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CURRENT STATE AND TRENDS OF FARM ENTERPRISES DEVELOPMENT

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The evaluation of the current state, trends and main directions of further development of Ukrainian farm enterprises was presented. The main economic indexes of the development of the country's farm enterprises were analyzed.

Key words: farm enterprise, development, stage, state, formation, rate of development, factual data, analysis, mechanism, produce.

Farm enterprises are an important component of the agrarian sphere of the economy of Ukraine. They ensure the effective use of agricultural resources as they want the economic interests of the producers, who are either resources owners or rent some of them, to be fully realized

The evaluation of the current state of farm enterprises development will make it possible to define the main directions and factors of their development which allow to speed it up, or on the contrary, to control it case their joint or individual influence increases

Theoretical and practical aspects of formation and development of farm enterprises were researched by many scholars and economists-agrarian experts such as V.P.Horiovyi, O.V.Hryshchenko, V.O.Ivanchenko, I.V.Kolokolchikova, P.M.Makarenko, V.P.Makarenko, V.Ya.Mesel-Vesliak, M.I.Kisil, M.M.Kropyvko, P.T.Sabluk, and many others. At the same time the current evaluation of the state and trends of the development of farm enterprises needs to be extended and detailed.

The purpose of the article is to evaluate the current peculiarities, trends of operating and main directions of the Ukrainian farm enterprises development.

Research methods. Theoretical and methodological foundation of the research is fundamentals of economic theory, researches by Ukrainian and foreign scholars. In the process of the research such methods were applied: analysis and synthesis; abstract logical method; comparison – for considering particular periods and years; graphical method – for representing the changes of the researched problem aspects indexes in time.

Research results. A farm enterprise as an organization form of running a business is similar to other middle-sized and big enterprises by a complex of features however it differs in terms of comparatively smaller amounts of business activity. Farm's structure has all the characteristic features of farm production which are stipulated by the complexity, variability, unpredictability and certain risk in the process of producing, processing and distributing farm produce.

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According to the Law of Ukraine “On Farm Enterprises” a farm enterprise is a form of business activity of people who form a legal entity and wish to produce farm products, process and distribute them with the aim of receiving income from their work on plots of land which is available for their running farm business. That means that Ukrainian farm enterprises are oriented at gaining profits which are the source of their development.

The development of farm enterprises should be regarded as a complex historic process called forth by the market economic mechanism, social and other needs of the society. This process went through a number of stages characterized by qualitative and quantitative changes [2].

The first stage is “formation of farm enterprises” which covers the period from 1992 to 1995. This stage was characterized by mass formation of farm enterprises, land parceling and introduction of mechanisms of budget funding.

The second stage, during which the farm structure was strengthened, covers the period from 1996 to 2000. On this stage the process of increasing the number of farm enterprises stopped, new farms did not appear as land resources became less available. The existing farms developed their strategies, mastered new professional skills, bought machinery and other resources.

On the third stage the development of farm enterprises was facilitated by an additional impact in 2001-2008. In the period from 2001 to 2003 the potential of farm enterprises increased and machinery, material resources, capital, land were concentrated for account of the property of former reorganized collective farms. From 2004 to 2008 the process of capital concentration stopped and transformation of farm enterprises into private farms in order to reduce tax load, the size of farm enterprises grows due to additional rent of land and shared partial property.

The fourth stage of “qualitative changes in the potential of farm enterprises” covers the period from 2009 till present. On this stage the number of farmers reduces and the area of arable land increases. Rural population expects better conditions of land lease from farmers.

Due to the fact that the development of farm enterprises will continue, its following stage is supposed to be completing the fifth and acquiring the features of the sixth technological mode.

One of the threats for farm enterprises is a rapid growth of the number of large scale holdings which give rise to the high level of competition not only in the markets of agricultural produce but land plots as well. These and other threats increase the farmers’ need for the creation of new mechanisms for their protection.

The dynamics of the farm enterprises quantity during the period under research was not stable. The rate of growth of farm enterprises quantity was high in the period till 2008. In the following years these rates became slower. (fig. 1).

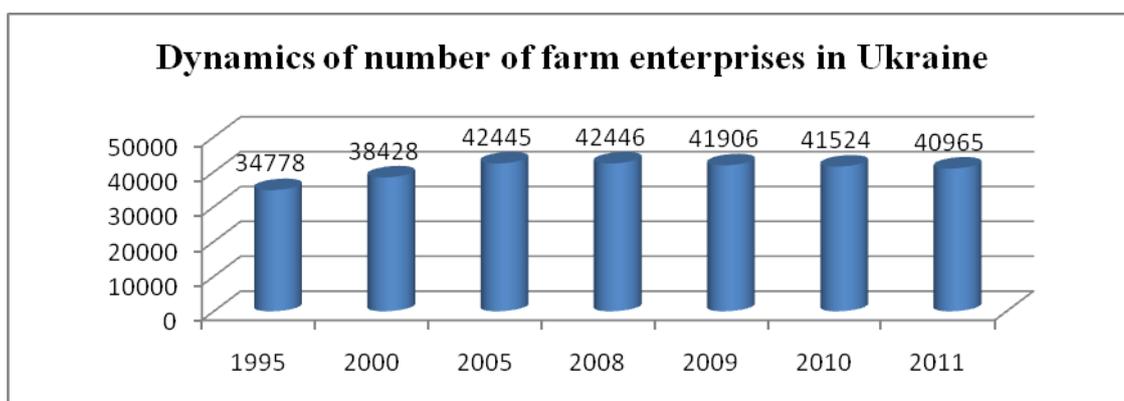


Fig. 1. Dynamics of number of farm enterprises in Ukraine in the period from 1995 till 2011

The main factor of production of farm enterprises is land as the process of crop and livestock production is impossible without it (fig.2).

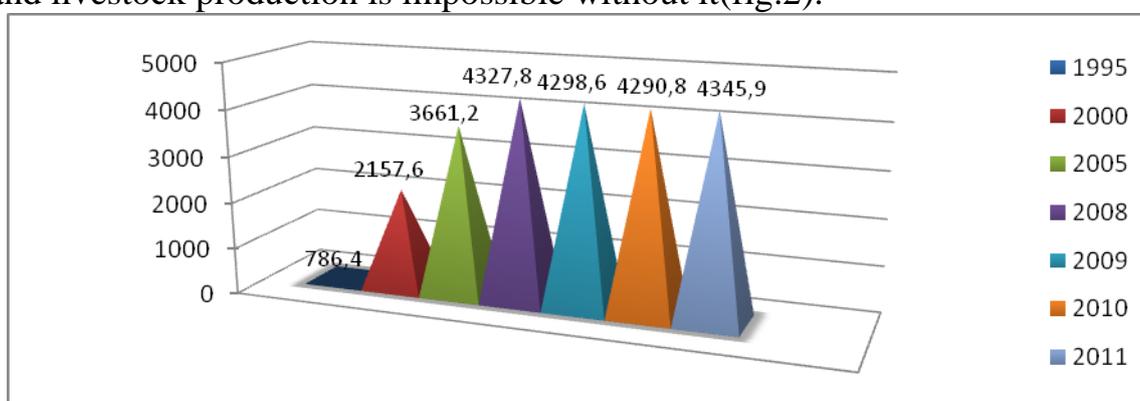


Fig. 2. Dynamics of areas of agricultural land in use of Ukrainian farm enterprises

Farm enterprises are more successful in their development if their staff are highly professional and use their knowledge and skills for farm production. The data of the number of workers engaged in farm production of Ukraine are given in table 1.

1. Number of workers of farm enterprises of Ukraine (people)

Index	Year					
	2000	2005	2008	2009	2010	2011
Number of workers – in general	71504	133534	111659	102795	98400	99858
women	25294	44727	32536	28326	26894	26581
Share of women in the total number of workers, %	35,4	33,5	29,1	27,6	27,3	26,6
Number of workers per 100 ha. farm land	3	4	3	2	2	2

*Data of State Statistics Service of Ukraine [5].

Data of table 1 confirm that from 2000 till 2005 the number of employees at farm enterprises was increasing. The share of women in the total number of workers in the period under research decreased by 8,8%. The number of annual

average workers per 100 ha of farm land tends to decrease, in 2000 their average number comprised 3, and by the end of 2011 – 2 persons, which is the result of technological re-equipment of production.

Farm enterprises of Ukraine prefer crop production at present (table 2).

2.Dynamics of gross production of Ukrainian farms in fixed prices of 2010

Index	Year			
	2008	2009	2010	2011
Gross produce of farm enterprises – mln.UAH total	14141,3	12119,1	11965,8	16192,5
including crop products:	13194,4	11125,2	10840,9	14997,7
livestock products	946,9	993,2	1124,9	1194,8
Gross produce per one farm – thousand UAH total	333,1	289,1	288,2	395,3
including: crop products	310,8	265,4	261,1	366,1
livestock	22,5	23,7	27,1	29,2
per 100 ha. of farm land, thousand UAH.	326,7	281,9	287,5	383,5
per one worker, thousand UAH	126,6	117,8	121,6	162,1

*Data of State Statistics service [5].

The analysis of the data from table 2 prove that gross product was constantly decreasing in the period from 2008 till 2010. If in 2008 its value comprised 14,1 bln.UAH in 2009 – 12,1 bln.UAH, in 2010 – 12,0 bln.UAH, which is 2,2 bln.UAH less as compared with 2008. However, beginning with 2011 the value of gross product began increasing again and comprised 16,2 bln.UAH which is 4,2 bln.UAH more than in 2010. In 2011 one farm produced 395,3 thousand UAH of gross product.

In the conditions of higher competition farms are oriented at producing the products which are in greater demand and make the highest profit.

The main types of crops in the structure of salable crop products are cereals and pulse crops, sunflower, sugar beets, maize.

The most urgent problem of farms development is their technical support. It is the sufficient quantity of agricultural machinery that the introduction and application of new and more advanced technologies depend on. The insufficient amount of technical equipment and their worn out condition is one the main obstacles on the way to the stable development of farms. The research proves that the provision of Ukrainian farms with agricultural machinery is gradually improving (table 3).

The analysis of table 3 proves the general tendency in increasing the quantity of the main types of machinery for farms. Thus, in 2008 farmers owned more than 22 thousand tractors, in 2011 their quantity increased by 10 thousand. The number of harvesters-threshers was increasing till 2009.

3. Provision of Ukrainian farms with the main types of agricultural machinery

Index	Year						2011 in % of availability at the beginning of the year
	2000	2005	2008	2009	2010	2011	
Tractors – total	22118	30773	32576	32029	29254	31981	101,8
per 100 ha. farm land	1,11	0,88	0,78	0,77	0,70	0,76	x
Gombine harvesters							
harvesters-threshers	4585	7688	8734	8662	7743	8492	104,1
maize harvesters	165	429	402	371	344	331	97,4
forage harvesters	422	641	571	551	558	560	95,4
potato harvesters	126	209	226	238	365	469	111,9
Beet harvesters	617	984	929	853	766	728	92,5
Seed planters	9982	15115	16157	15990	15453	16984	104,2
Windrowers	975	2639	2825	2848	2824	3068	105,6

*Data of State Statistics Service [5].

State support is of great importance for the development of farm enterprises. The Cabinet of Ministers of Ukraine annually plans financial support of farms in the draft State budget. The bodies of executive power and local authorities also allocate financial resources to support farm enterprises in their draft budgets. The state support of Ukrainian farm enterprises in the period from 2008 till 2011 is shown in table 4.

4. State support of Ukrainian farms

(million of UAH)

Index	Year			
	2008	2009	2010	2011
Financial state support received – total	692,3	658,8	448,2	626,3
budgetary transfer	469,5	111,3	93,4	67,3
of which				
for crop production support	265,4	46,4	50,1	22,1
for livestock production support	78,2	17,9	7,8	14,4
other types (directions) of state support	125,9	47,0	35,0	30,8
based on value-added tax	222,8	547,2	354,8	559,0
of which				
for crop production support	151,3	517,3	302,5	531,9
for livestock production support	71,5	29,9	52,3	27,1

*Data of State Statistics Service [5].

The data of table 4 prove that in the period from 2008 till 2011 the state support of farm enterprises reduced from 692,3 to 626,3 million UAH. Especially the state support decreased from budget transfers. Thus, in 2011 the amounts of this support were 7 times less than in 2008. The situation with the state support

from value-added tax is much better, in 2008 p. its amount was 222,8 and in 2011 was 559,0 million UAH.

The results of farm enterprises activity characterized by such indices as net income (earnings), from selling agricultural produce and services, profit or losses from selling agricultural products and services and the level of profitability are given in table 5.

Farm net income from selling agricultural products increased by 3147 million UAH in 2011 as compared to 2010. Almost 95 % of net income of farm enterprises is created due to selling agricultural produce, which comprises 90 % of crop products. In the period of 2010-2011 income from selling agricultural products also rose by 50%. In 2010 the total level of profitability was 32,2 %, in 2011 – 32,6%.

5. Results of farm enterprises' activity (million UAH)

Index	Year	
	2010	2011
Net income (earnings) from selling agricultural produce and services	10788,8	13935,5
including selling agricultural products	10585,8	13644,3
of which:		
crop products	9847,0	12592,2
livestock products	738,8	1052,1
Income, loss (-) from selling agricultural produce and services	2626,2	3428,5
including selling agricultural products	2588,8	3415,9
of which:		
crop products	2575,8	3386,3
livestock products	13,0	29,6
Level of farm activity profitability, %	32,2	32,6
including farm products manufacturing	32,4	33,4
of which:		
crop products	35,4	36,8
livestock products	1,8	2,9

*Data of State Statistics Service [5].

In the future we expect a higher level of concentration of capital of farm enterprises, increase of land area which is in use of one farm enterprise, main and circulating assets, some decrease in the number of farms, more intensive processes of production specialization, development of separate types of livestock production, intensification of innovative processes.

Conclusions: the development of farm enterprises has been carried out gradually: the first stage (1992 – 1995) – formation of farm enterprises; the second stage (1996 – 2000)- establishment of farm enterprises; the third stage (2001 – 2008) – development of farm enterprises received a new impact; the fourth stage (from 2009 till present) – qualitative changes of farm enterprises. In the perspective the future stages of farm enterprises development will be connected with the of completion of the fifth and acquiring the features of the sixth technological modes.

The financial results of farm enterprises make it possible to provide the processes of simple reproduction with the elements of reproduction on a progressively increasing scale.

In order to ensure the efficient development and activity of farm enterprises it is necessary to reenact the state support, allocate it to the development of livestock production, vegetable production, fruit production, berry production and other branches of agriculture.

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Harbar V.V. «Present state and trends of development of farm enterprises».

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