

Development of credit provision of agriculture of Zakarpattia region

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The purpose. Assessment of development of credit provision of agriculture of the region, justification of necessities and analysis of existing approaches to building and regulating activity of the state land bank as specialized financial-credit institution for building hypothecary crediting of agricultural commodity producers. **Methods.** Monographic, calculated, mathematical-statistical. **Results.** By probes it is fixed that insufficient capitalization of banks, high rates and short terms of crediting, absence of necessary provision of retrace of debts and deficiency of budgetary funds for depreciation of the granted banking credits, aggravate problems of searching sources and gears of financing risk assets, especially in agriculture. Solution of the problem requires significant development of the gear of crediting agriculture, namely: spread of credit form of cooperation through building cooperative banks, improvement of crediting gears of civilized agricultural commodity producers, heightening efficiency of state programs of price reduction of cost of credits, development of hypothecary crediting. **Conclusions.** Crediting of agriculture in modern conditions is one of key ingredients of its stable development. It includes operation of system of cooperative banks, development of conditions of provision of development of hypothecary crediting and microcrediting, use of state mechanisms of giving soft loans under the scheme of compensation of interest rate.

Key words: *agricultural factories if Zakarpattia region, crediting of agriculture, Zakarpattia oblast, mortgage, foreign experience of crediting.*

<https://doi.org/10.31073/agrovisnyk201812-11>

Setting of a problem. Specificity of agriculture imposes a certain imprint on lending. If the impact of this specificity on taxes by individual economists is denied, then the need for their inclusion in lending to objections does not cause.

Currently, the most important factor in the economic growth of agriculture in Transcarpathia, as a strategic sector of the economy of the region, is important for its lending. The peculiarity of credit in agricultural production is determined by the specifics of the reproduction process. Credit servicing of agricultural business entities requires observance of economic substantiated terms, volume, value of the loan, the timeliness of its receipt to the borrower, the justification of the way of repayment of the loan, interest for their use and effective use thereof.

Despite the apparent progress in lending to agriculture, lending to the industry is not sufficient, and the lending mechanism needs to be speeded up.

Characteristic features of agrarian production require more involvement of long-term bank loans. However, long-term lending to agricultural enterprises is most in line with the requirements of the banking system, the development of territorial communities and in the near future may create an economic and social effect. In this case, the use of short-term bank lending is more affordable and is also a significant factor in improving the economic efficiency of enterprises.

Analysis of the latter investigations and publications. The question of development of the state and tendencies of credit provision in the home agrarian sphere had been investigated by the home scientists. A considerable contribution into elaboration of the theoretical-methodological aspects of forming the credit provision of agrarian branch had been made by the Ukrainian scientists-economists H.M.

Pidlisetzkiy [1], O. I. Hudz [2], H.M. Kaletnik [3], B.J. Pashaver [4], V.Y. Ambrosov [5], M.Y. Demianenko [6,8], Y.A. Luzan [7], Joffe D., Russell [11], and others. But still a set of questions remains unsolved as to the involving into the agrarian sphere of the credit resources on the long term basis with the aim of strengthening the material-technical bases of the agrarian branch.

Most specialists, including the banking sector, share the view that agriculture can not exist without loans. Today, the idea of unification of credit relations for the entire economy of the region, that is, the inappropriateness of taking into account when lending specific features of agricultural production, is being defended.

Note that such a path for agriculture is unacceptable, even if this sector can not exist normally without financial support from the state. This is proved both theoretically and practically by the experience of the countries - (France and Germany), where agriculture is considered as a benchmark.

Consequently, the circumstances are objective in such a way that the state should intervene in the situation and worry that agricultural producers receive credit resources on acceptable terms. Failure to do so, that is, not to change the mechanism of credit relations, is a negative situation, when payables, as the main source of financing, will continue to grow. At the same time, non-payments will increase, and, as a result, the unmanageability of the economy.

The aim of the article is the assessment of the state and tendencies of development of the agrarian sector of economics credit provision and grounding the needs and analysis of the existing approaches for the creation of the normative-legal regulation of the activity of the state land bank as of the specialized financial-credit institution for realization of the agrarian goods producers mortgaging.

Exposition of the general results of investigation. In modern conditions, the main type of lending is short-term bank loans. However, currently the volume of credit resources in the country is insufficient. That is why banks use their existing credit potential for the most profitable operations. As analysis of the use of bank credit potential of the regions of the country shows, for agriculture today less than 10% of funds are allocated, which testifies to the lack of credit resources allocated to the industry.

The basic factor of investments incomings into the agrarian sector is the banking capital. The general need of the branch in the subvention financing on the side of all the credit enterprises makes up not less than 1,5 mlrd hrn. Although not everybody can use the banking capital, as there exist the problems of the access to the long term credit resources, connected with the absence of agrarian production organization of the security asset, enough to provide the credits return and the absence of the programs of long term credit provision. The mistakes in the market reforms and the world financial crises of 2008, negatively influenced the trend of the macroeconomic indicators of the agrarian production of the regions of Ukraine.

In the process of market relations development the real sector of region's economics more and more depends on the system of crediting. In 2016 comparing with 2000 RGP of the region had increased in 10,4 times, while the volumes of credit provision of the region's economics made up 102,3% comparing with 2000, the correlation of the given credits to GRP had decreased correspondingly from 2,4 % to 0,23 % (table. 1.).

1. Dynamics of the volumes of banking credit provision of enterprises of agrarian sector of Transcarpathia

Index number	years											2016 to 2000
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
GRP, mln hrn	215	670	13208	12542	15299	18052	21275	2140	2412	21515	22324	In times
Gross production agriculture	3272	373	376	380	383	3988	404	4313	4308	4096	412	126,0
Credits economics	51,4	175	583	290	239	338,	314,7	224,8	36,3	51,1	52,7	102,3
Credits into agricultu	0,6	2,9	7,1	8,1	4,7	5,0	4,8	4,9	0,6	0,9	1,1	150,0
Correlation of credit economics to \ RG	2,4	2,6	4,4	2,3	1,6	1,9	1,4	1,1	0,2	0,2	0,23	x
Correlation of credits into agricultu RGP, %	0,02	0,04	0,04	0,01	0,01	0,005	0,0	0,02	0,002	0,004	0,00	x
Correlation of credits into agricultu To gross produ of agriculture ,%	0,02	0,08	0,1	0,1	0,1	0,1	0,1	0,1	0,08	0,02	0,13	x

Source: official site of CCU (<http://www.ukrstat.gov.ua>) [9].

As it is seen from the table 1, the volumes of crediting the agricultural enterprises had increased from 0,6 mln hrn to in 2000 and to 1,1 mln hrn in 2016 (in 1,5 times), to this contributed, first of all, the increase of the demand and rise of the prices on the AIC production; secondly, the continuous lowering of the loan's cost from 54% to 30% and it's coming up close to the level of profitability of the agrarian enterprises, thirdly, some financial support of lowering the price of the banking loans for the agrarian sector enterprises. The part of the credits in the cost of the produced goods of the agrarian sector during the corresponding period had remained on the level of 0,13%. In 2016 the given index had decreased in 53,8 % due to the shortening of the volumes of agrarian sector crediting, and the cost of the given by the bank borrowings from 15,5% to 39% per annum. [2]. Alongside with this, we should mention, that regional agrarian sector in part of credit exposure is not the prior one, in correlation to GRP the credits, given into agriculture, during this period lowered from 0,02% to 0,005% while in the credits structure, given into economics, their part had been constantly lowering – from 2,4% to 0,23% [1]. In the structure of the credit portfolio, the volumes of the long term loans to the agrarian enterprises until 2016. remained at the level of 2000, while the short-term increased – by 20% (Table. 2.).

2. State of crediting the enterprises of agrarian sector of Transcarpathia mln hrn

Source: made by the author [9].

Index number	years											2016 to 2000
	2000	2005	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Credits obtained together	0,6	2,9	7,0	8,7	4,7	5,0	4,8	4,9	0,6	0,9	0,7	116,7
From them: short term	0,5	1,7	3,6	6,2	2,6	3,2	3,1	4,0	0,6	0,6	0,6	120,0
Medium-term	-	-	-	1,8	-	0,5	-	0,3	-	-	-	-
Long-term	0,1	1,2	3,4	0,7	2,1	1,3	1,7	0,6	-	0,3	0,1	100,0
Easy term loans obtained, together	0,2	2,1	5,3	3,9	2,9	-	2,2	2,0	-	-	-	-
From them: short term	0,2	1,3	3,1	3,3	1,5	-	1,3	2,0	-	-	-	-
Medium-term	-	-	1,3	0,4	0,8	-	-	-	-	-	-	-
Long-term	-	0,8	0,9	0,2	0,6	-	0,9	-	-	-	-	-

If altogether in economics there is being observed the stable tendency to increase the part of long and medium term credits, than in agriculture this index varies from 0,5% in 2000 to 4,7% in 2010. In 2016 their part made up 0,7%. From them the long term credits – only 8,6%. At the same time in 2005 and 2009. the high level of long-term loans is accompanied by an extremely high level of preferential lending, and the value of the correlation coefficient $R = 0.739$ indicates a close link between the share of long-term and preferential loans. The state support of agricultural enterprises through the mechanism of lowering the price of the borrowings, contributes to the increase of the level of their provision with the credit resources. According to our calculations, the cost cheapening of the borrowings gives the possibility for each budget hryvnya to involve from 15 to 40 hrn of the credit resources. Thus, the credit provision of the agrarian sector depends on the resources possibilities of the commercial banks, level of borrowing capacity of the agricultural enterprises and appropriation of funds from the state budget on financing the programs of support through the lowering the price of the borrowings. If during 2005-2008 the volumes of easy term credits given to agrarian sector enterprises, had increased in 7,0 times, than during 2009-2016 they decreased in 92% times, which is connected with the financial-economic crises, in consequence of which the commercial banks have practically stopped credits provision, and the state hadn't realized the funding of the programs of support of agro credit provision.

One of the main conditions of ramping up of output in agriculture is reproduction of the technical personnel of agrarian production, for bringing up of which to the level of technological need, according to calculations of the scientists of NSC "Institute of agrarian economics", it is necessary to invest on the purchase of technical means in the region 850 mln hrn every year [1]. Insufficient banks capitalization, high rates and short terms of credit support, absence of sufficient provision of borrowings return, on the one hand side, and deficit of the budget costs for the lowering of the costs of the of the given banking loans, on the other side, sharpen the questions of search of resources and mechanisms of finance provision of the long term investments, especially into the agrarian sector.

The solution of this problem requires a substantial improvement of the mechanism of crediting agriculture, namely: the expansion of the loan form of cooperation through the creation of cooperative banks; improvement of the mechanism of lending to agricultural producers; increase of efficiency of state programs of reduction of cost of loans; development of mortgage lending. We will consider the issue of terms of development of mortgage lending in more detail.

In the context of increasing the credit risk in the banking system, the attraction of new loans leads to the need to find new forms of secured repayment of loans, in particular through land plots [11].

The existing credit system and, besides, commercial banks are not able to realize the program of the agrarian branch mortgaging. As O. Hutz states, in the context of social-economic realities of today an exceptional meaning gains the financial- credit infrastructure as the basis of the financial-credit mechanism in the region's agrarian sector, even in the conditions of the absolute competition won't be able to function without the specific supportive instruments. [2].

The introduction into practice of mortgage lending in the area of landed agricultural land should be gradual. At the first stage, it is necessary to review the necessity of functioning and structure of the formed institutional units that ensure the introduction of agricultural land into economic circulation. At the second stage, with the expansion of the volume of mortgage transactions with land, it is expedient to concentrate them in a bank established in accordance with the resolution of the Cabinet of Ministers of Ukraine of July 2, 2012. No. 609 PJSC "State Land (Mortgage) Bank".

The functioning of the mechanism of mortgage lending in the region has the following trends:

- provision of start-up capital of credit institutions, support of their liquidity and resource base by issuing long-term loans at low rates;
- guaranteeing the fulfillment of obligations on securities of issuers;
- application of tax privileges to creditors, investors, compensatory stimulation of borrowers in certain areas of use of mortgage loans;
- the creation of the necessary legislative framework, the use of selective policy tools and other administrative methods at the initial stage of development;
- brutal state regulation of creditors and issuers of mortgage securities; assistance in the formation of the necessary additional infrastructure (institutions of information provision, risk minimization, financial intermediaries, investment institutions) [3].

In such conditions, the creation of qualitative conditions for the functioning of the land market belongs to the functions of the state. A complete land market is a prerequisite for the development of agricultural mortgages.

Within this framework, by the decision of the eleventh annual meeting of the whole Ukrainian congress of scientists economists-agrarians one of the tasks of agrarian economic science has been defined the development of land relations in the direction of including the cost of land as a capital into the economic trade rotation. [10].

B.Y. Paskhaver notes, that the lands of agricultural destination can provide their owner the market effect when using them for:

- Goods production
- Giving for rent;
- For sale or mortgaging [4].

These three types of getting the market result, the scientist views as the three forms of land market. Together with this, today in the country there exist only two of the mentioned above forms of land market and is absent the full development of its third form, under which the land plots become the subject of sale or on bail.

V.Y. Ambrosov and T.H. Marenych state, that mortgaging on bail of land plots is able to considerably increase the volume of investments into agrarian sector and pay attention that Ukrainian and foreign experts evaluate 32 mln ha of the tilled field into the sum of 60-70 mlrd Euro. Under 70 % of mortgaging provision in the conditions of the civilized market, the long term 10-year credit resource for agriculture can make up 42-49 mlrd Euro [5].

So, to the scientist's mind, the institute of leading the financial-credit policy in the agrarian sector of economics, the center of concentration of finance-credit resources of the branch and coordinator of the credit-financial flows should become the State land bank, which is aimed at the development of the system of credit provision the agricultural production, including the secured on the land plots, rights on them and other real estate. On the creation of the State land bank a set of leading economists-agrarians spoke out. [2].

The creation of the State land bank (with its branches in the regions, rayons, villages) has a set of the positive moments: participation of the state in the formation of the investment resources cost and defying the priorities of investment activity of agrarian goods producers; increase of efficiency of the use of state costs on the support of material-technical bases of the branch; speeding up the processes of development of mortgaging secured on land, as of one of the most efficient mechanisms of involving the financial resources for the needs of agriculture (Table. 3).

3. Characteristics of the State Land (Mortgage) Bank.

Indicator	State Land (Mortgage) bank
Bank type	Commercial
Ownership form	100% state owned
Organizational and Legal Form Joint	Stock Company
The procedure for creating a joint stock company of capital	At the expense of the state budget, cash contributions of shareholders, real estate property, land plots agricultural purpose
Type of activity	Specialized (not less than 60% of assets - long-term loans on bail real estate)
Functions	Mortgage lending of agricultural enterprises under the bail of agricultural land. Redemption of agricultural land appointment to the land fund of the bank with subsequent sale or lease
Formation of the land fund of the bank	At the expense of agricultural land plots, which were introduced into the authorized capital of the bank, which are transferred to the bank's property in case of failure to fulfill obligations of the debtor, the purchase of land plots of agricultural purpose
Credits for mortgage issuance	Securities Issuance of mortgage bonds, mortgage certificates, other securities provided for by law
Lending to individuals and legal entities of non-residents is	Prohibited

To the principal issues that require a first-rate solution, it should be considered the allocation of state funds for the formation of the authorized capital of the bank; on overcoming the moratorium on the purchase and sale of agricultural land, which was extended until the end of this year, as well as a number of legal issues regarding the assessment, registration and circulation of land under the conditions of the land market.

Nowadays in Ukraine there is a tendency to use the best foreign experience in forming the modern state agrarian policy. However, this process is being restrained by many factors, besides by the unsystematic, and in some cases insufficient qualitative elaboration of the corresponding legislative-normative acts, limitation of the financial possibilities of the state for implementation of the effective mechanisms of regulation the markets of agricultural production, use of the insufficient volumes of costs of the state budget for the support of competitiveness of the home agrarian sector and creation of the corresponding infrastructure.

In this case, there should be maximally used the lessons of creating the effective agrarian sector in the developed countries, be made everything to avoid making mistakes in future when organizing the functioning of this important sector of economics.

In France, together with the European Union programs and governmental programs of support of agrarian goods producers development there are also the implemented special additional directions of their support - through the forming of the corresponding financial funds by means of special tax removal (in the sizes, that don't exceed, as a rule, 1% of the customs value of the separate sold types of products). The gathered costs are directed on financing the activity of the professional organizations of the producers of some separate types of goods, and as well on the provision of protection of the goods producers' interests, informing them and orientation as to the market conjuncture, search of the business partners, financing the exhibition campaigns.

To the important methods of financial aid of the state in development of the agrarian entrepreneurship belongs the easy term loan of the innovative activity of the enterprise.

In France, for instance, the types of easy term loans that can be returned in case of enterprise reaches success are being spread, as well as the loans with the concessionary interest rates. In Germany the small enterprises are given the easy term loans if they master the highly technical productions. In Japan the financial corporation of the small business on easy terms gives the long term loans for the widening of the basic and current assets. Besides, the state (charged upon the property of the small or medium sized enterprise) guarantees the private banks the timely credits' payment, which they give to the enterprises of small or medium business.

Analysis of the international experience witnesses on the fact, that in the developed countries the volumes of state support of agricultural goods producers varies within the frames of 30-40%, and in some countries (Japan, Switzerland) come up to 70 % of the produced goods' cost. [11].

Conclusions

Credit provision of agriculture in the contemporary conditions is one of the key components of its stable development. It includes functioning of the cooperative banks system, support of the credit union development, and elaboration of the conditions of provision the development of mortgaging and micro credits, implementing the state mechanism of giving the easy term loans due to the scheme of the interest rate compensation.

Summing up all the mentioned above, we can state, that:

- In the process of market relations development, the real sector of economics more and more depends on the system of credit provision, while the tempo of ramping up the agrarian sector credit provision is much lower, than in the country's economics in general;
- To activate the process of credit provision in the agrarian sector will contribute the development of mortgaging with the attraction of the land plots of agricultural destination as to provide the

borrowings return. This needs the improvement of the financial-credit infrastructure, as well as creating the specialized financial- credit institution on the cooperation;

- In the structure of the agrarian enterprises credits there is a tendency to grow the parts of long term loans, while it is not enough for the provision of the branch's needs with the reproduction of the technical potential. There had been defined, that the basis obstructions for the long term credit resources attraction into the branch are: insufficient banks capitalization, raising the interest rates, and shortening of the terms of credit provision due to the financial crises, absence of the sufficient provision of the loans' returns and low credit worthiness of the agrarian enterprises, deficit of the budget costs for financing the programs on cheapening the loans' costs.
- Mortgage lending will be properly developed if the issue of selling or not selling agricultural land in the regions of Ukraine is solved.

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