

JEL Classification

INNOVATIVE MECHANISMS OF FINANCING SUBJECTS AGRICULTURAL PRODUCTION OF UKRAINE

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Annotation. *The theoretical aspects of organization of innovative mechanisms of financing of agrarian production in Ukraine are researched. The priority directions of attraction of additional financial resources into agrarian production are determined. The mechanism of attraction of innovative sources of financing of agrarian production is proposed.*

Keywords: *bank, innovations, agrarian production, risk, mechanism, credit.*

Modern agrarian production is developing in the first place in the direction of increasing the efficiency of agricultural production. This requires a consistent combination of financial, economic, legal and organizational factors with the mandatory introduction of an innovative component.

The development of the economy of the country and each region in particular depends on the efficient interaction of the banking sector and business entities. Economic growth stimulates lending institutions to expand the scope and range of services, the introduction of advanced technologies to improve the quality of banking services. The banking system is the most important institution that provides the overall stability and security of the region's economic development.

The existing differentiation of the loan portfolio of the region's banks by types of economic activity is caused by objective reasons: weak industrial and technical base of agricultural producers, high level of moral and physical wear and tear of machinery and equipment, shortage of skilled labor resources, undeveloped rural infrastructure, unemployment. These problems directly correlate with solving complex economic tasks of the region, such as:

undeveloped banking sector; forced monopoly in the lending market of agrarian production, unadapted and ungrounded legislative base, unprocessed system of subsidizing interest rates on loans, etc.

Thus, a closed circle came out: for agrarian producers. Credits are not rising, and banks, taking into account risks and growing amounts of overdue debts, most often refused them to lend.

The necessity of creating an effective mechanism of state support for agrarian production stems from the importance of this sector for the development of the economy and the social sphere of the country. The importance of ensuring the vital functions of the population and the specifics of agrarian production do not allow it to participate equally in competition with other branches of the economy.

Innovative lending processes in agrarian production have their own specifics. They differ in a variety of regional, sectoral, functional, technological and organizational peculiarities.

Innovation in the financial sector can be considered the emergence of new banking products that are created for the needs of agrarian production and which would ensure the stable and smooth functioning of agricultural production.

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