
Agriculture Crops Cost Analysis

*Dr. Tupe Balasaheb Ganapat

*Dr. Mrs. GujarPornimaSachin

Introduction

The agricultural economy in India is the biggest private enterprise of small producers. The main business of the country is agriculture early about 50% of people depend upon the agriculture firm. The small and marginal farmers constituting about 80% of the farmer's households bring their small quantities of produce in the market but have little holding power to get appropriate price for their produce. Not only this group of farmers but medium and large farmers operating in the open market find they too do not get proper return to their produce in a situation of surplus production. When supply is less than demand falls much below the cost of production. They are not the stability of the crops. The agriculture crops prices are up and down. They are not the stability of the crops. They are not the stability of the crops. The Central Government of India (GoI) had setup a committee under the chairmanship of Shri L.K. Jha, the Secretary of the prime Minister (PM) on 1st August 1964 to advise Ministry of Food and Agriculture on determination of the prices of paddy and Wheat.

For assessment of fair and economical prices of various Agricultural Commodities on continuous basis, the GoI decided to set up a permanent body called as 'Agricultural price commission' in 1965. It was renamed as the commission for Agricultural cost and price committee (ACPC) in 1985.

Initially, the scheme covered only two crops viz. wheat and paddy, other important crops were included under the scheme in a phased manner depending upon need for fixation of Minimum support price for a specific commodity. At present 25 crops are covered under MSP.

Commission for Agricultural Cost and Prices (CACPC) was setup by the central Government in 1985. The data on the cost of cultivation for various crops in different states are collected by the State Government. At present 25 crops are covered under MSP. It includes 12 food grains, 9 oil seeds and 4 commercial crops. 16 state Agricultural price committees have collected the information cost of cultivation crops. The State Agricultural price committee collects the data in the agricultural university. The Maharashtra state Agriculture price committee has collected data in the four Agricultural- Mahatma Phule Krishi Vidyapeeth, Rahuri, Punjab Krishi Vidyapeeth, Akola, Konkan Krishi Vidyapeeth, Dapoli, Ratnagiri, Marathwada Krishi Vidyapeeth, Parbhani.

The main basis of MSP determinant in the State Agricultural price Committee recommended in Commission for Agricultural Cost and price (CACPC). The CACPC declares only 60% of actual production cost. The farmers and farmers union's members are not satisfied and hence the analytical study of function methodology of Maharashtra State Agricultural price Committee is essential.

Statement of problem

Direct and Indirect production cost determined by Maharashtra State Agricultural price Committee is sent to cost of crops cultivation to Agricultural cost and price Commission (CACPC) on the basis of these figures. ACPC declares only 60% of this (MSP) suggested by State Agriculture price is not adequate to cover the cost of production. It is important to study the process of data collection in Agricultural Price Committee.

Objective:-

1. To Study the role of Government behind Minimum Support price.
2. To study the role of Maharashtra Agricultural price committee.
3. To study the process of price determination done by Maharashtra State Agriculture price committee.
4. To study how various agricultural universities in Maharashtra determine price for various crops.
5. To study the views of farmers regarding Minimum Support.

Scope of study:-

This research is limited with Maharashtra State Agricultural Price Committee under four Agricultural Universities Mahatma Phule Krishi Vidyapeeth, Rahuri, Punjab Krishi Vidyapeeth, Akola, Konkan Krishi Vidyapeeth, Dapoli, Ratnagiri, Marathwada Krishi Vidyapeeth, Parbhani. The period of study is 2001-01 to 2009-10.

* C.D. Jain College of Commerce, Shirampur, Maharashtra, India

**C.D. Jain College of Commerce, Shirampur, Maharashtra, India

Sample Size:- Maharashtra State Agricultural Price Committee, Chairman, Agricultural Statistical field officer, Head of the Agricultural Economics Department, Mahatma Phule Krishi Vidyapeeth, Rahuri and Field Supervisor interviewed 160 farmers and farmers' unions' members. Interview and meeting and visit to farmer's services. CACP calculates and recommends to the government minimum support prices on the basis of cost of production for 25 agricultural commodities. Of these 25 commodities MSPs for sugarcane and jute are calculated under the Sugarcane and Jute Production Act and hence are known as Statutory Minimum Price. The components / methodology of calculating MSP adopted by CACP is given below: Components of MSP/8MP

I. The components of MSP/ SMP are detailed below

Cost A1= Actual expenses in cash and kind incurred in production by owner.

Cost A2= Cost A1+ RENT PAID FOR LEASED IN LAND.

Cost A2+F 1= Cost A2+imputed value of family labour.

Cost B1= Cost A1+ interest on value of owned capital assets (excluding land).

Cost B2= Cost B1+ rental value of land (net of land revenue).

Cost C1= Cost B1+imputed value of family labour.

Cost C2= Cost B2+imputed value of family labour.

Cost C2*= Cost C2 estimated by taking into account statutory minimum or actual wage whichever is higher.

Cost C3= Cost C2*+10 percent of Cost C2* on account of managerial functions performed by farmer.

The MSP/SMP is determined by CACP on the basis of C2 Cost to state the components clearly.

MSP/SMP= C2

Cost C2= Cost B2+imputed value of family labour.

Cost estimation producer in Maharashtra Agriculture Price Committee.

Standard Cost Concept viz; Cost A, Cost B and Cost C are used for estimating the per hectare and per quintal cost of cultivation. The concept of Cost A, Cost B, and Cost C is given below:

Working Capital = Hired human labour + Bullock labour+ Machine power + Seed + Manures + Fertilizers + Irrigation Charges + Bio-fertilizers + Plant Protection charges+ Incidental changes+ Repairs+ Insurance Premium.

Cost 'A'= Working Capital + Interest on Working Capital + Land Revenue +Description

Cost 'B' = Cost 'A' + Rental Value of land + Interest on fixed capital

Cost 'C' = Cost 'B' + Family human labour

Crop wise Cluster Position for the block year 2006-07 – 2008-09 :-

S.N.	Crop	Centre	Vacant	Working Centre's
1.	Kharif crop complex (10crops) – Jowar, Bajra, Pigeon Pea, Greengram, Blak Gram, Groundnut, Soyabeen, Cotton, Sesamum and sunflower.	30	3	27
2.	Rabi Crop complex (4 Crops) – Jowar Wheat, Gram, Sunflower	15	2	13
3.	Independent Crops (4 Crops) – i. Kharif Paddy ii. Kharif Onion iii. Rabi Onion iv. Sugarcane	5 5 5 25	2 -- -- 4	3 5 5 21
4.	Fruit Crops (4 Crops)- i. Banana ii. Clustered Apple ii. Grape v. Pomogranate	3 3 3 3	-- -- -- --	3 3 3 3

Methodology for Agricultural Price Committee in Mumbai :-

The sampling Technique consists of three stage - satisfied random sampling with tahsil as a primary unit, cluster of three villages as the secondary unit and operational holdings within cluster as the ultimate unit of sampling. The five size groups viz; 1st (1.01 to 1.00), 2nd (1.01 to 2) 3rd (2.01 to 4), 4th (4.01 to

6) and 5th (6.01 & above) are prepared and two holdings from each size groups are selected having a sampling of 10 holding per cluster. The data on inputs and output are collected by cost accounting methods. Mahatma Phule Agricultural University, Rahuri and submitted to the Maharashtra Government. As per CACP, this is scientific method adopted for calculation of cost of cultivation of various crops. No doubt, the method is based on scientific techniques and information collected by using stratified Random Sampling Techniques. However, it is not implemented properly. This mechanism is not correct. On the basis of incorrect information CACP has recommended SMP.

Conclusion

- 1.The Mechanism of collecting information about cost of production of Crops is incorrect.
- 2.The MSP plays vital role in obtaining remunerative price to crops growers. Hence the entire system should be changed.
- 3.Inflated Prices and charges are not considered.
- 4.The cost of labour at very low side i.e. Rs. 87/- for men and Rs. 55/- for women per day. However as per Minimum Wages Act, minimum wages to men and women labour is Rs. 140/- per day.
- 5.All the expenditure are kept at low level.
- 6.Information is collected without visiting Farmer's places.
- 7.Interest for the period of 6 months only is computed.
- 8.Farmers do not have any written information.
- 9.Installment of insurance is not included in the cost of production.

Suggestions:-

- 1.Cultivation Cost computed by Crops Research Centre, of various Agricultural University should be considered by CACP.
- 2.As per recommendation of Dr. Seaminathan Committee, 50% profit should be charged on cost of production.
- 3.Cultivation Cost of crops computed by Research Centre should be taken as a base.
- 4.Seeds, Water, Fertilizers, + Bio-Fertilizers+ Incidental Charges are correct in the Research Centers.
- 5.Crops Cultivation Cost Charges Information are service Centre i.e. fertilizers centers, Bullock Farmers.

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