ABSTRACT

The present study was conducted with a view to examine the various cost concepts used in estimation of production cost of crops and to finalise the appropriate cost-concepts for estimation of cost of production of commercial crops, predominantly grown in Maharashtra State. The study envisaged three aspects of farm cost accounting — (i) farm accounting (ii) farm costing (iii) measures of assessing the efficiency in production of commercial crops.

Under the first aspect of the study viz., farm accounting, the appropriate forms/schedules have been developed, keeping in view the present nature of production of commercial crops in Maharashtra State. The forms have
been classified into two sets viz., i) Primary records and ii) Secondary records.

Under farm costing technique, the aspects viz. components of costs, procedure of evaluation of farm assets, the farm owned inputs, output and the allocation of joint costs between individual enterprises/crops were covered. Looking to the present need or the purpose of farm costing three types of cost-concepts were finalised – i) Variable cost and fixed cost ii) Operational cost and fixed cost and iii) Costs A1, A2, B1, B2, C1, and C2.

The measures of assessing the efficiency of farm production (crop enterprise as a whole) included the measures of size and volume of farm business, capital and labour employed and the income received. The financial efficiency measures like cost ratios, capital ratios and income ratios have been also finalised for assessing the financial efficiency in farm production. In case of assessment of production efficiency in single crop production activity, the income measures like gross income, net income, farm business income, family labour income and farm investment income and other measures such as per unit cost of production, per hectare profit and output-input ratios have been considered. For assessment of investment in production of grape, the estimates of parameters viz. net present worth, benefit - cost ratio, internal rate of return and pay - back period have been worked out.
An attempt has also been made to make application of farm costing technique to production of selected commercial crops viz. Sunflower, Cotton, Onion, Sugarcane and Grape. For the purpose, a few sample farms under each of the crops were selected, and the data on cost and returns and other related data were suitably compiled and analysed to arrive at itemwise cost of production of crop. In this, the various steps in analysis have been shown. The results have been interpreted. However, the conclusions on per ha cost, returns etc. have limitations in use since these were based on very small sample size.

The analysis of data showed that in case of sunflower production, on an average, the variable cost, paid-out cost (cost A1), operational cost and the total cost of production were Rs. 1569, Rs. 1696, Rs. 1849 and Rs. 2595/ha respectively. The crop gave an output of 2.88 qt/ha, giving the per hectare profit of Rs. 1586, Rs. 1439, Rs. 1285 and Rs. 5396 respectively at various costs shown above. The output-input ratios were observed to be more than 1.00 at various costs. The results in respect of other four commercial crops have also been shown in the same manner. On the whole, it was revealed that the production of commercial crops, selected in this study, was profitable proposition, giving output-input ratio, in general, more than 1.00. Further, the break-even points and contribution margins in respect of all the five commercial crops have been estimated...
and shown in charts. It showed that the break-even points in respect of production of commercial crops like sun-flower (unirrigated), cotton (irrigated), onion, sugarcane and grape were 0.71 qtls., 0.99 qtls., 0.42 tonnes and 0.58 qtls., respectively. The contribution margin estimated in respect of one quintal of produce of the crops (one tonne in case sugarcane) came out to Rs. 367.00, Rs. 551.00, Rs. 35.50, Rs. 229.13 and Rs. 460.00 respectively for the five commercial crops under study. The financial assessment of investment in production of high valued crop like grape on the five farms selected for the study indicated that the values of internal rates of returns (IRR) ranged from 22.60 % to 45.30 % while the benefit- cost ratios ranged between 1.52 to 1.92. The pay-back period of investment, on an average, came out to seven years, showing thereby that the investment in grape production could be recovered at the end of seventh year of the crop life.