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INCREASING THE COMPETITIVENESS OF A VEGETAL AGRICULTURAL HOLDING BY ACCESING SUB-MEASURE 4.1

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Summary: *In this study, is analyzed by elaborating a project using sub-measure 4.1 "investment in agricultural holdings" have as their end support for investment to increase competitiveness of agricultural machinery and equipment performance in relation to the current agricultural structure. The actual investment involves purchase you take farming for family business, striving in this way to increase labor productivity, product quality, the use of modern technologies and improvement of working conditions. The varieties grown on 80ha land. are: cereals, leguminous plants, plants producing oilseeds, root vegetables and tubers. In the analysis we estimated two situations: the situation in which grants access EAFRD through Measure 4 sub-measure 4.1 with a public aid for 90 % of the value of the investment and the situation in which one uses a agricultural credit.*

Keywords: *investment, EAFRD, sub-measure, equipment*

INTRODUCTION

Small entrepreneurs who want to carry on an economic activity with your family may choose to set up a family enterprise.

Mechanized work related types of vegetable cultivated crops (wheat, maize, sunflower and potatoes fall) are usually performed double/twin room with the help of third parties, these leading to a considerable expense for the enterprise, therefore you can opt for the purchase of farming with the help of grants.

Funds awarded through the EAFRD represents a real opportunity for financing rural area from Romania. EAFRD financing is granted by 50-90% of an eligible project value.

MATERIAL AND METHOD

The development of work are taken into account results achieved in the project " Purchase of agricultural machines in vegetable farm-area 80 ha ".

Drafting the feasibility study shall be conducted with the APPLICANT GUIDE-INVESTMENT in AGRICULTURAL HOLDINGS, SUB-MEASURE 4.1, which is a technical information material for potential beneficiaries of the European Agricultural Fund for rural development (EAFRD) and is an informational support for the drawing up of the project according to the specific requirements of the PNDR.

RESULTS AND DISCUSSION

The project is in an area with a potential environment for vegetable crops performed in non-irrigated farm system, the surface of the vegetable being 80 ha Not having machinery and farm equipment maintenance required.

Agricultural products covered by the project are: wheat, corn, sunflower, and potatoes.

Family business aims to produce for their own consumption members of society, but a large part of production accomplished will go toward marketing, profit from operating activity recorded the plant will be used for the development of family enterprise and hence to improve the living standards of its members.

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Calculation of the economic size of the holding

According to the coefficients of standard for vegetable production sector was made an estimate of the economic size of **82619.7 SO**. the farm, thus having an average economic size falling between 12000 and 250,000 SO, as required by sub-measure 4.1:

Table No.1 Economic size of agricultural enterprise

Culture	Area cultivated ha-	Standard production coefficient	The economic dimension SO
Non-irrigated wheat	40	529.67	21186.8
Non-irrigated corn	15	640.66	9609.9
Non-irrigated sunflower	10	501.37	5013.7
Autumn potatoes	15	3120.62	46809.3
TOTAL	80		82619.7

Technical-economic Scenarios through which the objectives of the investment project may be:

Situation no 1: A first scenario for achieving the goal of investments lies in the adoption of a solution that involves accessing grants EAFRD through Measure 4-measure 4.1, with a public contribution of 90% of the value of the investment, i.e. 119303 EURO and a credit agricultural 13.256 EURO.

Table No.2 Project Value (situation no 1)

Financial plan (Euro)	Eligible expenditure	Ineligible expenses	Total
Grant public aid	119.303		119.303
Private funding of which	13.256	32.786	46.042
self-financing		32.786	32.786
loans	13.256		13.256
TOTAL PROJECT	132.559	32.786	165.345
Percentage public contribution	90%		

Thus, taking into account the forecast of receipts and payments for the period from the commissioning of the investment, the holding will have an increasing surplus in the first year of 10768 reaching 14531 lei on 5 year forecasting.

Situation no 2: The second scenario presents a situation in which to achieve the objective of investment shall be a credit 132359 agricultural euro-amount required the purchase of agricultural equipment, failing to take into account the possibility of accessing non-refundable support from EAFRD through Measure 4-measure 4.1.

Table No.3 Project Value (situation no 2)

Financial plan (Euro)	Euro	Lei
Credit value	132.359	587.237
Total payments to bank borrowing	167.955	749.702
- repayment rates	132.359	587.237
- interest and commissions	36.618	162.465

Taking into account the earnings forecast and payments for the period from the commissioning of the investment, the holding will have a deficit in the first year-to -114.475 lei to 76.891 lei in 5 year forecasting.

Preparation of scenarios assumptions from the same physical structure of sales and the value of the holding.

In the first case the analysis shows hypothesized that public aid is very important, so the farmer managing to cover their expenses for agricultural activities.

In situation no 2, the coverage of the investment through an agricultural credit, may not be economically viable, he recording a deficit at the end of each year of the forecast. In conclusion, it is proposed to adopt the situation no 1, which can bring, at the end of each year of the forecast to a positive surplus.

The project is focused on the type of action eligible under sub-measure 4.1 data sheet: investments for the establishment, expansion or modernization of farms and plants, including storage capacity, packaging, sorting, packing plant to increase production of value added products.

Accessing grants will be made from the analysis of Familiar Undertaking classification criteria for eligibility according to submeasure 4.1.

Table No.4 Eligibility criteria

Eligibility criteria	Detail of fulfilling the eligibility criteria for the family
The investment must be made in the context of a farm with an economic size of min . 8,000 SO	Economic size of 82619.7 SO
The investment must fall within at least one of the eligible actions provided for in sub-measure	Investments in the establishment, expansion or modernization of farms and plants, in order to increase the added value of products.
The applicant must demonstrate securing co-financing of the investment	Credit contracted worth 13.256 euro
The applicant must fall within the category of eligible recipients	Family enterprise

Table No.5 Selection criteria

Selection criteria	Detail of fulfilling the eligibility criteria for the family
The principle of holding size	> 50,000-100,000 ≤ SO-13 p
Principle of priority sector	cereals and potatoes-11 p
The principle agricultural potential of the area	The project is implemented in - an area with potential for agriculture (according to the scoring of bonitare (DOCENT))-9 p
Principle of skill levels in the agricultural sector	Higher education 10 p

The project is developed so as to obtain a score of 43 points thus falling into the category of eligible beneficiaries, thus benefiting from the EAFRD funds.

Through investment in the farm aims to raising the quality and quantity of agricultural works executed which will ultimately lead to higher financial and economic results, with an indication of the fact that at present all the work related to the types of agricultural mechanized plant cultivated crops (wheat, corn, sunflower and potatoes in autumn) are executed with the help of third parties, which leads to a considerable expense for the enterprise.

Average annual payments for materials and supplies necessary for the operation of the farm are worth approx. 310.868 lei, representing the cost of raw materials, fuel costs needed for mechanized operations.

The necessity and appropriateness of investment derived from family-owned enterprise aim, namely to produce for their own consumption of society members, but at the same time a large part of production accomplished will go toward marketing, profit from operating activity recorded the plant will be used for the development of family enterprise and hence to improve the living standards of its members. Thus proposes investment in the farm crop area of 80 hectares through acquisition of machinery/equipment and new farm equipment, characterized by increased productivity and higher efficiency.

Will acquire the necessary machinery/equipment for technological flow : tractor, plough reversible waged, disc harrows, cultivator, etc. Purchases are grounded on the basis of existing production capacity and financing.

Acquisition of machinery and farming aims to increase labour productivity, improving the quality of agricultural products, the use of modern technologies and improvement of working conditions. Throughout the period of implementation of the project does not generate waste, assuming only the acquisition of farm equipment in order to increase profitability in operation with reduced pollution to a minimum.

Agricultural Equipment proposed to be acquired have the operating parameters of the win, pollutant emissions resulted fall within the provisions of the technical standards and environmental protection, ensuring functioning at optimal parameters and checking technique of their periodicals. The gas supply will be made in compliance with all norms of environmental protection. Thus, protecting our environment is ensured through the integrated prevention and control of pollution, i.e. reducing emissions into the air and the ground.

Table No.6 Acquisitions proposed by project

Name/Type machine/equipment	Number pieces	Value without VAT -Lei-	VAT -Lei-	Total with VAT -Lei-
Tractor	1	221391	53134	274525
Reversible plug worn	1	41039	9849	50889
Disc harrows	1	27508	6602	34109
Cultivator with fertilization	1	45254	10861	56,040
Seeding of platforms	1	79417	19060	98477
Precision planter for herbs prasitoare	1	38213	9171	47384
Potato planting machine booklet the	1	113580	27259	140839
Trailer	1	20835	5000	25835
TOTAL		587237	140937	728174

The total value of procurement proposed by the project is 728174 Euro (VAT included).

Table No.7 Financing Sources network skilful

Specification	Eligible expenditure (euro)	Ineligible expenses (euro)	Total (euro)
A non-refundable public aid	119.303	0	119.303
Sources of financing in order to complete the financing requirement of which:	13.256	32.786	46.042
-self-financing	0	32.786	32.786
-loans	13.256	0	13.256
TOTAL PROJECT	132.559	32.786	165.345

As shown in data table 7, public aid for 119.303 EUR representing a 90% and the contractual loans 13.256 euro represents a 10% of the eligible project .

Self-financing of 32.786 lei represents the value of the project ineligible (VAT.etc.).

CONCLUSIONS

To access the non-reimbursable funds farmers must comply with the conditions of access and comply with the criteria for the selection of the Measures, referred to in the applicant's guidelines.

Through the realization of the investment and the purchase of agricultural machinery will ensure technological works for grain growing in optimal conditions will get increased production and efficiency will increase the added value of agricultural products which leads to an increase in revenue.

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