

UDC 336.21

JEL CLASSIFICATION: Q14

THEORETICAL ASPECTS OF FINANCIAL PROVISION OF AGRICULTURAL ENTERPRISES ACTIVITY

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Анотація. У статті розкрито суть фінансового забезпечення, виділено і згруповано основні елементи механізму забезпечення ним підприємства, зазначено особливості та відмінності фінансово-кредитної діяльності аграрного підприємства. Розглянуто поняття «фінансові ресурси» та джерела формування фінансових ресурсів. Обґрунтовано роль комерційного кредитування, бюджетного фінансування та агросстрахування. Акцентовано увагу на проблемах та шляхах вдосконалення системи фінансово-кредитного забезпечення аграрних підприємств.

Аннотация. Раскрыто суть финансового обеспечения, обозначено и сгруппировано основные элементы механизма обеспечения им предприятия, отмечено особенности и отличия финансово-кредитной деятельности аграрного предприятия. Рассмотрено понятие «финансовые ресурсы» и средства формирования финансовых ресурсов. Обосновано роль коммерческого кредитования, бюджетного финансирования и агросстрахования. Акцентировано внимание на проблемах и путях усовершенствования системы финансово-кредитного обеспечения аграрных предприятий.

Summary. The essence of financial provision is revealed in the paper; general elements of the mechanism of providing enterprises with it are singled out and grouped; peculiarities and distinctions of financial-credit activity of an agricultural enterprise are determined. The notion "financial resources"

and the sources of financial resources formation are analyzed. The role of commercial crediting, budget financing and agricultural insurance is clarified. Attention is drawn to problems and ways of improvement of the system of financial-credit provision of agricultural enterprises.

Ключові слова: агросстрахування, бюджетне фінансування, механізм державної підтримки, фінансове забезпечення, фінансові ресурси.

Ключевые слова: агросстрахование, бюджетное финансирование, механизм государственной поддержки, финансовое обеспечение, финансовые ресурсы.

Key words: agricultural insurance, budget financing, mechanism of state support, financial provision, financial resources.

Problem statement. During the process of transition of Ukraine to new international standards and its entry into a new improved level of economic development agricultural enterprises require constant improvement and development. At present the improvement of the system of production financial-credit provision, competitiveness of agricultural products and meeting consumers' needs are of great importance. To make its activity efficient an agricultural enterprise very often requires funds received from outside in addition to its own funds, which is connected with the special and seasonal character of agricultural production. Up-to-date agricultural economy is to be built according to the principle of

innovations, which, in its turn, is to concern practically all factors of production: engineering, technology, crops, stockbreeding, management, investments, etc. It is impossible to expect to produce competitive products both at the internal and at the external market if they are manufactured by old technologies and handwork. During the period of crisis an enterprise requires involvement of credit resources, new investment programs, strengthening the state financial support.

Financial provision of agricultural enterprises activity represents a system of formation and use of financial resources to meet financial requirements of the economic activity subject, which is regulated

by corresponding legislative acts determining ways of their realization and use at all levels of economic management. Another purpose of financial provision of agricultural sector consists in application of resource involvement methods: self-financing, bank crediting, state financing and crediting, funds redistribution.

That is why further development of the agricultural sector of Ukrainian economy is closely connected with increase of investments into fixed capital. Only on the basis of essential increase of capital investments into development of material and technical basis of agriculture, its renewal by novel high-efficiency modern machines and equipment, will the expansion of introduction of scientific and technological achievements into agricultural production promote its development and intensification of agriculture will acquire its real context.

Analysis of recent research and publications. The problem of financial provision of agricultural sector enterprises is broadly covered in economic literature by both Ukrainian scientists V. G. Andri-

ichuk, O. M. Galitskyi, I. Yu. Gryshova, S. M. Kvascha, M. Y. Malyk, V. Ya. Plaksienko, I.B. Morshneva, K. A. Oliinyk, O. A. Smetaniuk, N. V. Trusova and foreign investigators M. Bordo, B. Reisberg, U. Sharp. However, certain aspects of this problem concerning improvement of economic circumstances at enterprises of agricultural sphere nowadays require serious research, in particular, development of agricultural enterprises due to introduction of the mechanism of financial-credit provision.

Purpose of the paper – to reveal the essence of financial provision by grouping basic elements of mechanism providing it at enterprises, to substantiate peculiarities and distinctions of financial-credit activity of an agricultural enterprise, to point out the significance of commercial crediting, financial leasing, budget financing and insurance.

Substantiation of the obtained scientific results. On the basis of the analysis of interpretation of the essence of the notion of financial provision it is possible to single out and group the elements of the mechanism of financial provision (Table 1) [5, p. 225].

Table 1*Elements of the mechanism of financial provision of enterprises*

Classification feature	Group of elements	Elements of the group
Realization algorithms	Methods of financial provision	Self-financing Crediting Budget financing Investing Leasing Insurance
	Leverage	Taxes Compulsory payments Amortization norms Norms of fund use in budget establishments Rental payment Interest on credit
	Financial stimuli	Incentive funds Tax remissions Accelerated amortization Budget financing of priority economic spheres
	Financial sanctions	Penalty Fine
Type of mechanism provision	Normative-legal provision	Constitution of Ukraine Economy code Supreme Council laws Government regulations Orders of ministries and departments Enterprise statute Instructions Norms, standards Methodological guidelines Other normative documents

Table 1 (continuation)

	Sources of financial provision	Enterprise own funds Bank credits Involved funds of enterprises Budget funds Funds of international organizations and institutes Funds of natural persons
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The financial-credit activities of an agricultural enterprise has the following peculiarities and distinctions from other branches of economy: first, manufacture of agricultural products is connected with the use of land and natural resources without which the activity is practically impossible; second, real financial result of the production activity is obtained only in the end of the year, so availability of funds at the enterprise is low and staff payment is comparatively low [7, p. 26]; third, there always occurs a significant financial issue that could promote creation of favorable conditions for economic activity and development in the future [8, p. 258].

Financial resources occupy a special position among other types of resources. It can be explained by the fact that only they can be transformed directly and with minimum time expenditure into any other type of resources. Use of financial leasing as a form of investment credit is one of long-term sources of involvement of financial resources.

In Ukraine agricultural leasing is proposed by the National Joint-Stock Company “Ukragroleasing”, one third of its general volume of financing is covered by budget funds. However, even such volumes of financing are unsatisfactory for agricultural workers as they cannot meet even the most necessary needs [8, p. 258].

The main problem of participation of the National Joint-Stock Company “Ukragroleasing” in financing the agricultural sector of the economy of the country consists in its pricing policy. The company almost doubles the price for machinery realized according to the program of partial compensation, as compared with import price for the same machinery. The share of renewed agricultural machinery under these financial terms makes only 17 % from the general volume of the proposed mechanism of the government support. Financial opportunities of leasing can be improved due to its integration with methods of indirect financing of investments, namely, franchising, on condition of the use of modern high-technology equipment. Franchising enables mobilization of funds involved into the capital investment from investors who want to become co-owners of the production process.

Most part of investment into fixed capital is financed at the expense of the funds of private sector [9, p. 260]. Own funds of enterprises and organizations are the main source of financing of investment into fixed capital in Ukraine. The role of bank credits and other loans increase. It should be mentioned that under the conditions of development of crediting banks also preferred business lines with rapid turnover.

Budget provision is another important component of financial-credit provision. To create favorable economic environment in agricultural sector of the economy the state apply the following methods of influence: financial assistance, state crediting, price formation through additional payment system, simplified tax system, state order, using the experience of developed countries of the world. Agricultural insurance is an important expedient way of stabilization of financial condition of agricultural enterprises that can encourage them to reduce their own financial risks. Unfortunately, under the modern conditions, Ukrainian insurance market in agricultural sphere is least developed. Due to insignificant volumes of profit obtained by agricultural enterprises the insurance rates remain too high for them [4, p. 3]. The vast majority of enterprises insure their production against weather conditions and acts of God (66 %), and also against fires (23 %) [3, p. 62]. With the aim of reduction of risk of agricultural crops losses and provision of repayment of bank credits it is necessary to introduce the system of credit risks insurance. It is important that the mechanism of insurance relations be based on mutual trust of all the participants of the insurance market and taking into account their interests when new insurance products are introduced. As agricultural workers are interested in spending minimum amount of financial resources on insurance protection and insurance companies are interested in obtaining maximum profit, the balance between demand and supply can be achieved by means of state financial policy influence on the system of agricultural insurance.

Conclusions. So, the system of financial-credit provision of agricultural enterprises faces the fol-

lowing problems: imperfect state policy in the sphere of financial provision of the activity of agricultural enterprises (taxation, crediting); insufficiently developed system of insurance of crops, property and financial risks; besides, such mechanisms of financial provision as leasing, fund operations, mutual investment, widely spread in the world practice, practically do not develop.

The main ways of improvement of the system of financial and credit provision of enterprises of agricultural sector include: creation of corresponding regulation institute (state bank) which would directly deal with problems of financial and credit methods of provision of efficiency and development of agricultural enterprises (as e.g. in the USA, Belgium,

Denmark, the Netherlands); availability of financial resources for enterprises of agricultural sector by means of the use of the known financing schemes (leasing, factoring); increase of participation of insurance companies in provision of agricultural enterprises with financial-credit resources.

To sum it up, it should be mentioned that financial and credit provision is one of important levers of financial mechanism. Thus, the policy of financial provision is to be systematic and complex. Development of regional state programs, improvement of the schemes of privileged crediting, search for new investment schemes of financial provision will allow agricultural enterprises to obtain involved funds more easily.

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