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CONVENTIONAL AGRICULTURE - PROFITABILITY ANALYSIS

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Abstract: *Conventional farming is currently "under pressure" compared to organic farming. These two systems, different in their mode of action, each have advantages and disadvantages. However, although it seems that conventional agriculture is "losing ground" in favor of ecological/organic agriculture, we must not minimize the role of conventional agriculture.*

• Introduction

The result of conventional agriculture is obtaining competitive products (on the market for agricultural products). Its main goal is to minimize costs and maximize productivity, thereby maximizing profits. The main concerns are related in the case of conventional agriculture to profitability.

• Material and method

Profitability is a synthetic form, which refers to the means of production and the labor force used to evaluate the efficiency of the economic and financial activities of agricultural production enterprises, taking into account the three stages of the economic cycle (supply, production, and sales).

• Results and discussions

Corresponding to the elements considered regarding the analysis of profitability and its rates, several types can be distinguished:

- Rates deriving from reporting expenses to revenues obtained
- Rates of commercial profitability
- Rate of return on resources consumed
- Rates of economic return
- Rates of financial return

In order to assess the profitability of vegetable and animal agricultural products, a series of indicators of economic efficiency are also analyzed regarding labor consumption, labor productivity in physical and value expression, the level of profit or loss per unit of production/product, the break-even point, exploitation risk rate, security index.

• Conclusions

To ensure that in the production process of agricultural goods, either the maximum effect or the minimum effort is reached, linear programming is usually used (and implicitly the optimization of production).