

## RENTABILITY OF THE VEGETAL PRODUCTION – WAY OF STRENGTHEN THE TRADE COMPANIES FROM AGRICULTURE (STUDY OF CAZE AT S.C. “PRESTATORUL” S.R.L. SMÂRDAN, GALAȚI DISTRICT)

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*„Prestatorul” S.R.L. Smârdan – Galați district has an agricultural surface of 625,6 hectares, which is represented by the arable usufruct category. The applied system of agriculture uses the irrigation system on a surface of 49,6 % and the difference without irrigation. The structure of cultures covers 7 cultures, out of which the cereals for grains (the autumn wheat, two-row barley and maize) occupy 50,5 %, the technical crops (sunflower, colza and soy beans), occupy 48,0 % and the culture of onion occupies 1,5 %. The unit staff and the performant technical endowment have allowed to the trade company to carry out different services to third parties especially for transportation and agricultural works. The trade company realizes both products for consumption and seeds for setting up of own cultures and also for sale to different customers from the agricultural sector of the zone of influence. As a result of the applied technologies, in the year 2006, S.C. „Prestatorul” S.R.L. Smârdan has succeeded in producing 1703 of cereals, 450 tons of sunflower, 320 tons of soy beans, 168 tons of colza, 300 tons of onion etc. The total incomes resulted from cultivation were 1571,3 thousands lei, which represented 2512 lei/ha and the yearly total net profit was 439,4 thousands lei, respectively 702 lei/ha. Also the rate of result obtained from cultivation was 33,5 % and the invested capital achieved 44 %. S.C. „Prestatorul” S.R.L. Smârdan holds a significant position on the market of agricultural companies in the agrarian-economic zone Galați, as a result of its high production, obtained and high qualitative standards. The trade company resists to the competitors on the home market and has perspectives to increase its market quotation and to penetrate on the foreign market.*

**Key words:** profitability, vegetal production, technical resources, market, quality

## MATERIAL AND METHOD

The case study was done at S.C. Prestatorul S.R.L. Smârdan, Galați County, which is part of the agro-economic area of Galați.

The company operates on an arable surface of 625.61 hectares in lease system, with a high productive potential.

S.C. Prestatorul S.R.L. Smârdan, Galați County has committed itself, by lease contract, to pay the landlords, a rental in nature, representing 600 kg of wheat/ha, in equivalent STAS wheat.

The study aims to present the production and economic-financial results obtained by S.C. Prestatorul S.R.L. Smârdan, Galați County, and, for this purpose, several indicators have been used, such as: *the structure of the arable land by used agricultural systems (irrigated, not irrigated); the structure of the arable land by cultures; technical resources; customers; delivered production; prices; total incomes from exploitation; expenses for exploitation; the exploitation result rate; profitability rate for the invested capital; financial expenses; the level of covering the financial expenses; rate of indebtedness.*

## RESULTS AND DISCUSSION

S.C. Prestatorul S.R.L. Smârdan, Galați County practices both the irrigated agricultural system (49.6 %), as well as the not irrigated system (50.4 %).

**The structure of the cultivated surface by cultures in the arable land** marks the fact that over 50 % of the land is occupied by cereals for grains, of which the wheat is on the first place (*tab. 1*).

Table 1

**The structure of the arable land by cultures at S.C. Prestatorul S.R.L. Smârdan, Galați County (2006-2007)**

Crt. No.	Culture name	Surface (ha)	% of total
1	Wheat consumption	150	24.0
2	Two-row barley for beer	95	15.1
3	Maize grains	70.61	11.3
4	Sunflower	150	24.0
5	Colza	70	11.2
6	Soy	80	12.8
7	Onion	10	1.6
<b>TOTAL ARABLE CULTIVATED</b>		<b>625.61</b>	<b>100.0</b>

High percents are recorded for sunflower, soy and colza. We consider that, for sunflower, the percent in crop rotation is quite high (24,0 %), reappearing on the same surface after only 4 years, which can lead to specific diseases for this culture, with negative effects on production and economic efficiency.

**The personnel** in S.C. Prestatorul S.R.L. Smârdan includes 17 employees,

of which 50 % are mechanic operators and professional drivers. Only 11.8 % includes labourers.

Also, S.C. Prestatorul S.R.L. Smârdan benefits from high quality technical resources, which allows the company to occupy in its area of influence an important role from the point of view of work capacity and promptitude in executing various agricultural works, according to weather conditions and technologies of practiced plants cultivation (*tab. 2*).

Table 2

**Technical resources of S.C. Prestatorul S.R.L. Smârdan (2007)**

Crt.No.	Equipment, buildings	Quantity
1	Combina cereale	3
1	Lathe	1
2	TIH 445	1
3	Irrigation installations	1
4	Straw packing press	1
5	Jhon Deere 6920 tractor	2
6	Plough MM 151-5T	1
7	Pitchpole	1
8	Harrow HR 4003	1
9	Seeding machine VENTA	1
10	Combiner	1
11	Vegetable wreck chopping equipment	1
12	Master plough 1003T	1
13	Stock house + mechanical workshop – Vanatori locality	1
14	Business quarters - Tulucesti locality	1
15	Cereal storehouse + administrative building – Smardan locality	1

At the same time, the company aims at conforming to the European Union requests on environment protection through acquiring machines with low energy consumption and high productivity.

In the same context, through acquiring efficient machines and equipments one can ensure the development of an optimum cultures structure, the production of agricultural products at the level of European standards, the ensuring of transport capacities and the delivery of the products in short time and with the lowest level of losses, taking into account the fact that the company obtains annually 3430 tons of agricultural products which are transported to the purveyor contracted through contract of sale.

Until now, S.C. PRESTATORUL S.R.L. Smârdan, did not encounter difficulties in providing the row materials also because it respected the contractual terms with the purveyors and because of the trust created between the partners.

The entire programmed production will be made available on the internal market, to the traditional clients with whom the company developed a partnership based on trust and success.

In 2006, SC PRESTATORUL S.R.L. Smârdan, produced over 1700 tons of grain cereal, 938 tons of oil-seed, 300 tons of onion (*tab. 3*).

Table 3

**Total production, prices and total income, by cultures, obtained by S.C. Prestatorul S.R.L. Smârdan in 2006**

Crt. No.	Culture name	Total production	Price	Total incomes
<b>A.</b>	<b>Cereal Grains - total, of which:</b>	<b>1702.7</b>	<b>0.386</b>	<b>658.4</b>
1.	Wheat grains	675.0	0.45	303.8
2.	Barley grains	427.5	0.42	179.6
3.	Maize grains	600.2	0.29	174.0
<b>B.</b>	<b>Oil-seed plants – total, of which:</b>	<b>938.0</b>	<b>0.759</b>	<b>712.6</b>
4.	Sunflower	450.0	0.80	360.0
5.	Colza	168.0	0.67	112.6
6.	Soy	320.0	0.75	240.0
<b>C.</b>	<b>Vegetables, of which:</b>	<b>300.0</b>	<b>0.40</b>	<b>120.0</b>
7.	Dry onion	300.0	0.40	120.0
<b>D.</b>	<b>Straws – total, of which:</b>	<b>490.0</b>	<b>0.166</b>	<b>81.3</b>
8.	Wheat straws	300.0	0.166	49.8
9.	Barley straws	190.0	0.166	31.5
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>1571.3</b>

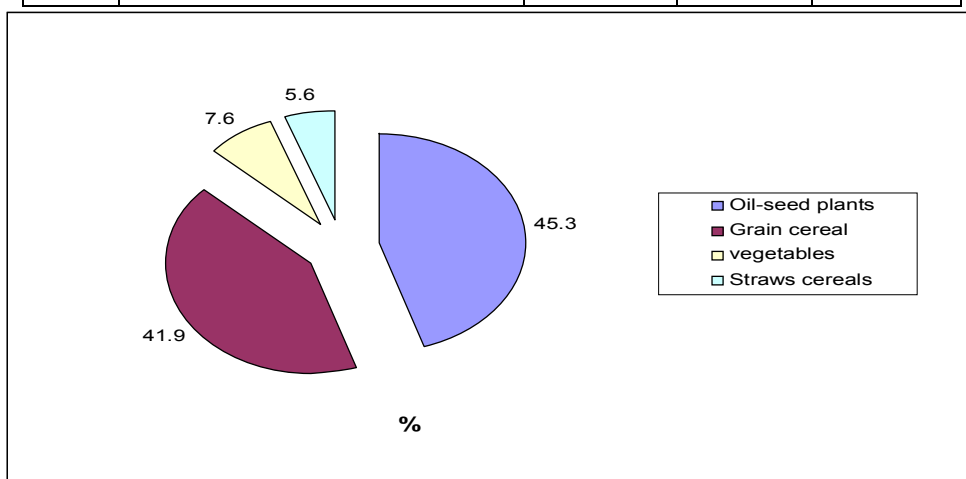


Figure 1 Structure of total incomes of groups of cultures - %

By ranking the cultures based on the income obtained per hectare, the first place is occupied by onion (12000 lei), followed by soy (3000 lei), grain maize (2464 lei), sunflower (2400 lei) etc.

In order to obtain such results, an important role was played by the allocation of production expenses, which were different for every culture (*tab. 4*).

Table 4

**Allocation of production expenses by cultures**

Specification	Cultures						
	Wheat consumption	Barley for beer	Maize grains	Sunflower	Colza	Soy	Dry onion
<b>I. Material expenses, of which:</b>	<b>968.6</b>	<b>814</b>	<b>1018.7</b>	<b>815.5</b>	<b>459.4</b>	<b>1038.6</b>	<b>2220.5</b>
- seed	165.5	224	126	105	96	192	150
-fertilizers	425.7	201.3	235.2	332.6	142	187.5	552.5
-pesticide	103.5	100.1	132.5	102	8	202.1	674.4
-other materials	38	28	-	-	-	-	300
<b>Mechanical works expenses</b>	209.8	232.9	260.3	198.9	188.8	187.9	259.8
<b>Irrigation expenses</b>	-	-	240	50	-	240	200
<b>Supply expenses</b>	36.1	27.7	24.7	27	24.6	29.1	83.8
<b>II. Work force expenses</b>	66.6	66.6	207.4	66.6	36.8	153.6	1434.3
<b>III. Other expenses</b>	702.2	689.3	701.1	687.1	657.8	700.5	850.8
<b>TOTAL EXPENSES</b>	<b>1737.4</b>	<b>1569.9</b>	<b>1927.2</b>	<b>1569.2</b>	<b>1154.0</b>	<b>1892.7</b>	<b>4505.6</b>

Therefore, from the analysis of the data presented, one can observe that the highest production expenses were recorded for the onion culture, while, the lowest expenses were recorded for the colza culture.

On a structural aspect, the material expenses (*except for colza*) recorded the highest percentage, while the lowest values were recorded for expenses with work force (*except for onion*), in which case they amounted to 31.8% (*fig. 2*).

The activity of S.C. Prestatorul S.R.L. Smârdan was efficient, recording a profit for every culture, with efficiency in using the production expenses, profit which totalled from 143.5% for dry onion and 24.3% for grain maize (*tab. 5*).

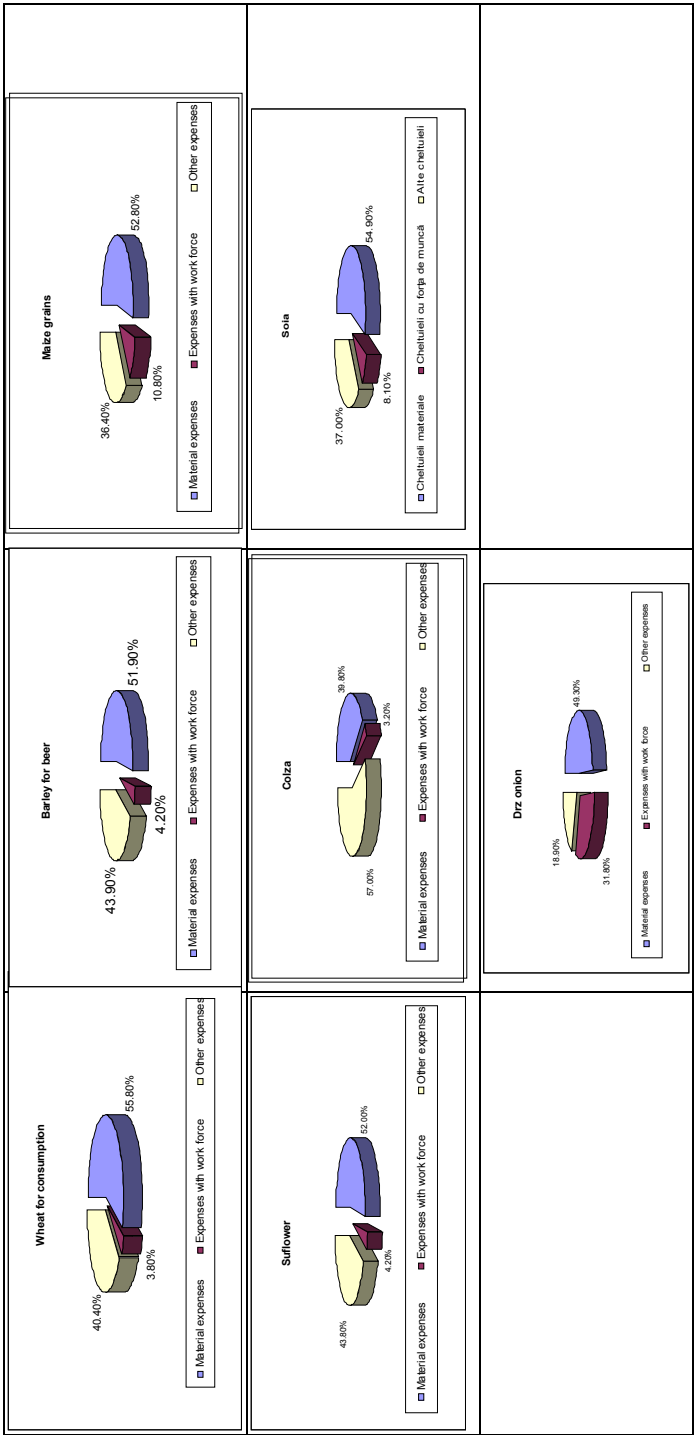


Figure 2 Structural expenses production on cultures, realized at S.C. PRESTATORUL S.R.L. Smârdan (2006) - %

The same thing is noticed in the case of analysis of the indicator “expenses for 1000 lei income” .  
The successful activity developed in 2006 by SC PRESTATORUL SRL Smardan is also demonstrated by the size of some financial indicators, such as:

Table 5

**The profitability of the vegetal production, on cultures, realized at S.C. PRESTATORUL S.R.L. Smârdan (2006)**

Indicators	Cultures						
	Wheat consumption	Barley for beer	Maize grains	Sun-flower	Colza	Soy	Dry onion
Total incomes – thousand lei	353.6	211.1	174.1	360.0	112.6	240.0	120.0
Total expenses with the main production – thousand lei	260.6	149.1	136.1	235.4	80.8	151.4	45.1
Raw profit total – thousand lei	93.0	62.0	38.0	124.6	31.8	88.6	74.9
<b>Net profit total – thousand lei</b>	<b>80.7</b>	<b>53.9</b>	<b>33.1</b>	<b>108.2</b>	<b>27.7</b>	<b>76.8</b>	<b>64.7</b>
<b>Net profit rate - %</b>	<b>31.0</b>	<b>36.2</b>	<b>24.3</b>	<b>52.9</b>	<b>34.3</b>	<b>50.7</b>	<b>143.5</b>
<b>Expenses for 1000 lei income</b>	<b>737.0</b>	<b>706.3</b>	<b>781.7</b>	<b>653.9</b>	<b>717.6</b>	<b>630.8</b>	<b>374.8</b>

- Income from exploitation: 2512 lei/ha
- Exploitation expenses: 1671 lei/ha
- Result rate from exploitation: 33.5 %
- Profit: 702 lei/ha
- Rate of efficiency of invested capital: 44.0 %
- Financial expenses: 26 lei/ha
- Level of covering financial expenses: 32 %
- Rate of indebttness: 57.83 %

## CONCLUSIONS

1. S.C. PRESTATORUL S.R.L. Smârdan is a company of medium size, based on vegetable production, and practicing both an irrigated, and not irrigated agricultural system.

2 The technologies applied, together with an efficient management and marketing system, lead to the development of a varied range of agricultural products, of high quality, according to the requests of the internal market.

3. S.C. PRESTATORUL S.R.L. Smârdan was permanently concerned with the technical supplies of the company, by renewing and completing its resources with tractors, agricultural machines and transportation vehicles, which allowed the company to respect all the stages of production and to execute them within the provided standards.

4. S.C. PRESTATORUL S.R.L. Smârdan, through the production and economic results obtained, has won a dominant position among the companies based on vegetable production in the agro-economic area of Galati, distinguishing itself through quality and price, which ensured a competitive position among the competitors.

5. The increase of the number of agricultural companies with positive production and economic results, could contribute to refresh and consolidate the agriculture in the agro-economic area of Galati.

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