

LEASECON 2021
Conference on Land Economy and Rural Studies Essentials**STATE SUPPORT FOR AGRIBUSINESS IN THE TAMBOV
REGION**

Nikolay P. Castornov (a)*, Oleg V. Sokolov (b), Ekaterina V. Arkhipova (c),
Alexander A. Dubovitski (d), Elvira A. Klimentova (e)

*Corresponding author

- (a) Michurinsk State Agrarian University, 101, Internatsionalnaya St., Michurinsk, 393760, Russia,
kastornovnp@yandex.ru
- (b) Michurinsk State Agrarian University, 101, Internatsionalnaya St., Michurinsk, 393760, Russia,
ekapks2012@yandex.ru
- (c) Michurinsk State Agrarian University, 101, Internatsionalnaya St., Michurinsk, 393760, Russia,
katerina17ar@yandex.ru
- (d) Michurinsk State Agrarian University, 101, Internatsionalnaya St., Michurinsk, 393760, Russia,
daa1-408@yandex.ru
- (e) Michurinsk State Agrarian University, 101, Internatsionalnaya St., Michurinsk, 393760, Russia,
klim1-256@yandex.ru

Abstract

Agribusiness, as a fundamental factor in the food security of any country, requires continuous direction and support from public policy. Due to the high-risk nature of production, the agricultural sector of the economy needs a proper mechanism to minimize the costs of producers caused by both endogenous and exogenous factors. The agribusiness sector occupies a niche precisely at the core of the country's economic structure, as its ability to autonomously supply the state's population with food makes it possible to pursue a competitive pricing policy on the export and import markets. One important element of state regulation of the Russian economy is the coordination of policy with regard to the agribusiness sector. Regardless of the type of economic system in a country, absolute self-regulation by economic agents is impossible. To varying degrees, the state must intervene in economic processes to prevent crises and other serious distortions. The main content of state regulation of production in the agricultural sector is the financial and material support of agricultural producers by the state. At the same time, it is necessary to exclude the possibility of using state support to compensate for losses from inefficient production. It is, therefore, useful to highlight an important principle of state regulation, namely the economic incentives for efficient enterprises. State support must focus primarily on ensuring expanded reproduction and creating a favourable economic environment in the agricultural sector based on the economic efficiency of agricultural production.

2357-1330 © 2020 Published by European Publisher.

Keywords: Agribusiness, efficiency, food supply, state support, targets



This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

1. Introduction

Historically interesting moments such as the imposition of economic, food and political sanctions on the state clearly show the country's capabilities and expose the severity of domestic problems, including problems in the food supply.

The availability of food stocks is not an indicator of the sustainability of the industry's production capabilities. Food stocks are always limited. The challenge for the state is to set up a mechanism to replenish these stocks.

In regulating the agricultural sector, the main task of the state is to create the right conditions for the effective development of economic entities.

The Russian Federation follows the principle of divide-and-conquer when dealing with the regulation of economic relations and processes.

Thus, the State Programme for the Development of Agriculture and Regulation of Markets in Agricultural Products, Raw Materials and Food is being implemented in the constituent entities of the Russian Federation (The State Programme..., 2019).

2. Problem Statement

The State Programme for Development of Agriculture and Regulation of Markets of Agricultural Products, Raw Materials and Foodstuffs of the Tambov region is approved by the Administration of the Tambov region in accordance with Federal Law of 29.12.2006 N 264-FZ "On Development of Agriculture", Decree of the Russian Federation Government of 14.07.2012 N 717 "On the State Programme for Development of Agriculture and Regulation of Markets of Agricultural Products, Raw Materials and Foodstuffs", Decree of the Regional Administration of 28.09. (2020) (Zakharin et al., 2021).

The efficiency of budget funds and their evaluation enables monitoring the rational use of allocations, making decisions on the most important areas of their allocation, and analysing the appropriateness of state support to commodity producers who fail to meet their obligations to the state (Kuznetsova et al., 2021).

A common method of assessing budgetary efficiency in agriculture is to estimate the share of the value of agricultural production in the total Gross Domestic Product, taking budgetary expenditure into account.

The essence of this methodology is to compare the planned indicators with the actual indicators for a certain period of time in the main areas highlighted in the programme. The methodology used to assess the effectiveness of agricultural development makes it possible to determine the rational use of public funds. The budget funds allocated, in turn, have a significant impact on the socio-economic indicators of rural development in the individual federal subject and the country as a whole.

The negative side of this assessment is that it focuses on those areas that are highlighted as priorities for a given period (Arkhipova, 2020).

The results of assessing the efficiency of the national agribusiness development are presented in the National Report during the implementation of the "State Program for the Development of Agriculture

and Regulation of Agricultural Products, Raw Materials and Food Markets for 2013-2020" (Nikitin & Antsiferova, 2020).

3. Research Questions

The aspects covered in this paper reflect the implementation of the State Programme for Agricultural Development and Regulation of Agricultural Products, Raw Materials and Food Markets in the Tambov Region according to the main target indicators. The paper, therefore, considers the following issues:

- to perform a comprehensive comparative analysis of budget receipts and disbursements in the agribusiness sector of the Tambov region;
- to assess the effectiveness of state support to the regional agribusiness sector.

4. Purpose of the Study

The purpose of the study is to improve the effectiveness of state regulation of the agribusiness sector.

5. Research Methods

To assess the effectiveness of state support to the regional agribusiness sector, we used a system of comprehensive comparative analysis of the inflow and outflow of budgetary funds in the agribusiness sector of the Tambov region, the efficiency of their use and the identification of priorities for state support.

The informational basis is the reporting materials of the Territorial Body of the Federal State Statistics Service in Tambov Region, the Tambov Region Department of Agriculture, as well as materials of academic research, scientific conferences and other publications.

The research methods included abstract-logical, statistical-economic, monographic, computational and constructive methods.

6. Findings

Our analysis has shown that the implementation of the State Programme for Agricultural Development and Regulation of Agricultural Products, Raw Materials and Food Markets in the Tambov region in 2019 met the plan for 9 target indicators out of 14 target indicators relating to the level of the State Programme. The failure to fulfil the plan occurred in 5 indicators: "Index of livestock production in farms of all categories (in comparable prices)" (plan - 104.6%, actual - 102.6%). The indicator was influenced by the high level of its implementation in 2018, which resulted from an increase in livestock and poultry production, as well as a decrease in milk and egg production in 2019.

In food production, the plan was 110.0%, while the performance was 107% compared to the previous year. The index was influenced by a decrease in the production of the following products: meat and poultry offal, cheese products, cereals and butter;

"Beverage production index (in comparable prices)" (plan - 100.1% to the previous year, actual - 96.5% to the previous year) - decrease in alcohol production (Cherkesova et al., 2019).

"Index of physical volume of investment in fixed capital in agriculture (excluding small businesses)", with a plan of 100.1 against the previous year, according to preliminary data from Rosstat, was fulfilled by 81.6% against the previous year. Due to the shift in the timeline of the Michurinskiy Greenhouse Complex project, investments of over RUB 4 billion were not included in the range of large and medium-sized enterprises, but were accounted for by the full range of organizations;

The profitability index of agricultural enterprises with subsidies was 14.4% against a plan of 16.0%. The underperformance is due to lower prices for individual agricultural products, which has resulted in lower profitability. This applies to sunflowers, soybeans and some other crops).

It is clear that under-performance is due to factors that are difficult to control. Whereas the state has developed strong direct mechanisms of influence on economic issues, it is harder to deal with natural factors. It is worth bearing in mind that the same factor can affect several indicators. Although the active development of the producer risk insurance mechanism, it is not possible to speak of stability. Looking at the agricultural sector from the perspective of a strategically important sector of the economy, it is clear that the insurance payment and the product actually produced are not identical. Insurance will cover the producer's losses, but it will not make up for the lost end product (Kastornov, 2012).

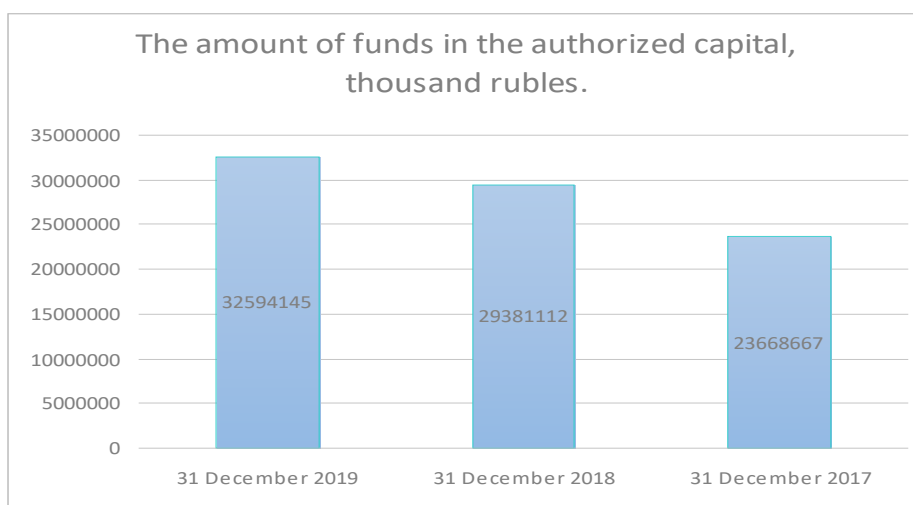


Figure 1. Changes in the number of funds in the authorized capital of agricultural enterprises in the Tambov region

Overall, there has been a clear increase in the volume of funds invested in the share capital of agricultural enterprises over the last 3 years (Figure 01).

From all this, it is possible to speak of the effectiveness of the state programme in making the agricultural sector more attractive for investment.

One positive development is the increase in the number of budget loans and, more importantly, their repayment rate - around 71.1% of the total for 2019, including new ones (Table 01).

Table 1. Budget loans in the agribusiness sector of Tambov region for 2019

Period	Amount, thousand rub.
At the beginning of the year	600284
Received for the year	627938
Returned for the year	872736
At the end of the year	355486

Thus, assessing the effectiveness of state support requires consideration of a wide range of indicators, as underachievement of one target may result in overachievement of other targets, thereby compensating for sagging gross output.

Despite the declining profitability of agricultural organizations, according to the territorial body of the Federal State Statistics Service for the Tambov region, the value of gross output in current prices has clearly increased over the past 5 years.

7. Conclusion

The effectiveness of state regulation of agriculture should focus on the importance of agricultural development for the country as a guarantor of food security, especially in the current climate of sanctions from other states. At the same time, it is necessary to consider the insufficiently high solvency of domestic producers, especially with a monopoly on agricultural machinery. In this case, they are in urgent need of support from the state.

In addition, the state needs to work on improving its pricing, tax and credit policies in the context of the huge amount of credit available to agricultural producers to ensure the sustainability of their development.

References

- Arkhipova, E. V. (2020). Problems and Directions of State Regulation of Agriculture. *Bulletin of Michurin State Agrarian University*, 1(60), 259-263.
- Cherkesova, E., Mironova, D., Slatvitskaya, I., & Simonyan, L. (2019). Development of agricultural regions in the conditions of rational import substitution policy. *IOP Conference Series: Earth and Environmental Science*, 403(1), 012040.
- Kastornov, N. P. (2012). Results of Agrarian Transformation. *Dairy Industry*, 3, 76-78.
- Kuznetsova, N., Ilyina, A., Mironov, M., Korolkova, A., & Marinchenko, T. (2021). Small business environment and development problems in the Russian Federation. *E3S Web of Conferences*, 244, 10043.
- Nikitin, A. V., & Antsiferova, O. Yu. (2020). Cooperation and Integration in the Region. Periódico do Núcleo de Estudos e Pesquisas sobre Gênero e Direito. *Centro de Ciências Jurídicas - Universidade Federal da Paraíba*, 9(05), Special Edition.
- The State Programme for the Development of Agriculture and the Regulation of markets for agricultural products, Raw materials and Food (2019). Approved by Resolution of the Government of the Russian Federation №717 of June 14, 2012 (as amended by Resolution of the Government of the Russian Federation No. 98 of February 8, 2019).
- Zakharin, S., Stoyanova-Koval, S., Kychko, I., Marhasova, V., & Shupta, I. (2021). Strategic management of the investment process in the agricultural sector (for example, agricultural enterprises and the food industry). *Journal of Optimization in Industrial Engineering*, 14(1), 209-218.