ECONOMIC SUSTAINABILITY OF PEPPER PRODUCTION IN THE CONDITIONS OF APPLICATION OF IRRIGATION[1]

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Abstract

The subject of research in this paper is the production of paprika in the conditions of irrigation application on an area of one hectare. Considering the available production capacities and technologies of vegetable growing on selected family farms in the territory of the territory of Smederevo (Republic of Serbia), an economic model of growing pepper type babura, using drip irrigation was compiled. Taking into account that product placement is ensured, the goal is to investigate the economic viability of the production of this vegetable crop, as the main source of income for a four-member family household. The average yield of paprika is 48 t/ha and is divided into two classes. The calculation procedure determined revenues from the sale of peppers for both classes in the amount of 10,400.00 €/ha, production costs in the amount of 5,700.00 €/ha and the financial result in the amount of 4,700.00 €/ha. The break-even point is reached at a yield of 52% of the average yield of paprika, i.e. at a yield of about 25 t/ ha. Based on the established economic parameters for one production cycle and taking into account the annual oscillations of prices and yields, the cash flow for the five - year period is projected. Using static methods, the amounts of net present value, the payback period and the profitability rate of pepper production were determined. According to the established indicators, such production is justified and economically sustainable, which provides a stable source of income for growers for a longer period.

Key words: *pepper, irrigation, economic justification, sustainability of production.*

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