Machinery Selection Based on Gross-Margin Costing Analysis:
A Case Study of Abeokuta Local Government Areas in Nigeria

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Abstract

A survey was conducted in Abeokuta North and South Local Government areas of Ogun State, Nigeria to compare the costs of use of hired tractors with costs of operating privately-owned ones.

The results of the study highlight the factors that affect arable farm machinery selection and how best the factors could be influenced by well-planned selection practices. A Gross-Margin cost analysis was used in the profit evaluation of specific machinery-work combination.

In the work, it was found that the allocation of capital to purchase machinery can be made as effective as possible with machinery being chosen on the basis of which one will give the best financial productivity. The paper also identified poor selection and inefficient operation as factors partly responsible for increase in machinery operation. The study showed that the selection of farm machinery should be area-specific and also be based on the type of farm enterprise.