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## A case study on marketing of soybean crop with the help of marketing efficiency, marketing cost, and marketing margin in Baran district of Rajasthan

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### Abstract

A study was conducted to analyze the marketing of Soybean crops in the Baran district of Rajasthan both primary and secondary data were used. This study was conducted during the 2021-2022 agriculture year. Out of 100 percent, 40 percent of soybean growers were selected for the study. Nine wholesalers out of sixteen were selected & out of 46 retailers 15 retailers were selected for information assortment. The present study revealed the Marketing margin. Marketing Efficiency Price Producers share in consumer rupee. Marketing efficiency and producer's share in consumer rupee were found highest in a channel I follow by channels II, III. Marketing cost, marketing margin merging as well as price spread was found highest in channel III followed by channel II, I.

**Keywords:** Marketing cost, marketing margin, marketing efficiency, soyabeen

### Introduction

Soybean production now occupies close to 6% of the world's arable land. Soybean expansion is occurring much faster than with other major grains or oilseeds. Since 1993, soybean hectares grew two times the overall global economy. Soybeans increasingly are being employed as the modern input of choice for buyers. They are mainly used as intermediate food, feed, and industrial inputs, not final consumer products, therefore remaining somewhat invisible in the economy.

Only 2% of soybean protein is consumed directly by humans in the form of soy food products such as tofu, soy hamburger, or soy milk analogs. All but a very small percentage of the other 98% is processed into soybean meal and fed to livestock, such as poultry and pigs. In this way, soybean demand is essentially a derived demand for meat. Soybean has risen to become a leading crop because the income elasticity of meat is high. Consumers shift their consumption from grains, such as rice and wheat, to meat and other animal products as personal incomes rise around the world.

### Materials and Method

#### Selection of District

Rajasthan consists of 33 districts, among these districts, the Baran district was selected purposively for the present study.

#### Selection of Blocks

Baran district has a total of 8 blocks among which Anta block was selected for the study area location is around 15 Km far away from district headquarters. The basis for the selection of the block was the maximum number of soybean growers found in the block

#### Selection of village

5 percent of villages selected randomly having a maximum area of soybean cultivation were listed out from the randomly selected block.

#### Analytical tool

To full fill the specific objectives of the study, based on the nature and extent of the data, the following analytical tools and techniques will be adopted.

**Marketing margin**

It is the profit earned by the market intermediaries in moving the commodity from producers to the consumer while performing various market functionalities.

$$\text{Absolute Margin} = p_{Ri} - (p_{Pi} + C_{mi})$$

$$\text{Percentage Margin} = \frac{p_{Ri} - (p_{Pi} + C_{mi}) * 100}{P_{Ri}}$$

Where,

$P_{Ri}$  = Total value of goods (purchase price) and

$C_{mi}$  = Cost incurred in Marketing.

**Marketing Cost**

It is the costs incurred by the producers and other intermediaries to perform various functions in the marketing channel.

**Marketing cost**

$$C = CF + CM1 + CM2 + CM3 \dots + CMN$$

Where,

C is Total Marketing cost.

CF is a cost paid by the producer.

CM1 is a cost incurred by 1<sup>st</sup> middleman.

**Marketing Efficiency**

Marketing Efficiency refers to the degree to that market costs mirror all obtainable, relevant info. If markets area unit economical, then all info is already incorporated into costs, and then there are no thanks to “beat” the market as a result of there are not any undervalued or overvalued securities obtainable.

$$MME = FP / MC + MM$$

Where,

MME is a modified measure of marketing effectiveness

FP = Price received by a farmer

MC = Marketing cost

MM = Marketing margin

**Price Spread**

Price spread can be defined as the difference between the price paid by the consumer and the price received by the farmer.

$$\text{Price spread} = (\text{consumer price} - \text{The net price of producer}) * 100$$

**Consumer price**

**Producer Share in Consumer’s Rupee**

Its price received by the farmer is expressed as a percentage of retail price i.e price paid by the consumer’s rupee.

$$FS = (FP \div CP) \times 100$$

Where,

FS = Farmer share in Producer’s rupee (percentage)

Fp = Consumer net selling price.

Cp = Consumers price

**Result and Discussion**

To analyze marketing margin, marketing cost, market efficiency, price spread, and consumers' share in producers' rupees of pineapple.

**Table 1:** Marketing cost incurred by Producer (Rs. /Quintal)

S. No.	Particular	Amount	Percentage
1	Transportation	10.88	47.24
2	Market fee	-	-
3	Deduction	10.03	43.55
4	Weighing charges	2.12	9.2
	Total cost	23.03	100

Net price received – 3569.46

Cost incurred -23.03

Gross price received – 3592.50

**Table 2:** Cost incurred by Village trader (Rs. /Quintal)

S. No.	Particular	Amount	Percentage
1	Transportation	26.3	36.7
2	Labour Charges	6.75	9.07
3	Commission charges @ 2%	36.5	50.94
4	Weighing charges	2.1	2.93
	Total	71.65	100

Purchase prices – 3592.50

The cost incurred – 71.65

Selling price -3720

Net margin – 55.85

**Table 3:** Cost incurred by Wholesaler (Rs. /Quintal)

S. No.	Particular	Amount	Percentage
1	Transportation	11.2	25.24
2	Labour charges	5	11.27
3	License charges	0.02	0.04
4	Electronic charges	0.31	0.69
5	Shop tax	0.21	0.48
6	Communication charges	0.5	1.13
7	Depreciation, repaired or fixed cost @ 10%	0.12	0.27
8	Interest on fixed assets @11%	0.1	0.22
9	Market fee	20	45.08
10	Other	6.9	15.55
	Total cost	44.36	100

Purchase prices – 3720

The cost incurred – 44.36

Selling price -4100

Net margin – 335.64

**Table 4:** Marketing cost, marketing margin, and price spread in soybean marketing (Rs./Quintal)

S. No	Particular	Rs.	Percentage
1	Net price received by producer	3569.46	87.06
2	Marketing cost incurred by producer	23.04	0.56
3	Price paid by village trader	3592.5	87.62
4	Expenses incurred by village trader	71.65	1.74
5	The margin of village trader	55.85	1.36
6	The price paid by the wholesaler	3720	90.73
7	Expenses incurred by the wholesaler	44.36	1.08
8	Margin of wholesaler	335	8.18
9	Price paid by processor	4100	100
10	Total marketing cost	139.05	3.39
11	Total market margin	391.49	9.54
12	Price spread	530.54	12.94

**Table 5:** Cost of cultivation in Soybean crop

<b>Variable costs</b>					
<b>1 Hired human labor</b>					
a	Male	859.2	1507.34	2332.04	1674.86
		-3.75	-6.26	-8.55	-6.77
b	Female	664	1080.61	1563.49	1170.45
		-2.9	-4.49	-5.73	-4.73
<b>2 Family Labour</b>					
a	Male	1488	1044.49	669.04	1001.21
		-6.49	-4.34	-2.45	-4.05
b	Female	756	403.06	118.05	373.82
		-3.3	-1.67	-0.43	-1.51
3	Bullock Labour	1332	1212.24	916.66	1127.19
4	Machinery Labour	3157.8	3300	4804.06	3836.6
		-13.78	-13.71	-17.62	-15.52
5	Seeds	3584	3500	3493.1	3516.06
		-15.64	-14.54	-12.81	-14.22
6	Manures	1344	1338.78	1380.95	1355.87
		-5.87	-5.56	-5.07	-5.48
<b>7 Fertilizer</b>					
a	N	892.96	855.37	743.3	821.39
		-3.9	-3.55	-2.73	-3.32
b	P	1258.63	1251.72	1484.44	1341.17
		-5.49	-5.2	-5.44	-5.42
c	K	16.74	29.43	30.26	26.92
		-0.07	-0.12	-0.11	-0.11
8	Plant Protection	969.8	1224.03	1233.48	1171.1
		-4.23	-5.08	-4.52	-4.74
9	Repairing Charges	208.6	333.25	358.19	314.97
		-0.91	-1.38	-1.31	-1.27
10	Others	98.84	105.33	112.8	106.71
		-0.43	-0.44	-0.41	-0.43
	Total Variable costs	16630.57	17185.65	19239.86	17838.32
		-72.58	-71.38	-70.57	-72.15
<b>B Fixed costs</b>					
1	Interest on Working Capital	883.89	968.92	1132.74	1011.91
		-3.86	-4.02	-4.15	-4.09
2	Depreciation	344.94	410.61	426.28	401.94
		-1.51	-1.71	1.56	-1.63
3	Land Revenue	38.72	40.22	41.78	40.48
		-0.17	-0.17	-0.15	-0.16
4	Rental Value of Land	4656.98	5066.72	5836.13	4969.54
		-20.32	-21.04	-21.41	-20.1
5	Interest on Fixed Capital @ 10% per annum	357.66	404.86	587.13	463.23
		-1.56	-1.68	-2.15	-1.87
	Total Fixed costs	6282.19	6891.33	8024.06	6887.1
		-27.42	-28.62	-29.43	-27.85
	Total (A+B)	22912.76	24076.98	27263.92	24725.42
		-100	-100	-100	-100

## Conclusion

Soybean (SB) production occupies close to 6% of the world's arable land. Soybean expansion is occurring much faster than with other major grains or oilseeds. Soybeans increasingly are being employed as the modern input of choice for buyers. They are mainly used as intermediate food, feed, and industrial inputs, not final consumer products, therefore remaining somewhat invisible in the economy. Only 2% of soybean protein is consumed directly by humans in the form of soy food products such as tofu, soy hamburger, or soy milk analogs. All but a very small percentage of the other 98% is processed into Soybean Meal (SBM) and fed to livestock, such as poultry and pigs. In this way, soybean demand is essentially a derived demand for meat. Soybean has risen to become a leading crop because the income elasticity of meat is high. This chapter provides an overview of soybean

production, marketing, and utilization. The future of soybean production and utilization is bright because of the growing demand for protein. The United States continues to be the world's largest soybean producer with some of the world's lowest operating and logistics costs. New opportunities emerged with biodiesel that portends a significant new market for Soybean Oil (SBO).

Effective soybean marketing begins with understanding the fundamentals of the world and local soybean market complex. Being familiar with demand-users and sources of supply from both a world and local level can better enable a producer to anticipate changes in futures and local cash market prices. The value of a commodity is based upon its value to the end-user at a specific time and place and of a certain quality.

Successful soybean marketing involves considerable labor and analytical input. First, know supply and demand fundamentals in both the world and local soybean market complex. You should understand your own, local, state, and national competitive advantage in the soybean market complex as it relates to export demand and domestic consumption. Also, know how the value that can be achieved at the farm gate is dependent on logistical costs and capacity. Second, know the historical tendencies of futures prices and basis during seasonal periods and how they deviate due to changes in supply and demand fundamentals. Once these factors are better understood, a marketing plan should be developed that assesses production, quality of production, cash flow needs, ability to store, interest rates, and required labor. You should combine your understanding of supply and demand fundamentals with other forecasters, or market participants, to determine likely average prices and ranges in the marketing year. Third, determine what risk you are willing to bear and what marketing tools best optimize their return on investment given their market forecast and willingness to bear risk.

Finally, marketing plans should constantly be updated and evaluated to determine if market forecasts were correct, or if there is more risk than you are willing to bear. The speed in assessing and altering an incorrect plan is as important as implementing the initial plan. It should be recognized producers appear to be able to reduce their risk and achieve higher returns by implementing a sounder marketing plan.

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