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## Economic Situation of Family Farms with a Focus on Grapes Production - A Case Study of Georgian Republic

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### Abstract

Political independency of Georgian Republic still has tremendous economic effects on agricultural production and farm families income situation. Grape production in the Georgian Republic decreased from about 900,000 t harvested per year in 1998 to about 100,000 t harvested per year today. The acreage of vineyards halved in this time. The production intensity in form of use of fertilizer and pesticides sharply diminished and liquidity posed a big problem to the family farms. The presented paper analyses the situation and development possibilities of family farms in the Georgian Republic with a focus on grape production.

Data were collected in Khashuri region on five family farms. For data collection a standardised questionnaire was used which covered the areas of resources, production, capital and decision making. For the analyses calculations of gross margins, total costs, income as well as static investment calculations were used. As computer programs the office-family of Microsoft and Max and BEP which are specific agro-economic programs developed at the University of Applied Sciences Weihenstephan were used.

The analyses showed a high percentage of manual labour used in the vineyards. The performance of the farm production shows, that the farms can achieve a profit but costs for their own resources are not satisfactory covered. A main focus is given to market relations since prices for produced grape of same quality differ highly between the single family farms. The demand structures for grape are characterised by oligopolies.

Two improvements to reduce manual labour on the farm were more closely surveyed. One was the use of a new technique to reduce time to tie the vine. The other one was the introduction of a vineyard tractor to reduce costs for hired labour. The analyses proofed the high profitability of the use of a vineyard tractor. The paper also discusses the pros and cons of the possibility to introduce these machines into practice.

**Keywords:** Family farms, Georgian Republic, economic assessment, grapes