



Section 3. Management

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STATE REGULATION OF AGRICULTURAL ENTREPRENEURSHIP DEVELOPMENT

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Abstract

The essence and main directions of state regulation of agricultural entrepreneurship development in modern conditions are analyzed, as well as the legal and regulatory acts that form the system of state regulation of the agricultural sector in Ukraine are considered. The importance of environmental safety, preservation of soil fertility and development of agriculture as an effective direction of sustainable development of the agricultural sector is grounded. It is determined that the main tasks of the State regulation of agricultural entrepreneurship are: formation of optimal financial and credit instruments; improvement of the legislative and regulatory framework; stimulation of interaction of business entities in the agricultural sector, etc. **Keywords:** *state regulation, state support measures, development of entrepreneurship, agricultural sector, export*

Introduction

In the process of its development, entrepreneurship in the agricultural sector faces a large number of problems, and the state plays a significant role in their solution. The state regulation of entrepreneurship in the agricultural sector is considered to be one of the key factors to maintain equivalent relations on the internal commodity market between business entities and on the external

markets to ensure food security of the state and welfare of citizens.

The state should implement a policy of support in all directions of agricultural development through mechanisms and instruments of state regulation. Direct and indirect support of the agricultural sector should be aimed at increasing the motivation and incentive of entrepreneurs.

Methodology and the purpose of the study

The methodological basis of the study was a set of methods of scientific knowledge of the system and mechanism of state regulation of entrepreneurship development in the agricultural sector. General scientific methods contributed to the achievement of the goal: empirical research (measurement, comparison, observation); theoretical research (analysis and synthesis), as well as local (specific) methods: situation analysis (calculation and constructive method).

Research objectives: The purpose of this study is to reveal the concept and main directions of the government regulation of entrepreneurship development in the agricultural sector in modern conditions.

Literature review

The problem of state regulation in the agricultural sector has been studied by researchers: Aleinikova A. M., Malenka I. M., Rusaniuk V. V. Aleinikova A. V. believes that the concept of “state regulation of the agricultural sector” is an intricate mechanism of influencing the income of agricultural producers, the structure of agricultural production, the agri-food market, the social structure of the village, inter-sectoral and inter-economic relations. According to the author, the government regulations have primarily aimed at overcoming agrarian crises and provides support to small agricultural enterprises in the face of fierce competition with powerful agribusiness capital (Aleynikova, O. V., 2011).

Malenka I. M. points out that although the state has significant influence on agricultural enterprises in Ukraine, but it is not effective enough. The state’s agrarian policy in recent decades has been more focused on short-term goals rather than long-term ones, and its regulatory activities have been inconsistent and lacking a systematic approach (Malenka, I. M., 2013).

According to Rusaniuk V. V., the development of entrepreneurship in the agricultural sector is best regulated by implementing protectionist measures. These measures ensure financial, budgetary, legal, economic, and investment security for business entities that operate in the market environment. This helps optimize the conditions and conse-

quences of entrepreneurial activity and promotes a healthy level of food security within the state. Additionally, such measures help commodity producers adapt to current conditions of instability caused by the coronavirus crisis (Rusanyuk, V. V., 2021).

Analysis of results

Main directions for implementation of the state regulation of agricultural entrepreneurship development should be: creation of an effective mechanism of financial assistance for the business sector; an active policy of indirect influence on the agricultural manufacturers in order to stimulate them; creation of programs for the development of innovative support for business entities in the agricultural sector; development of material and technical equipment for farmers; development and improvement of mechanisms of state support for insurance; provision of information for entrepreneurs about services of insurance market in the agricultural sector and state guarantees.

Main actions taken by the Ukrainian government to support agricultural entrepreneurship during the war in Ukraine should facilitate the further development of agricultural entrepreneurship and reassure Ukrainian farmers that, despite the ongoing war in Ukraine, it is necessary to help the country to restore its economy and continue to seed and cultivate the land. The Ukrainian government guarantees that in case of destruction of crops or farms, compensation will be paid and damaged property will be fully restored.

With the adoption of the Law of Ukraine “On amendments to certain legislative acts of Ukraine concerning the turnover of agricultural land” No. 552-IX on March 31, 2020, Ukraine opened the land market and, accordingly, cancelled the moratorium on the sale of agricultural land.

One of the effective steps to improve the system of state regulation for the functioning of business entities in agriculture was the Resolution of the Cabinet of Ministers of Ukraine “On measures to stabilize prices for goods of significant social significance, anti-epidemic goods” No. 341 adopted in April 2020, which introduced state price regulation by declaring changes in retail prices for certain goods, including granulated sugar,

certain categories of milk, eggs, poultry, butter, and others.

Legal and regulatory acts have been issued for certain areas of the agricultural sector in order to improve the efficiency of state regulation. In particular, to facilitate the production and sale of potatoes and vegetable products, the government approved “the Concept of the State target program of development of industrial potato growing for the period till 2025” No. 1345-r dated October 21, 2020 and “the Concept of the State target program of the development of vegetable growing for the period till 2025” No. 1333-r dated October 21, 2020.

The most important measure to support the agricultural sector is the reduction in the cost of credits, i.e. the implementation of the programs “Financial support to agriculture through concessional credits” and “Affordable credits 5–7–9%”. In 2021, the credit portfolio of the farmers became the largest in the history of the agricultural sector in Ukraine, although it remains 20 times lower than the same indicator of the credit level in the United States. As of 08.09.2023, 71,552 credits in the total amount of UAH 231,568 million were issued: 51% in agriculture; 25% in trade and manufacturing; and 14% in industrial processing.

For example, the directions of state support for the agro-industrial complex in 2021 included cheaper credits for agro-industrial development, support of the development of livestock and agricultural processing, compensation for the cost of Ukrainian agricultural machinery, etc. The Ministry of Agrarian Policy included organic production, potato development, and niche crops in the new directions of state support.

Regarding the impact of state regulation on the provision of social and economic, organizational and legal conditions for development in the agricultural environment, it is worth paying attention to the environmental and economic efficiency. According to the latest report of the Ministry of Agrarian Policy, the level of plowed land in Ukraine is 54%. Since 2020, environmental legislation has been updated, and new legal and regulatory acts on state environmental policy, irrigation and drainage, and environmental standards have been developed.

The government has introduced a large grant project for non-refundable support of new businesses called “eRobota”, which is based on grant funding programs, such as: microgrants for launching a new business or developing an existing business, for creating or developing gardening, berry growing and viticulture, as well as for creating or developing greenhouses, for creating and developing processing enterprises, for creating or developing their own business by combatants, people with disabilities as a result of war and their families.

The most popular microgrant program for launching a new business or developing an existing one (“Vlasna Sprava” (Own business) program; Government Resolution No. 738 of 21.06.2022). The amount of microgrant provided to one recipient: UAH 150,000 for the creation of one workplace; UAH 250,000 for the creation of at least two workplaces.

New positive tendencies in the state regulation of the agricultural sector include the approval of the Strategy of development of exports of agricultural products, food and processing industry of Ukraine for the period till 2026. This strategy, although emphasizing the predominant export of raw materials, corresponds to the needs of agricultural business and provides for the formation of a mechanism of financial support from the state for cooperatives of agricultural and food manufacturers. Taking into consideration the importance of supporting cooperatives, small and medium-sized producers, it is advisable to approve the State Strategy for regional development for 2021–2027, which provides for the availability of markets, the development of infrastructure for storage of products and the introduction of new technologies and equipment for the processing of agricultural raw materials.

It is also important that EU countries support Ukrainian exporters and importers. On May 12, 2022, the European Commission presented its action plan “Roads of Solidarity” to help Ukraine export its agricultural products as part of the EU’s solidarity response to Ukraine.

For Ukraine, export of agricultural products is an important source of state budget revenues and a strategic industry, with an export share of 53% in 2022. Therefore, our country needs to encourage domestic farmers

to increase their product volumes and support the development of agricultural exports.

Conclusions

Therefore, the most prospective direction for the development of agricultural en-

trepreneurship is the innovation-targeted one, which is based on granting entrepreneurs a priority right to receive financial and credit assistance in all directions of state support.

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