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Cost-returns analysis and marketing of Lijjat Papad: A case study of *Shri Mahila Griha Udyog Lijjat Papad, Amravati Branch*

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ABSTRACT

The present study entitled “Cost-Returns Analysis and Marketing of Lijjat Papad” was conducted during 2025–26 to work out the cost and return of major papad products and to study the marketing of Lijjat Papad manufactured by *Shri Mahila Griha Udyog Lijjat Papad, Amravati Branch, Maharashtra*. The study covered four major products, viz., Udad Papad, Moong Papad, Punjabi Masala Special Papad and Garlic Papad was studied. Primary data were collected through field visits, personal interviews with the branch head and supervisor, and observations, and were analysed by using Cost and Returns. Marketing of different products also studied by calculating total marketing cost, total marketing margin and producer's share in consumer's rupees. The results revealed that the total value of fixed assets of the branch was estimated at Rs. 68.75 lakh, with an annual fixed cost of Rs. 17.38 lakh, of which interest on fixed capital accounted for the largest share (47.48%). Among the four products, Punjabi Masala Special Papad recorded the highest net return of Rs. 87.48/kg and the best benefit-cost ratio of 1.31, followed by Moong Papad (Rs. 55.88/kg), Udad Papad (Rs. 41.49/kg) and Garlic Papad (Rs. 31.13/kg), with respective benefit-cost ratios of 1.21, 1.15 and 1.11; break-even quantities for all four products remained well below the assumed annual production of 12,000 kg, indicating a financially viable operation. The marketing analysis identified two channels, viz., Producer–Distributor–Retailer–Consumer (Channel I) and Producer–Retailer–Consumer (Channel II); the producer's share in consumer's rupee ranged from 20.91 per cent for Garlic Papad to 30.64 per cent for Punjabi Masala Special Papad, and eliminating the distributor in Channel II raised the retailer's margin without altering the price paid by the consumer. The study suggests that maintaining product-wise cost records and strengthening the shorter, distributor-free marketing channel could further improve the profitability of the enterprise.

Keywords: Lijjat Papad, Cost-return analysis, Benefit-cost ratio, Marketing margin, Price spread, Women-led cooperative

Introduction

Agriculture forms the backbone of the Indian economy, and the economic value of agricultural produce is realised not only at the farm level but also through processing, grading, packaging, storage, transportation and marketing. Food processing therefore provides an important link between agricultural production and consumer markets and generates additional employment and income through value addition. Processing enterprises must coordinate procurement, labour, packaging, transportation and marketing, and their economic performance depends on the relationship between the resources used, the costs incurred and the returns generated. Changing consumer preferences, rising household income and growing expenditure on agro-processed food have further widened the demand for organised food-processing enterprises, making competitive pricing, consistent quality and effective marketing increasingly important.

Papad is a traditional processed food product that has developed into an organised commercial product in the Indian market. Its production passes through procurement of pulses and other ingredients, dough preparation, rolling, drying, quality checking, packaging and distribution, with raw material, labour, packaging and transportation together determining the final cost. Efficient procurement and supply-chain management are therefore important for controlling production cost and improving profitability in papad manufacturing.

Women-led food-processing enterprises are significant because they combine income-generating activity with women's participation in productive work, and the cooperative form of enterprise strengthens these opportunities through collective participation and shared responsibility. *Shri Mahila Griha Udyog Lijjat Papad*, established in Mumbai in 1959 by seven women, has grown into one of India's leading women-led cooperative enterprises, with branches across the country — including Amravati in Maharashtra — providing regular income and employment to its sister-members. Understanding the cost structure, profitability and market

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ing performance of such a branch can offer useful insights for the organisation, its members, fellow cooperatives and other women-led food-processing enterprises.

The present study on cost-return analysis and marketing of Lijjat Papad at the Amravati branch was undertaken with the following objectives:

1. To work out cost and return of major products (Lijjat Papad).
2. To study the marketing of Lijjat Papad.

Methodology

Study area and unit selection

The present study was conducted in Amravati district of Maharashtra, where *Shri Mahila Griha Udyog Lijjat Papad* has an operational production unit engaged in the production and marketing of papad and

provides employment opportunities to women members. The Amravati branch was therefore purposively selected for the study. Four major products manufactured by the branch, viz., Udad Papad, Moong Papad, Punjabi Masala Special Papad and Garlic Papad, were selected for the cost, return and marketing analysis. The study pertains to the year 2025–26. Primary data were collected through field visits, personal interviews with the branch head and supervisor, discussions with staff members, direct observation of production activities and a pre-designed interview schedule.

Analytical methods

1. Cost and returns of major products (Lijjat Papad):

The cost and returns of the selected products were worked out using the following cost concepts and analytical measures.

$$\text{Fixed Asset Value} = \text{Value of Land} + \text{Value of Building} + \text{Value of Machinery\&Equipment} + \text{Furniture\&Fixtures} + \text{Office Equipment+Vehicle}$$

$$\text{Interest on Fixed Capital} = \text{Value of Fixed Capital} \times \text{Rate of Interest}$$

$$\text{Interest on Working Capital} = \text{Working Capital} \times \text{Rate of Interest}$$

$$\text{Total Cost (TC)} = \text{Fixed Cost} + \text{Variable Cost}$$

$$\text{Gross Returns (GR)} = \text{Selling Price per Unit} \times \text{Number of Units Sold}$$

$$\text{Net Returns} = \text{Gross Return} - \text{Total Cost}$$

$$\text{Break-Even Point (BEP)} = \frac{FC}{SP-VC}$$

Where, F_C = Fixed Cost; S_p = Selling Price; V_C = Variable Cost per kg, including interest on working capital.

$$\text{Benefit-Cost Ratio (B:C)} = \frac{\text{Gross Return}}{\text{Total Cost}}$$

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2. Marketing of Lijjat Papad

The marketing system was analysed by identifying the marketing channels and estimating the marketing cost, marketing margin and

price spread using the following measures.

$$\text{Marketing Margin} = \text{Selling Price} - (\text{Purchase Price} + \text{Marketing Cost})$$

$$\text{Price Spread} = \text{Price Paid by Consumer} - \text{Net Price Received by Producer}$$

Two marketing channels of Lijjat Papad from the Amravati branch were identified for the analysis: Channel I — Producer → Distributor → Retailer → Consumer; and Channel II — Producer → Retailer → Consumer.

Results and discussion

1. Cost and returns of major products (Lijjat Papad)

The cost and returns of the four selected papad products were estimated by considering the value of fixed assets, depreciation and interest on fixed capital, variable cost and interest on working capital, and

the resulting total cost, gross return, net return, benefit-cost ratio and break-even point.

Table 1 shows that the total value of fixed assets at the Amravati branch was estimated at Rs. 68.75 lakh. Building accounted for the highest share (36.36%), followed by land (23.27%) and vehicle (20.36%), with machinery, furniture and office equipment together making up the remaining share. Building and land together constituted about 59.63 per cent of the total fixed asset value, indicating their dominant position in the branch's asset structure.

Table 1. Fixed Assets of *Shri Mahila Griha Udyog Lijjat Papad*, Amravati Branch

Particulars	Value (Rs.)	% Share
Land	16,00,000	23.27
Building	25,00,000	36.36
Machinery	10,00,000	14.55
Furniture & Fixtures	2,50,000	3.64
Office Equipment	1,25,000	1.82
Vehicle	14,00,000	20.36
Total	68,75,000	100.00

Table 2. Annual Fixed Cost of the Amravati Branch

Particulars	Amount (Rs./year)	% Share
Watchman salary	1,20,000	6.90
Driver salary	1,80,000	10.36
Supervisor / Admin salary	2,10,000	12.09
Depreciation	4,02,500	23.17
Interest on fixed capital @ 12%	8,25,000	47.48
Total Annual Fixed Cost	17,37,500	100.00

Table 2 indicates that the total annual fixed cost of the branch was Rs. 17.38 lakh, of which interest on fixed capital formed the largest com-

ponent (47.48%), followed by depreciation (23.17%). Salaries of the supervisor/administrative staff, driver and watchman accounted for 12.09, 10.36 and 6.90 per cent, respectively. At an assumed annual production of 48,000 kg across all products, the fixed cost worked out to about Rs. 36.20 per kg.

Table 3. Cost of Production of Selected Papad Products (Rs./kg)

Product	Fixed Cost	Variable Cost	Total Cost
Udad Papad	36.20	242.31	278.51
Moong Papad	36.20	227.92	264.12
Punjabi Masala Special Papad	36.20	243.32	279.52
Garlic Papad	36.20	252.67	288.87

Table 3 shows that the fixed cost was uniform at Rs. 36.20 per kg across all four products, while variable cost — largely driven by raw material — varied by product. The resulting total cost of production was highest for Garlic Papad (Rs. 288.87/kg) and lowest for Moong Papad (Rs. 264.12/kg), with Udad Papad and Punjabi Masala Special Papad in between at Rs. 278.51/kg and Rs. 279.52/kg, respectively. This is consistent with [Sharma et al. \(2019\) \[1\]](#), who identified raw material as the principal component driving variable cost differences among papad products, ahead of labour, packaging and transportation.

Table 4. Returns, Profitability and Break-Even Point of Selected Papad Products

Product	Selling Price (Rs./kg)	Annual Production (kg)	Gross Returns (Rs./year)	Net Returns (Rs./kg)	B:C Ratio	BEP (kg/year)
Udad Papad	320	12,000	38,40,000	41.49	1.15	5,591
Moong Papad	320	12,000	38,40,000	55.88	1.21	4,717
Punjabi Masala Special Papad	367	12,000	44,04,000	87.48	1.31	3,512
Garlic Papad	320	12,000	38,40,000	31.13	1.11	6,451

Table 4 reveals that Punjabi Masala Special Papad, priced highest at Rs. 367/kg, recorded the highest net returns of Rs. 87.48/kg and the best benefit-cost ratio of 1.31, followed by Moong Papad (Rs. 55.88/kg), Udad Papad (Rs. 41.49/kg) and Garlic Papad (Rs. 31.13/kg), with respective benefit-cost ratios of 1.21, 1.15 and 1.11. Garlic Papad recorded the lowest profitability owing to its comparatively higher production cost. All benefit-cost ratios exceeded unity, indicating that every selected product was profitable. The break-even quantities of all four products — ranging from 3,512 kg for Punjabi Masala Special Papad to 6,451 kg for Garlic Papad — remained well below the assumed annual production of 12,000 kg, confirming that the branch's production levels were financially viable and comfortably covered the allocated fixed cost. This pattern of differing product-wise profitability under a common branch structure supports [Roy et al. \(2010\) \[2\]](#), who observed that Lijjat branches operate as independent profit centres and that close monitoring of product-wise costs and returns is central to the organisation's financial management.

2. Marketing of Lijjat Papad

The marketing system of Lijjat Papad at the Amravati branch was examined through two channels: Channel I (Producer → Distributor → Retailer → Consumer) and Channel II (Producer → Retailer → Consumer). The marketing cost, marketing margin and price spread were worked out separately for each product and channel.

Table 5 shows that the elimination of the distributor in Channel II reduced the total marketing cost and raised the total marketing margin for every product — for instance, the total marketing margin for Moong, Udad and Garlic Papad rose from Rs. 51.00/kg in Channel I to Rs. 57.00/kg in Channel II, and for Punjabi Masala Special Papad from Rs. 60.00/kg to Rs. 66.00/kg. Correspondingly, total marketing

cost was lower in Channel II for all four products, since the distributor's cost component (Rs. 6.00/kg) was absent. Punjabi Masala Special Papad recorded the highest marketing cost and margin in both channels, reflecting its higher selling price, while Moong, Udad and Garlic Papad followed a similar cost-margin pattern. This confirms that a shorter marketing channel reduces intermediary cost while transferring a larger margin to the retailer, in line with [Das Gupta \(2014\)](#), who reported that Lijjat follows a cost-plus pricing approach in which raw-material cost, rolling charges, packaging, transportation and selling expenses are built into the branch price before the product moves through the dealer and distributor network

Table 5. Marketing Cost and Marketing Margin of Selected Papad Products, Channel-wise (Rs./kg)

Product	Channel	Total Marketing Cost	Total Marketing Margin
Moong Papad	I	231.20	51.00
Moong Papad	II	225.20	57.00
Udad Papad	I	244.28	51.00
Udad Papad	II	238.28	57.00
Punjabi Masala Special Papad	I	245.20	60.00
Punjabi Masala Special Papad	II	239.20	66.00
Garlic Papad	I	252.70	51.00
Garlic Papad	II	246.70	57.00

(continued on next page)

Table 6. Channel-wise Price Spread of Moong Papad, Udad Papad, Punjabi Masala Special Papad and Garlic Papad (₹/kg)

Product	Particulars	Channel I	Channel II
Moong Papad	Net price received by producer	101.80 (26.51%)	101.80 (26.51%)
	Total marketing cost	231.20 (60.20%)	225.20 (58.64%)
	Total marketing margin	51.00 (13.28%)	57.00 (14.84%)
	Price paid by consumer	384.00 (100%)	384.00 (100%)
Udad Papad	Net price received by producer	88.72 (23.10%)	88.72 (23.10%)
	Total marketing cost	244.28 (63.61%)	238.28 (62.05%)
	Total marketing margin	51.00 (13.28%)	57.00 (14.84%)
	Price paid by consumer	384.00 (100%)	384.00 (100%)
Punjabi Masala Special Papad	Net price received by producer	134.80 (30.64%)	134.80 (30.64%)
	Total marketing cost	245.20 (55.73%)	239.20 (54.36%)
	Total marketing margin	60.00 (13.64%)	66.00 (15.00%)
	Price paid by consumer	440.00 (100%)	440.00 (100%)
Garlic Papad	Net price received by producer	80.30 (20.91%)	80.30 (20.91%)
	Total marketing cost	252.70 (65.80%)	246.70 (64.24%)
	Total marketing margin	51.00 (13.28%)	57.00 (14.84%)
	Price paid by consumer	384.00 (100%)	384.00 (100%)

(Figures in parentheses indicate percentage to price paid by consumer)

It is revealed from Table 14 that the net price received by producer in the marketing of Moong Papad was ₹101.80 per kg (26.51 per cent) in both channels, while it was ₹88.72 per kg (23.10 per cent) for Udad Papad, ₹134.80 per kg (30.64 per cent) for Punjabi Masala Special Papad and ₹80.30 per kg (20.91 per cent) for Garlic Papad in both channels. Kale *et al.* (2017) [3] similarly analysed marketing cost, marketing margin, price spread and producer's share for evaluating marketing efficiency. The total marketing cost incurred by the producer and different intermediaries ranged from ₹225.20 per kg (58.64 per cent) in Channel I to ₹252.70 per kg (65.80 per cent) in Channel I across the four products, while total marketing margin ranged from ₹51.00 per kg (13.28 per cent) to ₹66.00 per kg (15.00 per cent). Producer's share in consumer's rupee was highest for Punjabi Masala Special Papad (30.64 per cent) and lowest for Garlic Papad (20.91 per cent) in both channels.

Conclusion

The study revealed that *Shri* Mahila Griha Udyog Lijjat Papad, Amravati Branch has a financially viable business structure, with all four selected products — Udad Papad, Moong Papad, Punjabi Masala Special Papad and Garlic Papad — generating positive net returns and benefit-cost ratios above unity. Punjabi Masala Special Papad showed the most favourable cost-return performance, while Garlic Papad recorded the lowest net return due to its relatively higher production cost; break-even quantities for all products remained comfortably below the assumed annual production level. The marketing analysis showed that the shorter Producer–Retailer–Consumer channel reduces

the number of intermediaries and increases the retailer's margin without changing the price paid by the consumer, while the distributor-based channel can provide wider market coverage, so both channels have a complementary role depending on market requirements. Maintaining product-wise cost records, closer monitoring of raw-material costs and strengthening the shorter, distributor-free marketing channel would help further improve the profitability and market performance of the branch.

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