

## DIAGNOSTIC ANALYSIS OF SOME INDICATORS OF ECONOMIC DEVELOPMENT IN BIHOR COUNTY

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### **Abstract**

*For Romania agriculture has always represented the main branch of the national economy, whose results influence the quality of life of about 45-50% of the population. Romania has important resources for agriculture development, embodied both in the landed fund and its quality and the active population employed in agriculture. [Alec I., E. Merce, D. Pană, L. Sâmbotin, I. Ciurea, I. Bold, N. Dobrescu, 2001]. We have found out from field studies that farmers in the west area of the country, as well as those from the entire country, lack the marketing knowledge required to provide a healthy perception of the agricultural products market, the rules by which this takes place and how this structure can affect agricultural production, efficiency and profitability and ultimately the level of Romanian peasant life.*

**Key words:** landed fund, yields, farms, economic indicators

### **INTRODUCTION**

Bihor county is part of the Region 6 North-West, together with Satu-Mare, Maramures, Salaj, Cluj and Bistrita-Nasaud. Region 6 North-West has a total area of 3.416.046 ha, out of which 2.092.275 ha agricultural land, 61.25% respectively.[ Bran F., 1994] The largest county included in Region 6 North-West is Bihor county, with a total area of 754.427 ha, i.e. 22.08% of the total area. In terms of structure, Bihor county owns first place as total area, agricultural area – 23.86%, arable land – 30.12%, and vineyard area – 36.91%. In what concerns the natural grasslands, first place is occupied by Cluj county, with an area of 241.576 ha, respectively 23.47% of total natural grassland owned by the Northwest Region 6. As for the fruit plantations, Bistrita-Nasaud is the leader, nationally recognized for their size of fruit plantations and especially for the reputation of some fruits, like Bistrita plums.[ Manoleli D. S., V. Câmpeanu, L. Chivu, D. Giurcă]

Bihor County is part of the Western Plain of the country, the lowland area, which is one of the major agricultural areas of the country [Zahiu L., T. Lazăr, 2000]. Basically, after the Lower Danube Plain, the Western Plain is the second agricultural area of the country.

The structure of cultivated areas is an indicator of high responsibility of decision. Crop structure should be based on very strictly applied criteria, since providing food needs of the population depends on this extent. Specifically, crop structure is to be set in strict relation to market

requirements, which in turn are interrelated with the consumption needs of food products of the population [Zahiu L., A. Dachin, 2001] Therefore we considered such an analysis extremely useful, especially to make appropriate proposals to that effect.

The market of agricultural products indicates the needs of each agricultural product: wheat, corn, soybeans etc. In a later stage, the area to be cultivated in order to produce each product should be planned [Tănăsescu G., 2001]. This is obtained by relating each product needs to the average production per ha. Hence the average production per hectare is an essential decision indicator for the success of planning.

By the Landed Fund Law - no. 18/1991 around 8 million ha arable land were privatized in about 5.5 million former owners. During the first 2-3 years of law enforcement around 3.2 to 3.3 million people have abandoned property, resulting in forming about 3.2 million farms. The average size of a farm was about 2.5 ha. At such a size commercial holdings were not possible, only subsistence farms. Obviously, things have evolved over time so that the first commercial farms are now part of the agricultural landscape.

Total area of Bihor County in 2008 was 754.427 ha, out of which 64.757 ha was occupied by Oradea area, meaning 8.58% of total county area [Otiman I.P., 2002]. Given the way of defining rural area, its description by the main authors analyzed, we can conclude that Bihor County follows the general characteristics of the rural areas. Since Oradea belongs to the urban area of Bihor County, then the difference is the rural area, about 91.42%. Therefore, in all considered areas, the living areas per capita was up to 52.53% higher in rural than in urban areas.

## **MATERIAL AND METHODS**

Structure of landed fund in Bihor county area includes an agricultural area of 499.325 ha, respectively 23.86% of the agricultural area of Region 6 North-West. Arable land is 304.072 ha, meaning 60.9% of the arable area of the county and 30.12% of the arable area of Region 6 North-West. The other categories of use have lower share: pastures 27.6%, grassland 8.8%. Also noticeable are the small areas occupied by vineyards – 4.436 ha (0.9%) and orchards – 9.285 ha (1.8%). In this regard we consider that Bihor County may extend the areas occupied by orchards especially if we consider economic and environmental potential in this respect. [Otiman I.P., 1997]

Overall cereals occupied 558,599 ha of the Region 6 North-West at the end of 2008, i.e. 58.94% of the cultivated agricultural area.

The largest share of cereals is recorded in Satu-Mare, 63.22% and Bistrita-Nasaud, 61.52%. To our and other analysts surprise cereals hold a normal share in Region 6 North-West and it is the same situation for each

county. In the case of cereals for grains, the largest areas are occupied by corn crops, followed by wheat and then barley. It is normal to be so, since corn is the main fodder crop and counties have large herds of animals.

Oil plants have normal shares. Information is collected from the census results made in 2009, with the deadline of 31 December 2008. In this context, oily plants occupy 12.33% of the total cultivated area in Region 6 North-West, which we consider it a normal rate, taking into account the market requirements for food products [Manoleli D. S., V. Câmpeanu, L. Chivu, D. Giurcă].

In Bihor county were 1733 commercial holdings in 2009, out of which 964 farms with the status of SC or SA, respectively 55.63% and 769 farms, respectively 44.37%, owned by individuals. Basically, this last category of commercial farms has been organized on the framework of family farm organizations.

In terms of their profiles, out of the total 1733 commercial farms, 221 have a vegetal profile, 89 are livestock farms and 1423 are mixed farms, representing 82.11%.

A more difficult situation is recorded on sugar beet, occupying very small shares compared to normality [Geană E., A. Maier, 2003]. Thus, the share of this culture in Region 6 North-West is, on average, 0.58%, ranging between 0.01% in Maramures and 1.01% in Bistrita-Nasaud County.

It should however be noted that the very small areas cultivated with sugar beet are due to the deteriorated economic relations between sugar beet producers and sugar factories, which mainly did not honor their debts to sugar beet producers.

Shares of growing potatoes and vegetables are normal. Potato boasts a very high proportion in the county of Maramures, which always proved to be a big potato grower.

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## **RESULTS AND DISCUSSION**

In general, we can say that the structure of crops in Region 6 North-West appears to be closer to the limits imposed by the new concept of market economy. How do we explain this? Salaj, Maramures, Bistrita-Nasaud and Cluj counties have lower shares of agricultural production. For this reason, agricultural production in these counties is more closely connected to market requirements [ Dumitru, M., D. Diminesc, D. Lazea, 2004]. After 1991, while the agricultural production resulted in smaller quantities,

it had to connect strictly to market requirements, even to the countryside market of lower economic expansion.

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This includes food products necessary for feeding the population, but also provides raw material for many processing industries: brewing industry, spirits industry, starch industry, oils industry etc. In all cereals examined the average production level is more than modest. For example, the average yield for wheat in Region 6 North-West is 2.597 kg/ha, in Bihor county the level is 2 818 kg/ha, that is 211 kg/ha more.

In the case of corn crop, very important for the economy, being the main product providing the appropriate livestock feed, corn kernels, the results are modest as well - 3427 kg/ha in the Region 6 North and 3,613 kg/ha at county level, 188 kg/ha more.

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Most of the vegetal oriented commercial farms, respectively 72.40%, are specialized in the production of cereals and technical plants, 14.47% in fruit production, 9.50% in vegetable production, to which should be also added the farms holding greenhouses and solariums, with a share of 1.36%.

Within the livestock profile, the biggest share is hold by commercial farms specialized in agriculture, organized in a number of 32, with a share of 35.96% and those specialized in milk cows, 19 in number, with a share of 21.35%.

As expected, commercial farms with mixed profile hold the largest share. Thus, the SC and SA farms are in number of 736, that is 42.47% of the total farms, and the individual farms are 687, i.e. 39.64%. Overall they were 1423 in 2009, with a share of 82.11%.

Observations from the field show that this class deals almost exclusively with cereal production, the combination of cereals and technical plants remaining more in the statistical reports than in the actual situation in the field. Again we may ask what the explanation may be for the large share of

cereals: 72.40% and 79.10% in case of SC and SA farms and 45.45% from individuals.

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We ask ourselves: is this indicator meaning a plus of civilization and comfort for individuals or families in rural areas? It is very difficult to give an answer to this question. At first sight the answer should be affirmative, because it is absolutely a larger living space. But rural areas have their peculiarities and not all the habitable space is habited. In rural areas from Transilvania they still keep the traditional custom that requires that the habiting space of the room facing the street is to be inhabited only when the family has guests.

By promoting integration in a manner previously very schematic presented, branches on the product are being born, these being organizational and functional structures promoted not long ago. Today the product branches have been expanded and they basically dominate the food products market. We will illustrate by a branch taken from the space of vegetable production, which seems more expressive.

A branch on the product starts with raw material producers. For example, the branch of bakery products has as a starting point the producer of wheat, which is integrated into the chain. Next are those from the milling industry producing flour – that is the raw material for various breads. Each branch ends with the sale to the consumer.

Today all farmers should be involved in the branches on the product, otherwise they remain outside the integrated chain and will not be able to sell agricultural goods they produce as raw material, which today happens to very high frequency among wheat producers. They do not have the possibility of giving value to the primary product, the farmers can not recover costs incurred by the price, they can not achieve the financial funds necessary to reinstate the new cycle of production and many lands remain uncultivated in the following year.

Next we make some observations on the average production of the main crops. The average yield of wheat crop in 2008 was 2.657 kg/ha, corn crop was 3.545 kg/ha, sunflower crop 1.426 kg/ha, sugar beet 23.465 kg/ha, potato crop was 13.810 kg/ha and the vegetables crop 11.643 kg/ha. We consider these productions as mediocre, well below the production potential of soils, mainly in the plain area of Bihor county. Even at this level yields obtained cover domestic consumption of Bihor county. But in terms of

competitive agricultural markets, the agricultural products produced under such conditions do not resist. In the case of average or below average yields, unitary costs are higher, leading to accordingly higher selling prices. And on the competitive markets which Romania will face in future any goods, including food products, will compete by price and quality. Quality products will be also sold at more affordable prices for the customers.

## CONCLUSIONS

We can conclude that, from an economically point of view, the rural area of Romania recorded a lag in terms of all the components that shape sustainable rural development and hence the living standards of rural community members. We also need to mention the fact that poor rural development is not a trademark for one region or another, but for the whole Romanian rural area. Therefore, the effort to eradicate underdevelopment in Romanian rural areas concerns the entire rural area of Romania. Some differences in this area are still recorded, a matter which gives us the right to make some statements to be taken into account as they configure the starting point for action to eradicate the vast underdeveloped rural area of Romania.

Socio-economic development indicators show that in some extent areas of economic development 5 West and 6 North-West recorded a head start on sustainable rural development, but comparing to EU demands from Romania, to the level at which rural community is located, Romania as a whole still has a handicap to overcome.

Sustainable rural development in Romania is both necessary and possible. Possible, because Romania has natural, social and economic resources that can sustain rural development, both in terms of directions and resources it requires and the pace that European Union imposes to this process.

Normally the vegetal production is designed to cover food consumption needs and the difference should be used as livestock feed in the animal husbandry branch. Inside this industry fodder conversion also takes part, respectively vegetal products into animal products. Biological conversion process through animals is done with a surplus of work, resulting in a higher income and ultimately increased profits and profitability of agricultural production in private-family farm.

Optimizing the size of vegetal and livestock branches inside the private family farms will be one of the major problems. We pursue this point since in Romania, in the present study area, agricultural production will be the mainstay of sustainable rural development long time from now on.

But agricultural production is not the only way to achieve sustainable rural development, respectively the growing of welfare of

human communities from the rural areas. The area is practically missing the processing of primary agricultural products. Also missing are those activities having a small alimentary industry profile that would lead, on one hand, to a better use of area resources and, on the other hand, to a more efficient use of working time of the small farmer, of all human resources in the area, and on that basis to increase profits, respectively the farmer family welfare and that of the rest of the rural population.

Finally should be mentioned the opportunities for expansion of other activities, we mean the non-farming ones, which could help increase farmers' income. The studied area enjoys a varied landscape, with a very strong biodiversity, of both vegetal and animal species. These natural aspects, given the possibilities of upgrading the infrastructure of the area, create the actual development framework of tourism, rural tourism and other forms of ecological tourism. Even more, Bihor rural area is characterized by a genuine ethno-cultural personality, something that could be a serious motivation to extend all forms of tourism, both classic and modern one, resulted in the forms mentioned above.

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