

**NON-AGRICULTURAL INVESTMENTS, ENGINE OF RURAL DEVELOPMENT
IN SIRIA COMMUNE, ARAD COUNTY**

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***Abstract:** The actual rural area in Romania requires investments to regenerate the population and to create alternative sources of income. The research carried out was oriented on two parts: the first part – includes the bibliographical study, theoretical documentation in the strict field of the research topic and the part of the own research, consisted in presenting a case study - access through the PNDR of submeasure 6.2., in the commune of Șiria, Arad County. At the end of the paper, the authors emphasize the fact that Measure 6.2. represents an easy way in which a farmer can obtain financial support to start his own business, as an alternative to agricultural activity, as shown in the presented case study.*

***Key words:** rural area, Measure 6.2., investments, non-agricultural, alternative incomes*

INTRODUCTION

The stabilization of world trade, the qualitative demands of consumers and the enlargement of the European Union towards central and eastern Europe are the issues currently facing European agriculture, which is faced with new realities and challenges; [3]. The changes affect not only agricultural markets, but also the local economies of rural areas to the same extent. The future of the agricultural sector is strictly linked to the balanced development of rural areas [16].

Following the reform of the Common Agricultural Policy, rural development has acquired an increasingly important role in the set of actions through which rural areas are supported to face the challenges of the 21st century in terms of economy, social policy and environment [4]. The operating framework of the CAP more clearly highlights the direction to be followed, namely economic growth and job creation in sustainable areas, in accordance with the objectives set in Gothenburg [5,12].

More than 56% of the population of the 27 Member States of the European Union lives in rural areas, which covers 91% of the European territory [14]. This gives rural development policy a strategic importance. Agriculture, livestock farming and forestry remain essential factors for land use and natural resource management in rural areas of the EU, while also constituting a basis for economic diversification in rural communities [1,2, 6,9,]. Therefore, strengthening rural development policy has become a priority for the European Union [7,8,10].

Rural development policy is mainly based on three legal instruments: the Union strategic guidelines for rural development, the Council Regulation on support for rural development from the new European Agricultural Fund for Rural Development (EAFRD) and the Commission implementing regulation [13].

The aim of the investments supported under Sub-measure 6.2 – support for the establishment of non-agricultural activities in rural areas under the PNDR 2014–2020 – was to facilitate diversification through the establishment and development of micro and small enterprises in the non-agricultural sector in rural areas, aiming at sustainable economic development, job creation and poverty reduction [11,15].

MATERIALS AND METHODS

Next, the research area studied is delimited and the research methodology used is presented. The research is carried out in the central-western area of Arad County, in the commune of Şiria, which is located approximately 25 km from Arad municipality and 25 km from Lipova. It consists of three localities: Şiria (the municipal headquarters), Galşa and Mâsca, the three villages crossing the administrative territory of the commune diagonally. The climate of the area is temperate - moderately continental, influenced by the circulation of air masses in which the oceanic air masses from the west and the sub-Mediterranean air masses from the southwest are predominant. The flat plain relief determines the relatively uniform arrangement of climatic elements. The plain climatic floor is distinguished, with temperatures of 10-11°C and precipitation of 500-700 mm/year. In winter, the average temperature is approx. -1°C, the possible frost period reaches 134 days annually. The Arad Plain is part of the Western Plain, falling within the Banat Plain subdivision, and is notable for the lack of the Western Hills. The fauna is specific to the forest-steppe and is characterized by the presence of the common wagtail, wild ducks, quail, field pheasant, thrush, gray lizard, tortoise, etc. The forests are home to wild boar and roe deer, wolf, fox, hare, various species of snakes, lark, partridge, hawk, woodpecker, starling, blackbird, nightingale, etc.

Methodology used in the research. The research carried out was oriented on two parts: the first part – includes the bibliographical study, theoretical documentation in the strict field of the research topic and the part of the own research. The theoretical documentation consists of consulting the literature according to the selected bibliography, and the own contributions: consisted in presenting a case study - access through the PNDR of submeasure 6.2., in the commune of Şiria, Arad County. At the end of the paper, the main conclusions resulting from the research were formulated.

RESEARCH RESULTS

In terms of size, the commune of Şiria falls into the category of large localities, the total area of the commune being 13,673 ha.

According to the results of the 2011 Population and Housing Census, in the commune of Şiria there were 2,455 households and 2,997 buildings, of which 2,993 were houses.

Conventional dwellings number 3,020, of which 98.870% (2,986 dwellings) are privately owned, 0.96% (29 dwellings) are state-owned, and 5 conventional dwellings belong to religious denominations.

Population. Data regarding the population of Şiria commune suggests a decrease followed by a significant recovery in 2023, as follows:

- 2002: 8,140 inhabitants
- 2011: 8,053 inhabitants
- 2023: 9,058 inhabitants.

These figures show that, between 2002 and 2011, the commune's population decreased slightly. However, from 2011 to 2023, the population recorded a significant increase, reaching 9,058 inhabitants, almost 1,000 more than in 2011. This trend may reflect a series of favorable factors for the commune of Şiria, such as local economic improvements, investments in infrastructure, the increased attractiveness of the rural area or demographic changes that encouraged a repopulation of the commune.

In terms of education level, the highest share is held by graduates of the lower education cycle (gymnasium) followed by graduates of the upper secondary cycle (high school, vocational and foremen's) and then graduates of the higher education cycle. The

population without complete school represents 3.9% of the stable population of 10 years and over of the commune.

Economy of Șiria commune. The dominant sectors of the economy of Șiria commune are agriculture: plant cultivation, mainly cereals (wheat, rye, corn), viticulture and animal and poultry farming, the largest area in the territory of Șiria commune, at over 80%, being dedicated to this activity (table 1).

Table 1.

Area of Șiria commune, by use

Categories of use		Extravilan	Intravilan	Total	Of total
Agricultural	Arable	8292.03	0.00	8292.03	60.65%
	Pastures, meadows	1252.34	0.00	1252.34	9.16%
	Vineyards	1037.72	0.00	1037.72	7.59%
	Orchards	0.44	0.00	0.44	0.00%
Non-agricultural	Forests	1244.82	3.58	1248.40	9.13%
	Water	63.53	11.97	75.50	0.55%
	Communication routes	162.40	119.26	281.66	2.06%
	Courtyards, buildings	30.66	1446.33	1476.99	10.80%
	Non-productive	7.92	0.00	7.92	0.06%
Total		12091.86	1581.14	13673	100.00 %

Source: [17]

To this are added the exploitation of raw materials and small manufacturing industry. Although the economy of the commune is predominantly agricultural,

in recent times, activities in the secondary and tertiary economic sectors have begun to be felt, but they are still insufficient. Thus, to develop the local economy, predominantly agricultural, it is necessary to diversify economic activities and the presence of non-agricultural activities in increasing numbers. In this regard, we present a Case Study, a financing project in the non-agricultural field - "Establishment of a craft workshop in the town of Șiria, Arad County".

I. General data of the applicant:

- The company's headquarters is in the rural area: Șiria Village, Șiria Commune, Arad County;

- Object of activity: financing new activities in the rural area, namely production activities, related to the NACE codes:

NACE code activity 1413 - Manufacture of other articles of clothing (excluding underwear)

The implementation stages and the objectives assumed and proposed by the applicant for the development of an economic, non-agricultural activity for which non-refundable flat-rate support was requested through sub-measure 6.2 are presented below.

General objective: the project aims to establish a tailoring and craft workshop in the rural area, specifically in the village of Șiria, having as its object of activity NACE code 1413 - Manufacture of other articles of clothing (excluding underwear).

The activity that the company will carry out is an initiative to diversify the local rural economy by creating a traditional craft and tailoring workshop, which will contribute to the revitalization of the Romanian tradition and the increase of the cultural heritage.

Mandatory objective to be achieved - The services or products obtained from the current economic activity will be 35% (minimum 30%) of the value of the first tranche of support payment obtained by the applicant.

Specific objectives: Within the project, the applicant must propose and assume the achievement of a minimum of 3 and a maximum of 5 specific objectives that will be achieved by him until the request for the second tranche of support.

Specific objectives:

- OS1. Equipping the craft workshop
- OS2. Digitalization of the sale of finished products
- OS3. Use of renewable energy
- OS4. Promotion of the workshop and its own creations.

Description of the means used by digitalization. We currently live in an era of digitalization, when more and more consumers choose what is more practical in order to save time for other activities, to use the Internet to search for and obtain the products or services they need. Thus, the existence of a website for the economic activity carried out is necessary, which primarily provides credibility to the business. Without having a presentation website, potential customers will certainly turn to the competition. A website must be the image of the activity and professionalism demonstrated by the economic entity. The website represents the identity card of any self-respecting economic operator and is an accessible solution in which both the sellers, but especially the buyer, have something to gain, saving them precious time.

The buyer can choose the product assortment and model and then order by adding the number of pieces corresponding to the desired assortments to the shopping cart. After placing the order and paying for it, the buyer receives the service activation code along with the tax invoice from his account.

Description of the specific objective implemented with the role of environmental protection. Use of a solar regulator and photovoltaic panels, an autonomous system that operates independently of the grid, which can be used in any non-electrified locality.

Operating principle: with the help of the solar regulator, the batteries will be charged by taking over and stabilizing the current produced by the photovoltaic panels. The current will be stored in the batteries, and with the help of the inverter, the current stored in the batteries will be transformed into 230Vac alternating current (table 2).

Table 2.

Solar panel composition off-grid photovoltaic system solo 24v – minimum 390w

AVERAGE ANNUAL PRODUCTION 1.24 kWh/day			
Nr. crt	Name of products or services	UM	Quantity
1	Photovoltaic panel	buc	1-3 (depending on the chosen manufacturer)
2	MPPT Solar charge controller	buc	1
3	Battery min 40Ah-12V	buc	1
4	1.2kw inverter	buc	1

Source: [18]

The specific traditional/folk costume from the Banat region presents in its composition and composition some elements that represent and highlight the particularities of the area, different from the rest of the country. The specific "opreg", with tassels, of ancient local tradition and the "conciu" that the Banat women wear on their heads, signal the presence of elements of traditional Romanian clothing, specific only to this corner of the country, namely the Banat region, which differentiates the Banat costume type from other types of costume in our country. The costumes of the Banat people are processed in

systems of unprecedented technical virtuosity, as can be found in the weaving of *conciurs*, *opregs*, *catrințels* or in the stitching of the white "keys" and the "urzari" shining in gold and silver thread on the shirts. The fine fabric, the stitching in traditional points and the shine of gold are characteristics of the Banat costume from the plain area. At the same time, recent legal regulations have led to better market control and sanctioning the attempt of some individuals/legal entities to sell mass-produced products that present themselves as handmade, eliminating possible unfair competitors from the market.

Another reason for wanting to implement this business is to contribute to the development of the local economy, of the commune, to which the applicant is very attached, being also the locality in which he was born, as well as to the maintenance of the traditional Romanian costume which in recent years has no longer represented an importance for the younger generation.

Also, the purchase of the products necessary to start the activity (tangible and intangible assets presented in the specific objectives section) supports local producers in the respective fields by helping them sell their products.

The investment opportunity is also based on aspects such as increasing the income and well-being of Romanians and automatically the possibility of buying clothing items of superior quality. Traditional and unique items are increasingly trendy and are even purchased by people from outside the country's borders who will be able to purchase products online through the website.

The amount of money offered as lump sum aid through Sub-measure 6.2. ensures the successful implementation and development of the business as conceived by the applicant and as presented in this business plan.

The individual enterprise will carry out the following types of activities: **Folk craft activity - creation of traditional folk costumes and traditional accessories of folk wear.**

Tailoring and embroidery activity - Unique clothing items are increasingly in trend and there are more and more people who want to differentiate themselves through clothing that is not created in series. Also, the clothing items that will be created will be ideal for clothing artists in various shows, for unique photo shoots or for simply completing the collection of enthusiasts, etc.

The workshop will create the following clothing items: Folk hats, folk shirts, folk skirts, shirts and dresses with traditional motifs, traditional vests, belts, etc.

All these clothing items will be handmade and will be addressed to both women, men and children. They will combine various styles from all regions of the country, with a strong emphasis on the Banat area, more precisely the Banat of Pustă, where the applicant who conceived this project was born.

Customization activity. Clothing items will be able to be customized to the requirements of future customers, by adding embroidery on request, initials and other elements that can decorate the clothing (beads, sequins, etc.) without departing from the pattern of traditional folk wear, creating unique items.

Product marketing: to have a clear picture, a SWOT Analysis of the company and the product was carried out (table 3).

Table 3.

SWOT analysis of the company and the product

STRENGTHS	WEAKNESSES
- premium quality of the products offered	- the company being newly established will not benefit from a well-known brand
- excellent quality-price ratio	- lack of a larger own sales network
- unique products	- initial inability to produce many products
- products that can be personalized	- lack of experience in the market
- very pleasant appearance	
- products made in Romania	
- high demand for locally made products	
OPORTUNITIES	THREATS
- reduced competition at the local level	- lack of a strong brand to start with
- access to non-reimbursable funds that allow business development	- Romanian legislative variability, relatively high taxation
- the existence of a significant and growing demand for unique traditional products	- potential negative evolution of raw material prices
- growing demand on the external market for traditional Romanian items, especially from Romanians abroad	- increase in labor costs

Source: Own forecasts and analyses

There is a motto that says that "advertising is the soul of commerce" so the company will use it to the fullest.

The company believes that the main marketing and promotion method consists of recommending customers who have purchased the products made available by it and for this reason quality will be paramount in terms of finished products.

It will also rely heavily on the fact that the products are domestically manufactured ("Made in Romania") and will seek to benefit from the already created trend by which Romanians want to buy Romanian products to help grow the national economy.

Product specifications: made only from high quality materials and accessories; unique creations; creations that can be personalized; traditional appearance; made in Romania; satisfying the needs and desires of the end user; creating a diversified range of products; products created for both women, men, children and unisex; products that can be personalized by the customer; direct communication with customers both in the workshop and online.

The workshop will call on specialized people to take professional photos to be attached to the description on its own website or other product sales platforms.

Also, its own collections will be exhibited at specialized fairs whenever they are organized.

The workshop will increase its image in the online environment by offering its own creations with a free title to people who have a large following and who can become customers of the workshop.

When setting the price, the following will be considered: the value of raw materials and consumables per product, the time required to create a certain product, production capacity, salary costs, indirect expenses (utilities, advertising, etc.), the established profit margin.

The company aims to achieve a profit of approximately 20% of the final price of a product sold. It is also specified that many of the products will have different prices even if they fall into the same category (popular shirts for example) depending on the degree of complexity of the product or any customizations desired by the customer (lace, tassels, beads, sequins, etc.) (table 4).

Table 4.

Forecasted final sales prices					
	Skirts	Dresses	The Romanian traditional blouses (li)	Shirts	Vests
Average selling price (Lei)	500	500	400	400	1000
Raw materials and supplies costs (average) lei 40%	200	400	160	160	400
Direct and indirect costs lei 40%	200	400	160	160	400
Profit margin 20%	100	200	80	80	200

Source: Own forecasts and calculations

The prices of finished products will be adjusted according to the following variables:

- market response to the company's offer
- variability in raw material prices
- variability in demand/supply, price increases in the event of production incapacity at a very high level of orders and price decreases when orders are at a level that will lead to the accumulation of too much stock.

Price discounts will be granted to build up customer loyalty and in the above-mentioned conditions when certain products have been in stock for too long.

The company's promotion strategy, as I have specified above, will follow the following measures:

1. Customer-to-customer word-of-mouth marketing by selling products that meet customer needs and that will be recommended to them;
2. Posting online advertising through Google
3. Using social platforms Facebook/Instagram/Pinterest
4. Attending specialty fairs.
5. Offering free branded products to be worn by certain public figures at various events or public appearances.
6. Offering customers the opportunity to leave product reviews for maximum transparency to other potential customers.

The sale will be made at retail at the work point in the village of Șiria where the products will be available for viewing, testing and purchase.

1. To legal entity resellers who will sell the products in their own network of stores
2. In the online environment through their own website, through direct sales sites such as OLX, Publi24, Amazon, etc. or by offering them for sale on social platforms Facebook/Instagram/Pinterest.

The products offered for sale are addressed to all customers, regardless of age or gender.

The workshop will make products that satisfy even the most demanding tastes.

Presentation of business flow. The business flow will be carried out according to the following stages: Planning, creating product sketches; Supplying raw materials; Making products; Labeling, packaging, storage; Selling.

Planning is the process of establishing the models that will go into production according to each category: skirts, dresses, blouses, shirts, vests, belts for our own collections.

This will consider gender parity if the market demands it, the products that have the highest sales (possible after a certain period and a consistent volume of sales), the sizes needed and the time of year in which they will be made.

Regarding personalized products, we will discuss with the client to determine exactly what he wants and his body measurements.

Creating template sketches for the models to be worked on, establishing sizes, and the range of colors.

Supplying raw materials. The products will be made by hand, using the sketches and templates already created. The advantage of manual production is that it results in a unique product of much higher quality than mass production. The visual impact of a hand-made and unique product is special.

Making products. The products will be made by hand, using the sketches and templates already created. The advantage of manual production is that it results in a unique product of much higher quality than mass production. The visual impact of a hand-made and unique product is special. At this stage, all the tangible assets purchased will be used as well as the raw material: sewing machine, overcasting machine (used to assemble hand-made products), cutting table, cutting scissors, thread, wool, etc.

Labeling, packaging, storage. The sewing machine will be used for labeling, and the products will be stored on hangers at work point.

The sale will be made in the following ways: - Directly in the tailoring workshop; - Indirectly to resellers; - Online sales through the company's own website and the social platforms Facebook/Instagram/Pinterest

Table 5.

The applicant's potential clients

Customer (Name and address)	Value (Lei)	% of sales
Legal entities	16269	20
Individuals	65075	80
TOTAL	81344	100

Source: own forecasts and calculations

CONCLUSIONS

The current rural area in Romania requires investments to regenerate the population and to identify alternative sources of income to agricultural activities in peasant households, 90% of which are semi-subsistence.

European funds represent the main source of financing for the realization of private investments, necessary for a long-term sustainable development of the rural area.

Romania, as a member state of the European Union, has benefited and continues to benefit from the financial instruments of the Common Agricultural Policy, through the PNDR 2014-2020-2022 and through the PNS 2023-2027.

In addition to agricultural and agri-food activities, through the PNDR 2014-2020, there was the possibility for the rural population to develop economic activities and investments through measures intended for non-agricultural activities, as follows:

- Measure 6.4. – de minimis aid of maximum 200,000 euros.
- Measure 6.2. A lump sum of 50,000 euros or 70,000 euros.

The commune of Şiria has the necessary infrastructure elements so that the rural population and private beneficiaries can develop economic activities in the best conditions.

The main reason for establishing this workshop is due to the applicant's passion for folk art and local crafts and for everything that traditional Romanian folk wear means, a passion that he wants to transform into a business, thus offering the opportunity to other folk wear enthusiasts to purchase unique, handmade clothing creations.

Measure 6.2. Investments in non-agricultural activities represented a 100% non-refundable financing method, through which a farmer or member of an agricultural

household could, in an easy way and following the submission of a financing application, obtain financial support to start their own business, as an alternative to agricultural activity, thus contributing to the diversification of the local economy.

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