selected from the each of tehsils on the basis of higher area under orchard farms. From Sanguem tehsil villages were selected namely Bhati, Cotarli, Kale, Netravali, Rivona, Uguem, Vadem and Xeldem while from Quepem tehsil villages were selected namely Avadem, Balli, Barlem, Dhadem, Malkarne, Mirabag, Pirla and Quitol. In the fourth stage, from each village, the separate list of orchard farmers along with their holding sizes were obtained. From each of the lists, three orchard farmers were randomly selected from each of the villages. In this way, from sixteen villages, 48 farmers were selected for the present study.

Net worth statement on orchard farm and agrarian farm was achieved by budgeting technique analysis. The budgeting technique is used to achieve the performance of large farm by using farm efficiency measures. In net worth statement, we considered assets and liabilities. Total asset consisted with current asset, medium term asset and long term asset. Current asset included cash in bank, cash in hand, cash receipts, account receivable, bond, reserve fund, sale crops, inventory, milk, calf, chicks, eggs and farm yard manure, medium term assets included cow herd, buffalo herd, goat trip and poultry flock whereas long term asset included sheds, machinery and land

holding. Similarly liability comprises of current liability, medium term liability and long term liability. Current liability includes institutional crop loan, loan for feed and loan for fodder, medium term liability includes cow loan, buffalo loan, goat loan and non institutional loan where as long term liability includes shed loan and machinery loan.

## **OBSERVATIONS AND ANALYSIS**

The results obtained from the present study as well as discussions have been summarized under following heads:

### **Per farm net worth statement on orchard farm :**

Per farm net worth statement on orchard farm for the year 2013-14 was prepared and is presented in Table 1. The results revealed that total asset found to be Rs. 4637326.67 while the total liability was Rs. 157128.33. After subtraction of total liability from total asset, the net worth or equity was found to be Rs. 4480198.34. It inferred that there was sufficient amount of net worth or equity on orchard farm. Total asset was divided into current asset, medium term asset and long term asset. In other words current asset was Rs. 921346.02 while medium term asset was Rs. 45425.65 and long term asset was found to be Rs. 3670555. On the contrary, total liability was consisting with current liability (Rs. 43851.66), medium term liability (Rs. 12476.67) and long term liability (Rs. 10800.00).

### **Per farm net worth statement on agrarian farm:**

Per farm net worth statement on agrarian farm for the year 2013-14 was prepared and presented in Table 2. The results revealed that net worth or equity was found to be Rs. 4035261.54. Total asset was Rs. 4190682.54 while total liability was Rs. 155421.00. In asset side, current asset was Rs. 726427.24 while medium term asset was Rs. 46591.60 and long term asset was found to be Rs. 3417663.70. On the contrary in liability side, current liability was Rs. 39665.20. Medium term liability and long term liability was Rs. 16155.80 and Rs. 99600.00, respectively.

### **Estimates of ratios with respect to net worth statement :**

Estimates of ratios with respect to orchard farm and agrarian farm were calculated and are presented in

Table 3, it was clear that current ratio was greater as 21.01 on orchard farm than that of agrarian farm (18.31). When the ratio is more than one it would be favorable for running the farm business. It was clear that the position of orchard farm has higher liquidity than agrarian farm for the year 2013-14. Acid test ratio or quick ratio was greater (19.64) on orchard farm than that of agrarian farm (17.94). Higher the ratio, better would be the capacity to meet its current liability. Intermediate ratio was 17.16 and 13.85 on orchard farm and agrarian farm, respectively. Net capital ratio was 29.51 on orchard farm and it was 26.96 on agrarian farm. Higher the ratio, better would be the capacity to meet its current liability. Equity value ratio was 0.97 and 0.96 orchard farm and agrarian farm, respectively. Equity value on orchard farm was slightly higher than that of agrarian farm. This ratio indicated the farm position of business over the period or time. When the ratio tend to unity, the business would

be in a sound condition. In other words, financial structure of the farm business was found in higher strength. This ratio could indicate the good managerial ability of the farmer on both the farms thereby fulfils the hypothesis. Debt value ratio on orchard farm and agrarian farm was 0.03 and 0.04, respectively. The lower the ratio, it was good sign of the business. Thus, orchard farm was in a good condition because its owner's equity was higher. Current liability ratio was 0.01 on both the farms. When ratio is less than one it indicated a healthy performance of the farm business because liability was very small as compared to owner's equity. On both the farm, ratio was very small over the year and its smaller form reflects consistently good performance of farm business. Inventory ratio was 0.07 and 0.02 on orchard farm and agrarian farm, respectively. If ratio is more than one, net working capital was tide of in inventory, but ratio was less than one on both the farms which indicated more

**Table 1 : Per farm net worth statement on orchard farm for the year 2013-14**

Sr. No.	Asset	Physical quantity (unit/farm)	Amount (Rs./farm)	Sr. No.	Liability	Physical quantity (unit/farm)	Amount (Rs./farm)
1.	Cash in bank	---	20000.00	1.	Institutional crop loan	---	37541.66
2.	Cash in hand	---	15700.00	2.	Loan for feed	---	3310.00
3.	Cash receipts	---	750.00	3.	Loan for fodder	---	3000.00
4.	Account receivable	---	770.00				
5.	Bond	---	1450.00				
6.	Reserve fund	---	9250.00				
7.	Sale of crops	---	705949.75				
8.	Inventory	---	60000.00				
9.	Milk (L)	2263.73	90773.07				
10.	Calf (no)	3.88	11440.96				
11.	Poultry						
	Chicks (no)	0.98	97.97				
	Eggs (no)	4.13	20.64				
12.	FYM (q)	41.15	5143.63				
13.	Current asset	---	921346.02	4.	Current liability	---	43851.66
14.	Cow herd	1.06	20022.38	5.	Cow loan	---	2960.00
15.	Buffalo herd	1.10	21971.41	6.	Buffalo loan	---	3635.00
16.	Goat trip	0.26	3124.97	7.	Goat loan	---	1090.00
17.	Poultry flock	0.01	306.89	8.	Non- institutional loan	---	4791.67
18.	Medium term asset	---	45425.65	9.	Medium term liability	---	12476.67
19.	Sheds	1.13	11055.00	10.	Shed loan	---	2500.00
20.	Machinery	1.33	159500.00	11.	Machinery loan	---	98300.00
21.	Land holding	3.75	3500000.00				
22.	Long term asset	---	3670555.00	12.	Long term liability	---	100800.00
	Total asset	---	4637326.67	13.	Total liability	---	157128.33
				14.	Net worth or equity	---	4480198.34

**Table 2 : Per farm net worth statement on agrarian farm for the year 2013-14**

Sr. No.	Asset	Physical quantity unit/farm	Amount (Rs./farm)	Sr. No.	Liability	Physical quantity unit/farm	Amount (Rs./farm)
1.	Cash in bank	---	17550.00	1.	Institutional crop loan	---	28390.20
2.	Cash in hand	---	12000.00	2.	Loan for feed	---	6275.00
3.	Cash receipts	---	668.00	3.	Loan for fodder	---	5000.00
4.	Account receivable	---	950.00			---	
5.	Bond	---	1200.00			---	
6.	Reserve fund	---	6200.00			---	
7.	Sale of crops	---	571774.76			---	
8.	Inventory	---	15000.00			---	
9.	Milk (L)	2120.50	85033.90			---	
10.	Calf (no)	3.72	11301.83			---	
11.	Poultry					---	
	Chicks (no)	1.03	103.29			---	
	Eggs (no)	4.38	21.91			---	
12.	FYM (q)	36.99	4623.55			---	
13.	Current asset	---	726427.24	4.	Current liability	---	39665.20
14.	Cow herd	1.14	20002.37	5.	Cow loan	---	4545.00
15.	Buffalo herd	1.19	22668.49	6.	Buffalo loan	---	5950.00
16.	Goat trip	0.31	3509.36	7.	Goat loan	---	2100.00
17.	Poultry flock	0.02	411.38	8.	Non- institutional loan	---	3560.80
18.	Medium term asset	---	46591.60	9.	Medium term liability	---	16155.80
19.	Sheds	1.14	11663.70	10.	Shed loan	---	3700.00
20.	Machinery	1.29	156000.00	11.	Machinery loan	---	95900.00
21.	Land holding	3.75	3250000.00			---	
22.	Long term asset	---	3417663.70	12.	Long term liability	---	99600.00
	Total asset	---	4190682.54	13.	Total liability	---	155421.00
				14.	Net worth or equity	---	4035261.54

**Table 3 : Estimates of ratios with respect to net worth statement on orchard farm and agrarian farm for the year 2013-14**

Sr. No.	Formula	Orchard farm		Agrarian farm	
		Calculation	Ratio	Calculation	Ratio
1.	Current ratio N $\frac{\text{Current asset}}{\text{Current liability}}$	$\frac{921346.02}{43851.56}$	21.01	$\frac{726427.24}{39665.20}$	18.31
2.	Acid test ratio (Quick ratio) N $\frac{\text{Current asset min us inventory}}{\text{Current liability}}$	$\frac{861346.02}{43851.66}$	19.64	$\frac{711427.24}{39665.20}$	17.94
3.	Intermediate ratio (Working ratio) N $\frac{\text{Current asset plus intermediate asset}}{\text{Current liability plus intermediate liability}}$	$\frac{966771.67}{56328.33}$	17.16	$\frac{773018.84}{55821.00}$	13.85
4.	Net capital N $\frac{\text{Total asset}}{\text{Total liability}}$	$\frac{4637326.67}{157128.33}$	29.51	$\frac{4190682.54}{155421.00}$	26.96
5.	Equity value ratio N $\frac{\text{Owner's equity}}{\text{Total asset}}$	$\frac{4480198.34}{4637326.67}$	0.97	$\frac{4035261.54}{4190682.54}$	0.96
6.	Debit value ratio N $\frac{\text{Total liability}}{\text{Owner's equity}}$	$\frac{157128.33}{4480198.34}$	0.03	$\frac{155421.00}{4035261.54}$	0.04
7.	Current liability ratio N $\frac{\text{Current liability}}{\text{Owner's equity}}$	$\frac{43851.66}{4480198.34}$	0.01	$\frac{39665.20}{4035261.54}$	0.01
8.	Inventory ratio N $\frac{\text{Inventory}}{\text{Net working capital}}$	$\frac{60000.00}{877494.36}$	0.07	$\frac{15000.00}{686762.04}$	0.02

liquidity on both the farms.

### Conclusion :

Equity value on orchard farm was slightly higher than that of agrarian farm. When the ratio tend to unity, the business would be in a sound condition. In other words, financial structure of the farm business was found in higher strength. Debt value ratio on orchard farm and agrarian farm was 0.03 and 0.04, respectively. The lower the ratio, it was good sign of the business. Thus, orchard farm was in a good condition because its owner's equity was higher.

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