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FINANCIAL SUPPORT OF AGRICULTURAL LAND IN UKRAINE

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The article stipulates that a prerequisite for expanded reproduction in agriculture is a sustainable use of land and measures for its reproduction by maintaining its fertility and environmental suitability. It is noted that in order to maintain and improve soil fertility, it is necessary to have an appropriate financial support. Possible sources of financial support of reproduction of agricultural land are described, including: income, depreciation, funds from the sale of used fixed assets, proceeds from the issue of shares; bank credit, forfeiting, mortgage, government loans, foreign loans, bond issues, agricultural receipts, operational and financial leasing, investment tax credits, subsidies, grants, subsidies. It is proved that the strategy of financial security of reproduction of land at the macro level should match the overall national strategy to develop agriculture in Ukraine.

Keywords: *financial security, soil fertility, land, environmental suitability, financial strategy.*

Introduction. In Ukraine, a major problem of a long and unfinished process of land reform under the concept of sustainable development is the lack of an effective mechanism to stimulate development and innovation in the practice of management.

In our point of view, it reduces the level of efficiency and competitiveness of not only individual entities, but the national economy as a whole. A lack of proper mechanism causes probability of environmental hazardous growth in the economic activity, degradation of land resources and the environment [6].

In particular, it was estimated that the area of landfills flooding Ukrainian villages is equal the territory of Montenegro. At the same time, how much land remains under heaps is slag not known. The question is where to get money to restore the earth?

An equally important question is who should restore the land if, according to the State Statistics Service for 2013 – 2016, 800 Ukrainian villages disappeared from the map of our

country; 9232 villages don't have entities; for the same period in 4097 villages no newborns were born, and more than 3,5 thousand villages are without children under 5 years.

Latest research and publications analysis. The issue of land relations is a subject to a wide range of research scientists, such as I. Bystriakov, B. Danylyshyn, A. Martyn, L. Novakovskiy and others. The above-mentioned publications of authors disclose in a fairly wide range land ownership and management of land relations in the process of market economy in Ukraine, describing the mechanisms of land relations and their development, which is an important prerequisite for the implementation of sustainable land usage.

Key aspects of financial provision of territorial development and reproduction of land are investigated in works of O. Vasylyk, A. Kyrylenko, V. Kravchenko, I. Lunina, V. Oparin and others. However, the basis of the financial mechanism for implementing the strategy of sustainable development of agricultural land hasn't been fully explored yet, which makes its implementation impossible.

In particular, financial support of reproduction of land as an important and specific asset in agricultural enterprises hasn't been discovered yet.

The object of the research is a financial support of agricultural land reproduction. **The goal of the article** is to examine the current state and trends of financial support of reproduction of agricultural land in Ukraine.

The methods for the research: dialectical – studying nature of reproduction of land and its financial support; analysis and synthesis – studying forms, methods of reproduction of agricultural land and sources of financial support in agricultural enterprises.

Key research findings. Land in agriculture is limited and artificially reproduced. Therefore, a prerequisite for expanded reproduction in agriculture is a sustainable use of land and measures for its reproduction by maintaining its fertility and environmental suitability.

In recent years, we can observe how the rhetoric of experts is changing dealing with land evaluation. A few years ago the pages of leading publications contained the information about unique Ukrainian black soil, that it was the best, and that a quarter of the world's black soil accounted for Ukraine, now more questions appear about reckless Ukrainian arable land. As of 01.01.2016, 70% of the land in Ukraine was under agricultural land. Today's challenges come with reproduction of land in priority.

Reproduction of land means the conservation and improvement of soil fertility and environmental suitability. Appropriate financial support is necessary for maintaining and improving soil fertility.

S.I. Yuriy and V.M. Fedosov interpret financial support as a forming target of funds formation in sufficient amounts and their effective use [10, p. 94].

According to V.N. Oparin, financial security 'is implemented through an appropriate funding system, which can be done through self-financing, financing and external financing' [7, p. 56].

The mechanism of financial support of land reproduction is very complex and insufficiently researched. First of all, it is advisable to determine methods and possible sources of financial support of land reproduction.

T.V. Mayorova distinguishes the following methods of financing: self-financing,

shareholding, loan services, financing, funding from free donations, and mixed financing [4, p. 369].

I.O. Blank identifies the following methods for financial security: self-financing; incorporation; debt financing; leasing; mixed funding [1, p. 362].

In our opinion, the possible sources of funds in respect of all financial practices to ensure reproduction of agricultural land are as follows:

- profit;
- depreciation;
- funds from the sale of used fixed assets;
- proceeds from the issue of shares;
- bank credit;
- forfeiting;
- mortgage;
- state credit;
- foreign credit;
- bond;
- agricultural receipts;
- operating and financial leasing;
- investment tax credit;
- subsidies, grants, subsidies.

Using funds from these sources will attract and efficiently use the funds for financial support of land reproduction given logistical and fixed assets including source and subject to the funds, organizational forms of enterprises, ownership sources.

Most of possible sources of financial support of reproduction of fixed assets in practice are hardly used in Ukraine, especially in agricultural enterprises.

Land resources are the primary productive force in agricultural enterprises, and its reproduction depends largely on their financial support. Insufficient financial resources limit the use of such form of reproduction of land as reclamation. Reclamation of land is a set of activities aimed at reproduction of performance and economic value of disturbed lands, improving environmental conditions [2]. Land reclamation requires significant financial resources possessed by large agricultural enterprises (holdings) and absent at small and medium-sized farms. However, even sufficient financial resources of agricultural holdings do not provide full reproduction of land. The main reason of it, in our view, is irresponsible attitude to land because land owners consider it only as a commodity. We agree with the opinion of A. Martyn that the state land reform had only socialization of land and redistribution of it among its population as its main consequence. However, the reform neglected importance of land as a resource for regional development of the productive forces and the basic component of the environment in modern conditions which is the cause of a series of economic crises and environmental land-use, with complexity of solution which significantly complicates property relations [5].

Irresponsible activities of modern people raises degradation phenomena in many areas of public life, including agriculture.

Therefore, the state level should require all entities irrespective of their legal form of

finance to provide reproduction of arable land.

At the end of 2015, in Ukraine there were 45,379 agricultural enterprises owning and using: 20.7 mln. ha of agricultural land; 19.5 mln. ha of arable land [9, p. 49, 66].

Much of unproductive land is a part of arable land, and almost every 5 hectares of arable land accounts for unproductive land. During land use there is the tendency to maximize the area of agricultural land, especially arable, leading to the intensity of degradation processes. However, seizure of land for agricultural use quite often happens at the expense of suitable land. This confirms the urgent need for the development and implementation of measures to optimize land use, prevent degradation processes, increasing productivity of agriculture [3, p. 48-49].

Most lands under arable land are used under a leasing agreement. That is there is no real land owner who would be interested in the preservation and restoration of its natural potential. As of 01.01.2015, 4.8 million signed leasing agreements of land plots (shares) totaling more than 17 mln. ha or 64.4% of the total area of distributed agricultural land. Therefore, agricultural enterprises conduct their business activities mainly on leased land, their share in the overall land use is more than 93% [9].

Land reproduction has such a feature as the possibility to be done naturally. This centuries-old practice possesses two options for natural conservation land:

- scientific and reasonable use of crop rotation;
- complete rest of crop land (using pure vapor).

Land reproduction naturally does not require additional, significant costs, and the financial resources as well. But the realization of this way of land reproduction (naturally) requires a clear (effective) system of administrative control that can be combined with the simultaneous use of economic and financial levers.

The use of land as a means of production in agriculture requires consideration of biological laws of nature, conservation and restoration of natural resources. Gaps in modern production processes exacerbates environmental problems in agricultural enterprises. Therefore, the expanded reproduction increases the cost of restoration and conservation of natural resources, including the reproduction of soil fertility.

Reduced quality land in agriculture is due to over-saturation of the ground fertilizers, pesticide, herbicides. The intensive use of agricultural enterprises is due to: failure to rotation; violation of the optimal structure of sown areas of crops; focusing on the production of certain crops with high levels of profitability; large farms specializing in growing export-oriented crops of grain group. Glut of land is accompanied by various chemicals and reduced quality of agricultural products receiving products harmful to human health and animals who consume such products.

It is advisable regarding entities that provide complete vacation land (exempting it from sowing) to exempt such lands (from paying the single tax)

The proportion of land under pure vapor from the total land area used by an entity must be scientifically justified for certain regions, natural areas, depending on the specialization in growing certain crops. The entities that do not follow the standards of land use under pure vapor can undergo possible economic sanctions (fines).

Regarding the entities that adhere or not adhere to the recommended crop rotation can

also possess certain privileges or penalties.

Despite major problems associated with land degradation through crop rotation failure, an uncontrolled use of chemical fertilizers and insufficient organic fertilizers, Ukraine still has some potential for successful reproduction of land. To fulfill this at the national level, it is necessary to implement the following measures:

- to develop a strategy for financial support of land reproduction at the macro level;
- to promote a stable economic situation for investment in the agricultural sector, and in particular the reproduction of the earth;
- to implement an ongoing monitoring of the use of funds received from the state for reproduction of land (for this purpose it is expedient to improve the financial reporting of the use of state financial support);
- to exempt from taxation the part of the land used under natural upgrade (pure steam).

Conclusions. Thus, the agricultural sector is a strategically important sector of the economy of Ukraine. Therefore, the strategy of financial support of land reproduction at the macro level should match the overall national strategy for agricultural development. At the state level of financial support of land reproduction should be implemented through: implementation of special programs of financing, concessional loans, foreign investment, and favorable tax conditions.

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**ФІНАНСОВЕ ЗАБЕЗПЕЧЕННЯ ЗЕМЕЛЬ СІЛЬСЬКОГОСПОДАРСЬКОГО
ПРИЗНАЧЕННЯ В УКРАЇНІ**

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В статті визначено, що обов'язковою умовою розширеного відтворення в сільському господарстві є раціональне використання землі і проведення заходів щодо її відтворення шляхом збереження її родючості та екологічної придатності. Зазначено, що для того, щоб зберегти та поліпшити родючість землі необхідним є відповідне фінансове забезпечення. Представлено можливі джерела фінансового забезпечення відтворення землі сільськогосподарського, зокрема: прибуток, амортизаційні відрахування, кошти від реалізації вживаних основних засобів, кошти від емісії акцій; банківський кредит, форфейтинг, іпотечний кредит, державний кредит, іноземний кредит, облігаційні позики, аграрні розписки, операційний та фінансовий лізинг, інвестиційний податковий кредит, дотації, гранти, субвенції. Доведено, що стратегія фінансового забезпечення відтворення землі на макрорівні повинна відповідати загальній національній стратегії розвитку сільського господарства України.

***Ключові слова:** фінансове забезпечення, родючість ґрунту, земля, екологічна придатність, фінансова стратегія*

**ФИНАНСОВОЕ ОБЕСПЕЧЕНИЕ ЗЕМЕЛЬ СЕЛЬСКОХОЗЯЙСТВЕННОГО
НАЗНАЧЕНИЯ В УКРАИНЕ**

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В статье определено, что обязательным условием расширенного воспроизводства в сельском хозяйстве является рациональное использование земли и проведение мероприятий по ее воспроизведения путем сохранения ее плодородия и экологической пригодности. Отмечено, что для того, чтобы сохранить и улучшить плодородие земли необходимо соответствующее финансовое обеспечение. Представлены возможные источники финансового обеспечения воспроизводства земли сельскохозяйственного, в частности: прибыль, амортизационные отчисления, средства от реализации применяемых основных средств, средства от эмиссии акций; банковский кредит, форфейтинг, ипотечный кредит, государственный кредит, иностранный кредит, облигационные займы, аграрные расписки, операционный и финансовый лизинг, инвестиционный налоговый кредит, дотации, гранты, субвенции. Доказано, что стратегия финансового обеспечения воспроизводства земли на макроуровне должна соответствовать общей национальной стратегии развития сельского хозяйства Украины.

***Ключевые слова:** финансовое обеспечение, плодородие почвы, земля, экологическая пригодность, финансовая стратегия*