

A NOTE ON "COST CONCEPT AND FAMILY LABOUR IN FARM MANAGEMENT STUDIES"

R. S. RAO

THE various cost concepts developed in the studies. "Economics of Farm Management" sponsored by the Directorate of Economics and Statistics, Ministry of Food and Agriculture, appear to be due to the diverse opinions held as to the inclusion in the cost of crop production, of the items like rent of land, interest on owned capital, family labour, etc. Of the cost concepts, 'A1' includes all costs except rent on land, interest on owned capital and family labour, while 'A2' includes rent of leased-in land in addition to cost 'A1'. Cost 'B' includes rent of all land, interest on owned capital and excludes family labour only. Cost 'C' is the complete cost with no exclusions. The point of interest here is the family labour.

In all the costs except 'C' family labour is not treated as a cost, may be because of the opinion that family labour is almost costless (its opportunity cost is zero). The family labour which is thus excluded is family labour spent directly on crop production. But family labour entering other costs in an indirect way through owned-bullock labour and implements has not been excluded. Labour charges for the upkeep of cattle is one of the important items of cost of its maintenance and it is mostly met from family labour. In finding out the cost of owned bullock labour family labour is evaluated and is included as a cost. Secondly, home-produced fodder fed to cattle will pose the same problem depending upon its evaluation while being included in the maintenance cost of bullocks (whether home-grown fodder fed to cattle is valued at the market price or on cost 'C' basis). Thirdly, through implements, family labour enters into costs as repairs and maintenance, if any. The second type of existence of Family labour in the costs cannot be emphasised, while the third type may be negligible. In any case if family labour is not treated as cost in the crop production, with the same logic it should be treated as costless either for bullock maintenance or for any other activity.

The main objection may then be that bullock maintenance is a separate activity and should not be mixed with crop production in finding out the costs. Bullock maintenance is not a business by itself as is the case with milch animals and other livestock. Bullocks are maintained by the farmer mainly for self-cultivation but not for hiring out. Like ploughs, carts, tractors, and other implements, bullocks are tools of