

# **The Role of Agricultural Lease Farmland in the County of Calarasi, Romania**

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In Romania, the lease is defined as "the contract by which one party, called the lessor, sends the other party, called the lessee the right to use and exploit the agricultural goods over a definite period of time in exchange for a price called rent". The role of lease farmland in the county of Calarasi, Romania.

Leasing is the most common in areas with fertile land in Romania that land belonging to the elderly or those who have no possibilities of work (lessors), enter the agricultural production process. In practice it is found that most lease contracts are signed by the owners of smaller areas of land (between 0.5 ha and 10 ha) with working farms over 100 ha, who practice agriculture on large surfaces, performance and cost, most of these farms cultivating what is called high culture, namely cereals such as wheat, corn, sunflower, barley and crops (canola).

As we have stated above, leased farmland pass the peasant household management, which often has no means of exploitation or have rudimentary means of exploiting their tenants in administration, which in most cases are companies specialized in exploitation land and have the means of administration these lands in terms of economic efficiency. The aim is that tenants on leased land to get a bigger profit after expenses of production and pay rent to the lessor. The aim is that in exchange lessor leased land to obtain a larger income, gained through negotiation with the tenant given quality of agricultural land, its location and the market indicators (demand, supply, production, average rent the price of grain futures market, etc.).

In the context of the above, the economic role of the lease is obvious, the lease operation which provides both an income of renter and operation that ensure legal conditions for increasing the economic value of output obtained from the leased land, mainly by increasing the size of fields worked in a holding, which increases profitability by enabling the use of advanced technologies in agriculture, represented by "tractors, machinery, equipment which causes increasing labor productivity and improving the quality of agricultural products" (applicant's Guide, technical objectives of the measure 1.2.1-modernization of agricultural holdings).

Regarding income lessors, it is known that most of them are low-income people, money or goods obtained under contract on leased land being an important source of income, especially for older people who have pension of maximum 200 euros, the most common category in rural areas in Calarasi County. According to statistics, the average pension of state social insurance in

Calarasi county is 160 euros and the average pension for farmers is 79 euros per month.

Some older people who have leased land, besides the income obtained by leasing land whose owners are, benefit from a legal provision which establishes a life annuity of 50 euros per year per hectare of agricultural land leased. Unfortunately, agricultural life annuity is granted only to persons who acquired the status of agricultural annuitant until 31.12.2009, because the law was available at that time.

The amount of rent in Calarasi County is approximately 900 kg per hectare, the average price of a kilogram of wheat is 0.65 euro or 0.15 lei respectively. Seeing the above it is found that the mean annual lease in Calarasi county is about 135 per year which represents 14.2% of the annual income of a retired farmer or 8.5% of the annual income of a retired state personal. In 2014 the Government adopted a law that obliges tenants to calculate and withhold income tax from the rent earned by individuals, thus relieving landowners from liability, reported and paid on the income. Also, by law, all expenses related to the conclusion, registration and publicity are owned by the tenant.

Seen in the light of the above, it can be considered as the lease has a social role, as envisaged supplement of income and low-income for people in rural areas and the facilitation of the use of this instrument which transmits agricultural land unproductiveness or less productive area in the productivity with high efficiency in large farms respectively. If the economic role of the lease has no doubt, to the social role of the lease can be discussed a lot. In general the social role of an approach is analyzed in relation to the following elements:

- a) contribution to the satisfaction of the needs of the population through the goods and services provided
- b) contribution to the development of human civilization by promoting scientific and technical progress
- c) providing a working and living environment for the community
- d) exercising a function of training and educating the community
- e) contribution to environmental protection.

In terms of contribution to the satisfaction of needs of the population, it can be considered that through the economic consequences it produces, the rent falls into this element, in particular, by the demand to exploitation in terms of economic performance of agricultural land by providing income and lessors revenues that can help improve their living standards.

Using lease of goods does not ensure services to help the entire community. An in-depth look, lease use as legal operation is more useful to tenants who increase their size of agricultural holdings which improve their economic performance, thus not reflecting in a good way on the level of rent paid. As we will see economic analysis results obtained by farmers in the years 2011, 2012 and 2013, they are not at all correlated with social indicators such as living or unemployment.

In terms of contribution to the development of human civilization by promoting scientific and technical progress, indeed, consequence by rent which it provides, in terms of uparding our farms, provide advanced technologies for working the land. We can make a forced interpretation in that rent would help

the ones mentioned above to promote scientific and technical progress in order to ensure food security by increasing agricultural production due to farming of the land over large areas. In reality, not the lease itself is contributing to the development of human civilization by promoting scientific and technical progress. Referring to ensuring a work environment and community life, rent does not fit within this element.

Also regarding any exercise of functions training and education this has not and cannot have any contribution. Also from a forced interpretation we can say that rent may have some contribution to environmental protection through compliance with the terms of the lease for the tenant imposing the obligation to work the land as a good owner, given that the quality of agricultural land should be checked by the lessor, the lessee prohibiting the use of certain herbicides or chemical fertilizers or pesticides. But as this is not found in practice we can say rather that rent does not belong in this element that has no contribution to environmental protection.

Analyzing crop production for main crops in the 2011-2013 correlated with acreage of the main crops in the years 2011-2013 shows the following: The average production per hectare grains whole country was 3.99 t / ha in 2011 to 2.36 t / ha in 2012 and 3.85 t / ha in 2013 in the South-Muntenia was 4,22t / ha in 2011, 2,61t / ha in 2012 and 4,28t / ha in 2013 and Calarasi county was 4.49 t / ha in 2011, 3.05 t / ha in 2012 and 5.21 t / ha in 2013.

Regarding the number of unemployed, it is found that nationwide in 2011 were 461,013 registered in 2012 were registered 493 775, 512 333 and 2013 were registered in the South Muntenia region in 2011 were 80,188 registered in 2012 were registered 87.880 and 94.740 2013 were registered in the county of Calarasi in 2011 were 6688, in 2012 there were 7872 and 2013 were 8817.

It is found from the above that although in 2013 agricultural production and increase production per hectare rose compared to 2012, respectively improves economic performance of agriculture, the number of unemployed also increases, which shows that improving economic performance in agriculture has no influence on social issues such as unemployment. Analyzing the farming population, we find that nationwide in 2011 were 2,442,000 people, 2,510,000 people were in 2012 and 2013 were recorded as activating 2,380,100 people in the region in South-Muntenia 2011 429 600 person worked., 2012 442 800 person worked. and in 2013 worked 419 100 pers., and in the county of Calarasi in 2011 worked 49 100 pers., in 2012, 50,700 were active and 48,200 were working in 2013.

Comparing these data with the above, we conclude that improving the economic performance of agriculture has no influence even in terms of population employed in agriculture. If there was a correlation in terms of influence on social issues, it should been that with the development of agriculture and social performance increase, to decrease unemployment and increase the number of people employed in agriculture, but this does not result from the analysis statistical data. On the contrary, we see a worsening of social parameters as they intensify agricultural modernization which shows that agriculture is disconnected not only from rural areas but also Romanian society itself, the only influences being those of economic agriculture, and not social.

Table 1. Crop Production for main crops MU: ton

<b>Crop</b>	<b>Area</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Cereals grains	Romania	20842160	12824138	20897076
-	Regiunea Sud-Muntenia	5188962	3524051	5426317
-	Calarasi	1195667	916783	1423295
Wheat - total	Romania	7131590	5297748	7296373
-	Regiunea sud-muntenia	2293514	1701501	2254405
-	Calarasi	548869	395796	556005
Maize grains	Romania	11717591	5953352	11305095
-	Regiunea Sud-Muntenia	2381534	1388692	2519407
-	Calarasi	503269	404313	662008
Sunflower	Romania	1789326	1398203	2142087
-	Regiunea Sud-Muntenia	616161	477100	648311
-	Calarasi	140610	126409	141098
Colza	Romania	738971	157511	666097
-	Regiunea Sud-Muntenia	289136	59636	362474
-	Calarasi	73396	16734	140096

Source: National Institute of Statistics

Table 2. Area cultivated with main crops MU: hectar

<b>Crop</b>	<b>Area</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Cereals grains	Romania	5224729	5440281	5421181
-	Regiunea Sud-Muntenia	1228195	1348351	1268343
-	Calarasi	266574	300863	273062
Wheat - total	Romania	1947008	1997633	2103985
-	Regiunea Sud-Muntenia	600021	637568	597630
-	Calarasi	135718	137505	121079
Maize grains	Romania	2589667	2730157	2518268
-	Regiunea Sud-Muntenia	479875	544146	484636
-	Calarasi	95107	124097	105521
Sunflower	Romania	994984	1067045	1074583
-	Regiunea Sud-Muntenia	310144	318022	290412
-	Calarasi	73644	72274	59114
Colza	Romania	392668	105295	276596
-	Regiunea Sud-Muntenia	144394	39539	135425
-	Calarasi	35939	13074	46859

Source: National Institute of Statistics

Table 3. Average production per hectar for the main crops MU: ton / hectar

<b>Crop</b>	<b>Area</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Cereals grains	Romania	3.99	2.36	3.85
-	South-Muntenia Region	4.22	2.61	4.28
-	Calarasi	4.49	3.05	5.21
Wheat - total	Romania	3.66	2.65	3.47
-	South-Muntenia Region	3.82	2.67	3.77
-	Calarasi	4.04	2.88	4.59
Maize grains	Romania	4.52	2.18	4.49
-	South-Muntenia Region	4.96	2.55	5.20
-	Calarasi	5.29	3.26	6.27
Sunflower	Romania	1.80	1.31	1.99
-	South-Muntenia Region	1.99	1.50	2.23
-	Calarasi	1.91	1.75	2.39
Colza	Romania	1.88	1.50	2.41
-	South-Muntenia Region	2.00	1.51	2.68
-	Calarasi	2.04	1.28	2.99

Source: National Institute of Statistics

Table 4. Occupied civilian population on national economic activities MU: thousands of people

	<i>Region</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Total	Romania	8365,5	8569,6	8530,6
-	South-Muntenia Region	1154,5	1182,6	1168,8
-	Calarasi	99,2	100,9	98,8
Agriculture, forestry and fishing	Romania	2442	2510	2380,1
-	South-Muntenia Region	429,6	442,8	419,1
-	Calarasi	49,1	50,7	48,2
Industry	Romania	1753,8	1765,3	1777,6
-	South-Muntenia Region	254,7	257	258,6
-	Calarasi	16,1	15,6	15,5

Source: National Institute of Statistics

Table 5. Unemployment rate MU: % percentage

<i>Region</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
Romania	5,2	5,4	5,7
South-Muntenia Region	6,5	6,9	7,5
Calarasi	6,3	7,2	8,2

Source: National Institute of Statistics

In the Calarasi county, agriculture is a dominant activity, and the fact that the land is very fertile results in a high degree of lease. From a total amount of 390.000 hectares of infield, in Calarasi county more than 50% is leased, especially to the exploitations that work more than 100 hectares. At national level roundabout 30% of the land is represented by leaseholds.

The agriculture practiced in Calarasi is a modern one, with high technology, which is facilitated by the fact that the surfaces exploited are large, making it possible to use performant agricultural equipments, which increase the economic efficiency of the renters. Working with large surfaces of field is possible by using lease contracts. Consequently, working leased fields results in bigger agricultural output, with higher rentability.

From those stated above, it results that the lease, as a juridical and economical operation, plays mainly an economic role. This is also reflected in statistics. If we consider the average production of grains, compared to the average production at national level, which is 3,85 t/ha in 2013, in Calarasi county it is 5,21 t/ha. Even in what concerns technical plants (colza), the average production in Calarasi county is 2,99, compared to 2,41, at national level. If lease also had a social impact, it would mean that, to the extent that the economical parameters influenced by lease grow, the social parameters should also be increased, especially in what concerns the standard of living. However, the statistics indicate otherwise.

If at national level, the economical performance of agriculture is lower than the average in the Calarasi county, the unemployment is much lower than it is in Calarasi (in 2012, 5,4% - national level, compared to 7,2 - Calarasi; in 2013, 5,7 - national level, compared to 8,2 – Calarasi).

A positive aspect from the perspective of a possible social role is that at national level, approximately 27,9% of the employed population work in "agriculture, forestry and fishing", while in the Calarasi county 48,8% of the employed population work in this field. This high percentage is also a consequence of the fact that Calarasi is a predominantly agricultural county and agriculture (including zootechny and forestry) are, besides the the public domain, one of the main functional fields.

As a conclusion, we can assert that lease has an obvious positive economical role, but the social role cannot be proven with enough arguments, since the statistical indicators prove that in the areas where the use of lease is highly used, the standard of living is lower than the national average, the unemployment is much higher than the national average and the only benefit is, indirectly, that the percentage of the employed population that work in the field of "agriculture, forestry and fishing" is much higher than the national average. This means that agricultural in the Calarasi county leads to economical benefits, but the contribution to improving social aspects is rather small.

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