

# CRITICAL THRESHOLD FOR THE USE OF WORKING CAPITAL IN AGRICULTURE

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## Abstract

In an era of declining economic growth, the dominant owners of capital are seeking to regain their expected return on investment by extracting a larger share of national income from the vast majority of citizens through an austerity fiscal policy. Agricultural producers are the disadvantaged part of this equation. They need to find the easiest ways to increase performance using the little capital they have. The aim of the research is to determine the critical threshold for the use of operating capital in agriculture. This was achieved through a case study of an agricultural cooperative structured in two components: preliminary interview and technical-economic questionnaire. The results indicate the influence of increasing the number of hours of capital use which reduces average depreciation. On the other hand, repair costs, with an average value of 394.8 lei/ha, implicitly increase with the degree of use of fixed assets and their age. The costs of maintenance of fixed assets, wage costs and financial costs are relatively indifferent to the degree of use of fixed assets, with average values of 50.9 lei/ha, 432.2 lei/ha and 45.1 lei/ha respectively. The critical economic threshold for the use of fixed assets was set at approx. 10 thousand hours of operation of the fixed means of transport with variations depending on the type of fixed means of transport, brand and mode of use. This approach could become a functional tool for increasing capital efficiency and ultimately improving the performance of economic units.

**Key words:** working capital, agriculture, cooperative, critical use threshold