

COSTS IN AGRICULTURAL PRODUCTION

Costs in agricultural production

Consumption of non-durable means of production (materials)
such as animal feed, fertilizer, diesel, ...etc.

Usage of durable/ long-lasting/ multi-annual means of production
such as machinery, buildings, facilities

Work

Paid workers (usually employed workers) – wage expenses
unpaid workers (usually family workers) - imputed wages (opportunity costs)

Services

for external execution of work (i.e. contractor for agricultural services, accounting services, services for grain drying...)

Capital

Debt capital – interest expenses
Equity capital – imputed interest (opportunity costs)

Land

leased land – leasing expenses
owned land – imputed leasing expenses (opportunity costs)

Other costs

for example insurances, taxes

Overhead costs are costs for production factors which are (in a wider sense), used by several production processes (production branches) and therefore cannot be directly allocated to a certain production branch; this is usually the case with costs for land, most of the buildings, permanent family workers and employees, as well as part of the machinery and equipment. Costs which can be directly attributed to a group of production processes are described as cost center overheads.

Special costs are directly or indirectly attributable to a product (production branch or -process) for example costs for seed, fertilizers, concentrated feed, special machinery, special buildings

An agricultural production branch or production process causes attributable special costs and a proportionate share of overhead costs.

For the case of internal planning calculations, we have opportunity costs instead of overhead costs because in many cases the production processes paid for by the overheads can be used alternatively for the production of other products, so the usage of a product usually necessitates the waiver of a profit (loss of use).

