

**SCTMG 2020****International Scientific Conference «Social and Cultural Transformations in the  
Context of Modern Globalism»****STATE SUPPORT EFFICIENCY FOR AGRICULTURE  
CONSUMER COOPERATIVES IN THE RUSSIAN FEDERATION**

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***Abstract***

Nowadays agricultural consumer cooperatives are very important as they can provide services and goods for under-populated and difficult to access areas, provide additional working places, thus enhancing the level of living standards for the population. The purpose of the article is to analyze the results of state support and developing new measures aimed at increasing efficiency of agriculture consumer cooperatives in the Russian Federation with the account of regional peculiarities. The article deals with the relevance of agricultural consumer cooperatives' activity in the context of supporting small households and creating conditions for income increase of inhabitants of rural areas. The reasons slowing down the development of agricultural consumer cooperatives have been determined (rivalry with big distribution network, spacial disconnection, differences in the scope of production and economic development). It has been determined that to increase the efficiency of agricultural consumer cooperatives it is necessary to monitor the results of different subsidizing, their estimation and optimization. The amounts of state support for agricultural cooperatives in the Russian Federation have been analyzed as well as those in the Saratov region. The effect of state support for agricultural consumer supplying-distributive and processing cooperatives have been determined. The research findings can be applied in the cooperative sector of the Russian Federation economy, Russian Government Authorities when developing the programmes of state support for agriculture consumer cooperatives.

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**Keywords:** Cooperation, agriculture, consumer benefit, state support.



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## 1. Introduction

Nowadays a great attention is paid to the issues of agricultural cooperation in the Russian Federation (Saritas & Kuzminov, 2017), in particular, in the country the National Project “Small and medium-sized entrepreneurship and individual entrepreneurship support”. The cooperative sector is fundamental in the agrarian business in most of the countries (Voronkova et al., 2019; Yegizbayeva et al., 2015). Its longstanding progressive social role (“of leveling and protective” counterbalance to the market relations) is recognized by the legislation and political entities in almost all states of the globe. Social-economic matter of agricultural cooperation was well determined by the member of the academy RAS and RAACS A.A. Nikonov.

He wrote: “...cooperation is no party, no labour union, no revolutionary organization. It is based on evolution, tactics and ideology. It is not a destructive but a creating power. Sphere of its activity is economics. It unites people of manual and intellectual labour, including agriculture. Cooperation is a social protective movement” (Nikonov, 1995, p. 43).

In 2018 the issue of developing agricultural cooperation of small households was raised by the President of the Russian Federation in the Address to the Federal Assembly of the Russian Federation. Here the following aspects are noted: “Agricultural Complex development is connected with big commodity production, but it should not detriment small households and their employees. We should support family enterprises, farmers. We will develop agriculture cooperation; create conditions for increasing the level of living standards in rural areas” (Putin, 2018, para. 63).

## 2. Problem Statement

The President in the Address to the Federal Assembly of the Russian Federation asked to pay attention to the development of agriculture cooperation which can increase the competitive opportunities of agriculture goods producers and ease their access to the market (Putin, 2018).

Important development institution for small and middle-sized agricultural goods producers are agricultural consumer cooperatives (Varchenko et al., 2018). According to the experts, cooperation in agriculture develops slowly. Only 1% of all services and goods are offered by cooperatives. There are objective and subjective reasons for this, including drawbacks in legislation, inconsistency and divergence of regulating measures in the sphere (Gataullin et al., 2015; Maksimov, 2016).

Cooperatives compete hard with big distributors, agricultural companies and holdings, big processing, supplying and servicing enterprises and other market structures, which hold monopoly in the market. Potential partners in cooperation (farmers, small and medium enterprises, goods personal farms) are separated in area and differ in the volume of production and development. That is why they are difficult to unite (Ivanova & Nikitin, 2018).

The problem also is lack of integration in the cooperative community (Domínguez et al., 2019).

Thus, to increase the efficiency of agriculture consumer cooperatives it is necessary to monitor the results of state support in regions of the Russian Federation, estimate them and optimize.

### **3. Research Questions**

Agricultural consumer cooperatives are noncommercial unions of agriculture good producers (small households, farmers), who give services on processing, storage and goods distribution, on supplying material and technical resources, equipment and machinery maintenance, on crediting and insurance. These services are provided without profit from these operations. Agriculture consumer cooperatives are co-property of agriculture goods producers, managed by the principle of “one member –one vote” and unite a client, a holder and a decision-making subject in one (Lutz et al., 2017).

During 2015–2016 within the State program of developing agriculture and regulating markets of agriculture goods, raw material and food supply in 2013-2020 (further – the State program) (RF Government, 2012) 1.3 billion rubles were granted to the agriculture consumer cooperatives from the federal budget, 252 cooperatives received support (including 4 consumer society) in 42 subjects of the Russian Federation (Yakimova et al., 2019).

There are cooperatives in 65 subjects of the Russian Federation. The greatest number is in the Lipetsk region (more than 330) in the Sakha republic (Yakutia) (more than 60). At the same time there are no agriculture cooperatives in the Pskovsk, Magadan, Sakhalin regions and in some other subjects of the Russian Federation.

### **4. Purpose of the Study**

The purpose of the study is analysis of applying state support and developing new measures to increase efficiency of agriculture consumer cooperatives in the Russian Federation with the account of the regional peculiarities

### **5. Research Methods**

The following methods were used: statistical, observation and induction, historical and logical, monographic.

The statistic method has been applied to analyze the results of the cooperatives state support on the example of the Saratov region during the period from 2015-2019.

The historical method was used when analyzing the stages of cooperatives creation in agrarian economy in Russia and abroad.

Monographic method was used to determine the results of targeted state support for agriculture consumer cooperatives in the Saratov region in the mentioned above period.

### **6. Findings**

The agricultural consumer cooperatives were supported by grants for the development of material-and-technical base within the limits of State program (RF Government, 2012). In 2015–2016 1.3 billion rubles were granted to agriculture consumer cooperatives from the Federal budget, 252 cooperatives received grants (including 4 consumer societies) from 42 subjects of the Russian Federation.

Nowadays the range of state support for agricultural consumer cooperatives is rather wide.

Agricultural consumer supply, distributing and processing cooperatives as subjects of economic activity refer to small and mid-sized organizations, that is why they can receive support enlisted in the National Project “Small and medium-sized entrepreneurship and individual entrepreneurship support”.

This national project includes all necessary measures of entrepreneurs support at all stages of business development: from the idea to export.

There are three targets in this national project:

- the number of small and middle-sized entrepreneurships, including individual entrepreneurs, should increase from 19.2 million people in 2018 up to 25 million people in 2024;
- the share of small and middle-sized entrepreneurship in GDP of the country should increase from 22.3 % in 2017 to 32.5 % in 2024;
- the export share of small and middle-sized entrepreneurs in the total amount of non-resource export should increase from 8.6 % in 2017 to 10 % in 2024.

Within this project it is planned to develop a system of concessional taxation for self-employed citizens. It is expected that by 2024, 2.4 million people will have registered in it, which makes 100 % of self-employed citizens. On the whole the system of crediting and state support for small and middle-sized business will be simplified (including state purchase contracts). There will be educational programs for school children and grown-ups.

481.5 billion rubles will be spent on the national project, including 415.2 billion rubles from the federal budget, 11.4 billion rubles from the RF subjects' budgets, 53.9 billion rubles from non-budgetary sources. The greatest financial support is expected within the concessional lending.

In more details state support was studied on the example of the Saratov region. By 01.01.2019 there had been 11 processing and 20 supplying, distributing agricultural consumer cooperatives in this region. There had been 274 people in these cooperatives by the 1 January 2019, on the 1 January 2019 the share fund was 22.9 billion rubles (Saratovstat, 2019).

The main activity of supplying, distributing cooperatives is buying milk and meat, produced at private households and farms in the Saratov region.

During 2018 the cooperatives bought and produced goods to the amount of 1550 million rubles. At the same time there were purchased and distributed such products as: milk – 31.8 thousand tons, to the amount of 797.8 million rubles; cattle and meat – 602 tons, to the amount 124.8 million rubles; grain – 48.5 thousand tons, to the amount 392.6 million rubles; sunflower oil – 583.5 ton, to the amount 22.6 million rubles; vegetables – 13.7 thousand tons, to the amount 188.2 million rubles. 33 ton of bread have been produced to the amount 1.8 million rubles (Ministry of Agriculture in Saratov region, 2019).

In 2016, 11 100 thousand rubles were granted, in 2017 year – 32 697.6 thousand rubles. The total amount of grants in 2018 was 40 519.9 thousand rubles (including 36 062.7 thousand rubles from the federal budget, 4 457.2 thousand rubles from a federal budget), 14 consumer cooperatives in the Saratov region received grant support.

In 2018, 6 cooperatives received grant support for developing material and technical infrastructure.

By the end of projects in 2018 all the state grants were used 100 %. Cash receipts in 2018 was 98 414. 3 thousand rubles, which corresponds to 145 % comparing with 2017, the profit was 14 100 thousand rubles (112.5 % comparing with the last year).

In 2018 all the cooperatives in the Saratov region sold the products for 202.177 million rubles which makes 110 % comparing with 2017.

As the results of project implementation in 2017–2018, 47 working places were created, 4 slaughter units were created and modernized, 4 milk reception centers were modernized, 1 workshop on crop processing, the projects on milk processing, slaughter unit construction, modernizing the workshop for crop processing and crop storage place have been developed.

In 2019 the measures of State support for agriculture consumer cooperatives include 4 trends:

1. Grant making not more than 20 million rubles for developing material and technical infrastructure within the program of developing agriculture in the region.
2. Concessional lending for the cooperatives (credits with the interests not higher than 5%).
3. Subsidizing within the National project “Small and medium-sized entrepreneurship and individual entrepreneurship support” (partial refunding of the costs for equipment, cattle (except pigs); refunding not more than 50 % of costs for agricultural equipment and machinery for crop processing (except seed breeding); transportable retail facilities to provide service of the members of the cooperatives in goods distribution). Along with the economic units of the small and middle sized subjects of the small and middle-sized entrepreneurship, refunding a part of money paid by the cooperatives to their members by purchase-and-sale agreement for the produced agricultural products and will be further distributed, for further processing and distribution. The sum of refund differs from 10 to 15 % of the costs depending on the revenue received by a cooperative from goods distribution.
4. In order to develop production activity of the cooperatives there is a possibility to use from 25 to 50 % of grant “Agrostartup” (the grant is not less than 4 million rubles, for the development of farm household).

The amount of grant support for agriculture consumer cooperatives in the Saratov region in 2019 was 40 519.9 thousand rubles.

## **7. Conclusion**

Agriculture consumer supplying-distributing cooperatives in the Russian Federation are an important instrument of distributing agricultural goods from the producer to the consumer. Thus they have a function of import substitution at the food market of our country. These house hold units function in severe competition that is why they need state support.

The Government of the Russian Federation pays great attention to the efficiency increase of agriculture consumer cooperatives and spends significant amount of money for their development: in 2015–2016, 1.3 milliard rubles were granted for their development.

The research have determined that funding of state support for agriculture consumer supplying-distributing and processing cooperatives allow increasing not only their efficiency (the clear profit in the

cooperatives increased by 12.5 %), but it promotes social decisions for the population – food saturation with domestic products, employment increase of rural habitats (47 additional working places), increase of business activity of the population and the quality of their life.

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