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### INVESTMENT PROCESS IN AGRARIAN SPHERE

*The article discusses the investment process in the agrarian sector of the economy. The scheme of the stages of the investment process in the agricultural sector on the basis of functions such as investment forecasting and programming, investments motivation, investment insurance and other is proposed. Purposes for each of participants of investment process do not eliminate each other. Their main direction is a receipt of income and achievement of social effect. A task of investors is development of variants of investment projects estimation of their efficiency and choice most priority in the possible achievement of aims. State politic to economic development of country had changed and need deep research of investment process, market reforms and mechanisms of development of economy and management an attractiveness in agrarian sphere with the aim of the most effective directions of investment of capital. Ukraine at the modern period has insufficiently high investment rating which defines its investment appeal and priority, that depend on many factors, solvable on a macro-level. Efficiency of development of Ukraine in agrarian sphere depends first of all on state policy, that determines and regulates creation of standards and legislative, economic and social conditions of activity.*

**Keywords:** *agrarian sphere, agrarian enterprises, Agro-industrial complex, government control, efficiency, investment activity, investment attractiveness, investment potential, investment process, functions, stages.*

### ІНВЕСТИЦІЙНИЙ ПРОЦЕС В АГРАРНІЙ СФЕРІ

**Гуткевич С. О., Дунда С.П.**

*У статті розглянуті питання інвестиційного процесу в аграрній сфері економіки. Запропоновано схему етапів інвестиційного процесу в аграрній сфері на основі таких функцій, як прогнозування та програмування інвестицій, мотивація інвестицій, страхування інвестицій та інших.*

**Ключові слова:** *аграрна сфера, аграрні підприємства, АПК, державний контроль, ефективність, інвестиційна діяльність, інвестиційна привабливість, інвестиційний потенціал, інвестиційний процес, функції, етапи.*

### ИНВЕСТИЦИОННЫЙ ПРОЦЕСС В АГРАРНОЙ СФЕРЕ

**Гуткевич С. А., Дунда С.П.**

*В статье рассмотрены вопросы инвестиционного процесса в аграрной сфере экономики. Предложена схема этапов инвестиционного процесса в аграрной сфере на*

*основе таких функций, как прогнозирование и программирование инвестиций, мотивация инвестиций, страхование инвестиций и других.*

*Ключевые слова: аграрная сфера, аграрные предприятия, АПК, государственный контроль, эффективность, инвестиционная деятельность, инвестиционная привлекательность, инвестиционный потенциал, инвестиционный процесс, функции, этапы.*

**Problem statement.** The system of forming investment attractiveness of the agricultural sector has its own characteristics regarding legal, financial and economic regulation. At a decision-making about investing it is necessary to define the most attractive objects for more advantageous direction of capital.

The investing in agriculture is inherent certain features of agrarian sphere of economy as industries of material production. It features the industry and the traditions of the population, the role of industry in national economy, technological development, there are different types of organizational and legal structures, the level of reforms undertaken.

**Analysis of recent research and publications.** The development of agrarian sector as the main sectors of the economy are the subject of research by many scientists and economists: P. Sabluk, M. Kodenska, S. Kvasha, M. Demyanenko, M. Pugachev, G. Pidlisetski, T. Ostashko and others. Development of agricultural enterprises toward aimed at improving their performance and requires constant study.

**The purpose of the article.** The questions of the investment process in agriculture to consider and develop proposals for the stages of the investment process in agriculture.

**The main results of the research.** Long time the economy of country developed an extensive way, presently possibilities for extensive development of economy are outspent, efficiency of capital investments is subzero enough, that is characterized by reduction of production of goods volumes by the high not enough standard of living of population and subzero investment rating of country in a world concord.

For period of passing to the market relations a normative base was created in the sphere of investment activity that played a certain positive role. However, the regulations do not cover all aspects of investment, often changing regulatory framework and therefore imperfect. This is one of the reasons for the low inflow of foreign investments into the economy, because the regulatory framework is the foundation to manage the investment process.

On forming of investment attractiveness of agrarian sector, coming from the investment policy of country, next factors influence:

- a requirement is in resource deliveries of raw material for own processing powers;
- presence of own channels and market of agricultural production distribution;
- intellectual potential is in industry;
- a high level of profitability of separate productions is in agriculture;
- social questions;
- a return of money is for the resources given to the enterprise. As experience, insolvency of economies to pay shot for pushes slightly partners an own obligation to the search of new forms of collaboration, shows;
- competitiveness what influences on profitability of investments in agriculture;
- effectiveness of agricultural production;

- realization of the landed reform, including determination of cost of the landed resources taking into account their having a special purpose use;
- economic stability of regions.

The productivity of agricultural cultures, productivity of animals, structure of the landed fund, feed base, natural terms, influences on efficiency of agricultural production. Special influence on an investment attractiveness agrarian to the sector a social sphere as external (indirect) factor has.

Researches of questions of development of social processes in rural locality, which are conducted by the scientists of the National scientific center "Institute of agrarian economy", show that for the increase of profits of workers busy in agricultural enterprises different patterns of ownership, it is necessary increase of their profitability. In basis of increase of profits of rural workers there must be property on property, land, mine-out products.

The present standard of living of majority of population of Ukraine limits possibilities of such source of investing as own economies substantially. Forming of this source must be managed on a macro level, first of all on the basis of legislative base, on a micro level; by the personal interest of population in maintenance of the personal funds. An economic analysis of forming of market of investments would be insufficient without data about the demographic state of regions in connection with an ecological constituent.

There are disproportions in the structure of labor resources. Regions priority for investing feel the deficit of labor resources in agricultural industry, and in many cities and settlements where an industrial agricultural production is developed not enough - their surplus. One of indexes which characterize the investment attractiveness of regions is an estimation them demographic situation. Coming from that the modern state of recreation of population is only the stage in the process of his of long duration change, usually he is compared to the previous stages, the indexes of demographic prognosis use also what the consequences of maintenance of modern tendencies allow to estimate in those or other terms of development.

For research of investment process control the demographic state and labor resources of country were analyzed. As a result of reduction of quantity of capable of working population at the increase of part of children and persons of retirement age the social loading rises in a calculation on one working.

A production and unemployment volume has a negative influence on the level of qualification of labor shots; objectively stipulate the outflow of skilled specialists from the sphere of production in other spheres of activity, which do not require the special professional skills a decline of quality of administrative labor is in an agrarian sphere. It is necessary to take into account at the estimation of investment attractiveness, that efficiency of investments and production depends on the rightness of acceptance of administrative decisions.

On agricultural production absence of market infrastructure is influences negatively. At the insufficient level of development of market infrastructure the real investor executes, next to productive, specific functions in relation to establishment of price, sale to the search of suppliers and consumers of products. For the improvement of investment climate necessary development of all spheres and industries is with the aim of providing of internal market of Ukraine by products which requires the considerable volumes of investments. Forms of receipt of investments in an agroindustrial production can be different and depend on an object and subject of investing.

For an investor necessary estimation of investment attractiveness, which is determined as a result of analysis of economic position of region which includes the resource providing natural, power, labor resources; description of scientific and technical potential; infrastructure, regional market and his availability; political stability in a country; legal frameworks of investment activity; to the state of the tax system; degree of bringing in of population in an investment process, to influence of inflation on investing.

On the basis of investment attractiveness priority directions of investments are determined. Priority is such directions of investing: technical retooling of agriculture, processing and food industries; application of progressive resource-saving and environmentally clean technologies; modernization, reconstruction, creation of new enterprises, is in industries of agroindustrial complex; organization of agroservices.

In an agroindustrial complex the developed not enough function of sale, which is related to marketing, which depends on the state of affairs of market as a result specialists make default the position requirements and have a low professional level of preparation for work in the conditions of passing to the market relations. In the process of structural reformation of agrarian sphere from the state budget, financing of the long-term national programs comes true on development of agriculture, stock-raising, fishing, especially plant-breeding-tribal work concentrations of capital investments are for retooling and proceeding in productive funds. An investment policy must be related to the scientific and technical policy.

The expense direction oriented to the increase of consumption of material and technical resources and resource-saving technologies are practically absent prevails in development of agriculture.

Changes in the structure of capital productive assets are related to reduction of areas of the long-term planting and population of basic herd of cattle (by a material and moral wear) of agricultural technique. There is a tendency to the decline of capital investments as effective index of the use of capital investments, which leads to the groundlessness of direction of planning of investments in development of material and technical base. The level of capital intensity and capital-labor ratio labors go down in agricultural enterprises, which conditioned by financial position of enterprises that does not allow actively to provide an input in an action of new production capacities of agro industrial complex.

Investment process control; it is indirect interference of public or regional organs of power with an investment process. In the conditions of market to manage an investment process is means to provide economic rules for all investors and also favorable terms for activation of investment activity and increase of efficiency of investments. The state influences on an investment process by means of economic, administrative, legal and other instruments.

At market relations priority must be devoted to the economic instruments, as on the essence they answer a market economy. Administrative methods must be used only in case that for the achievement of certain goal what has an important economic and social value for the state, economic instruments insufficient or ineffective.

On the basis of perfection of the tax system, realization of financial and credit policy and action of other levers the state must provide stability of economy and subzero inflation which is an important condition for activation of investment activity rate. It is very important that investment activity in a country was regulated by certain legislative acts which have long-term character.

The improvement of territorial-branch structure of AG complex is determined by that in regions pre-conditions were formed for the increase of investment activity in a country, namely: necessary renewal of capital assets; the market of necessary labor force appeared up to a point skilled and cheap.

Development of investment process and management by him by means of sources of investing (money of the state, own, foreign investments) will assist perfection of technique and technologies, creation of additional workplaces more effective productive and social infrastructure in an agrarian sector.

Management of agroindustrial complex and it by an agrarian sector comes true by means of economic methods, by creation of economic and social priorities, first of all for the workers of agriculture, by demonopolization of property and results of labor. For the rational use of investments necessary realization of clear complex public investment policy which includes the question of investment process control, in the first turn planning, coordinating, control of this process to validity of directions of investments, determination of their correct use or efficiency of investments. For Ukraine are important realization of the having a special purpose complex programs of government control of development of agricultural production as strategic industry of economy.

The aim of realization of the government and regional programs of development of agriculture a fertility-improving of soils, stability and increase of production of goods of agriculture, is, from one side, at diminishing of resource use, and from other it is an increase of income of enterprises, stimulation of production for providing of food independence of country taking into account producing of necessary types of products. It requires determinations of functions, which will provide balanced complexity and having a special purpose orientation of investment process, directions of investing, in order that volumes and patterns of investments assisted the removal of disproportions in a productive process and material and technical base agrarian to the sector of economy.

Creation of favorable investment climate is examined as a major condition of bringing in of investments and next economy growing of country, as financial and political instability is reasons of deficit of home and foreign investments potential investors do not risk to participate in the long-term investment of money in agriculture.

The real investments come true by enterprises and organizations of АПК as an investment of the personal funds, and also by non-state investors - banks, investment funds and private persons. Appearance is in a country instead of only investor of the state what carried out all administrative functions, stipulated the independent managing subjects of investment process of different patterns of ownership necessity of receipt for the sufficient volume of information on an investment climate in regions, to their attractiveness for investors. In the conditions of market, forming of investment attractiveness must come true both at national level and at the level of separate regions and enterprises.

The investment of money in the most reliable and perspective projects assists perspective program development, where the most attractive in an investment plan objects and distinguished priority questions which must be decided for stabilizing of economy of regions will be certain. The basic constituents of the investment program must determine: firstly, object, aims and terms of investment of money; secondly, ways of achievement of maximally possible increase of norm of

income in existent unfavorable for an enterprise terms; thirdly basic sourcing of project and list of sources which can be attracted in critical situations.

In the program must find a reflection financial mechanism, which assumes the presence of financial methods, financial leverages, legal, normative and informative providing. In a structural relation the financial mechanism of different enterprises and organizations is very similar, but he functions differently.

From position of decision of problems of investment attractiveness it is necessary to mark in an agrarian production, that in the investment program it follows to examine the question of this process control as a management investments is purposeful traffic of all types of the property and intellectual values inlaid in the objects of enterprise and other types of activity for the receipt of income (to the profit) or achievement of social effect regulation.

The basis of the management process, including investment management and investment attractiveness, is its functions. They contribute to the definition of the object and provide priorities for investment. At this time developed numerous classification management functions, but is considered a classic classification proposed by Henri Fayol. At the present stage of the economy, they can be specified as follows: technical - production, refining, processing, commercial - purchase, sale, exchange, financial - of receipt, disposition, insurance - insurance and protection of property, persons, accounting - accounting, costing, statistics, administration - planning, organizing, good management - order, coordination and control. Administrative functions to include accounting and analysis.

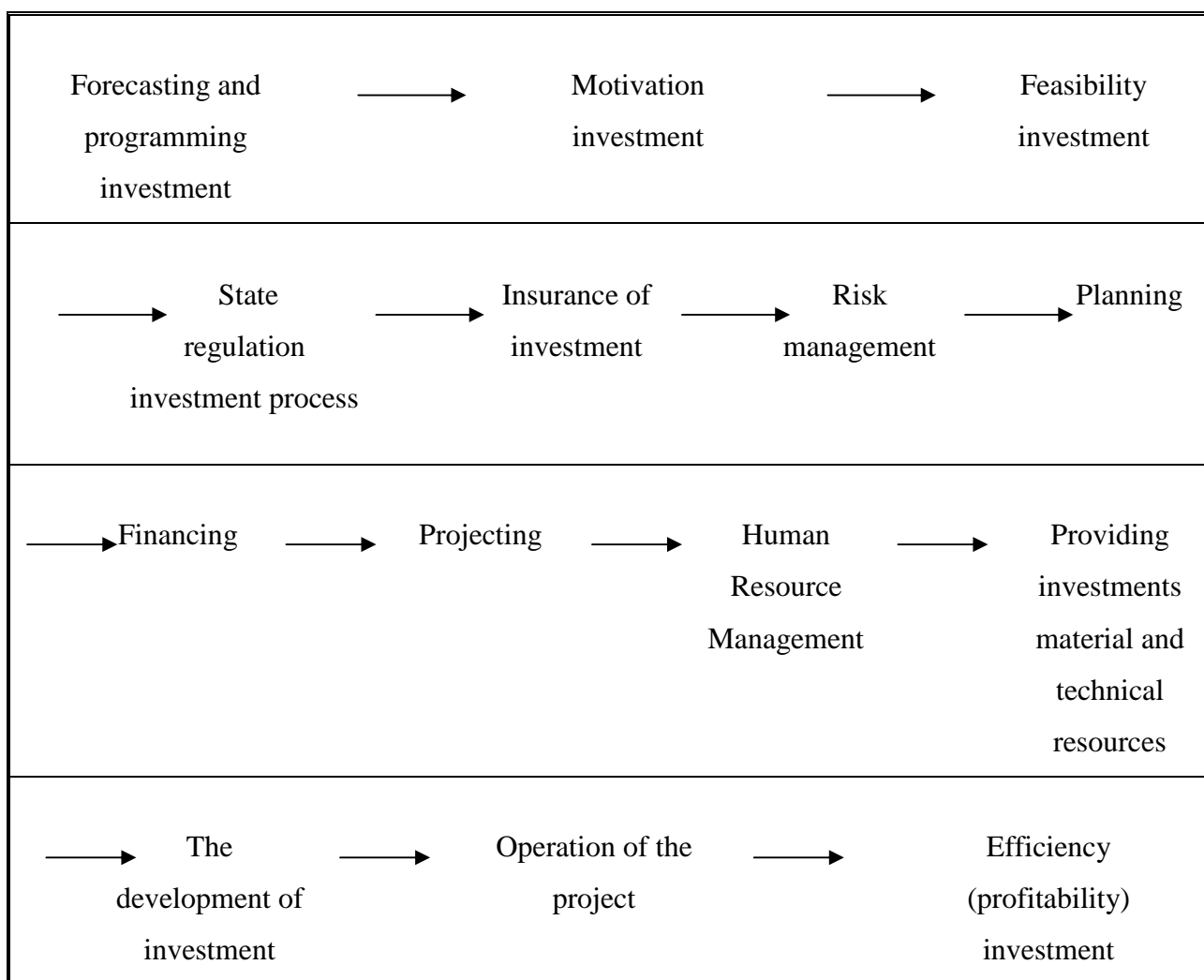
Functions form group in relation to the object of management investments: by the nature of activity; on the stages of investing of productive process; on the factors of influence on an investment process.

On Fig. 1 the presented functions which can be examined as the stages of investment process. For an effective management an economy corresponding activity is needed in the process of forming of investment attractiveness. Examining an investment processes this process control and of his adjusting, it is possible to distinguish management functions which characterize him the separate stages are the stages of investment process.

Investment process requires a skilled and high-quality management, to the presence of highly skilled specialists able to execute next functions: planning and determination of requirement in investments; organization of informative service is for forming of the system of investing on the basis of the investment rating of regions; co-ordination of investment process; control of directions of investments and analysis of their efficiency.

It is necessary to manage an investment risk. The risk of investment process is examined taking into account the strategic aim of activity of object of investing, external and internal factors which influence on him, basic from which: level of market development; scientific and technical innovative tendencies; demographic state; financial position of industry; competitiveness of enterprise.

Government an investment process base is determination of attractiveness of object of investing and forming of the investment rating. It is possible to consider an agrarian production the real directions of investments, financial (in securities, including innovations); in training of personals.



*Fig. 1. Chart of the predictable stages - functions of investment process*

In a market economy investor as subject or object of investing the state plays role of. The direct participating of the state in investment activity comes true in form capital investments. Investors are commercial organizations, banks and private persons. Expedient is general investments of facilities all three participants of investment process. It is the real possibility which takes into account the priority whole investing for each of them.

For commercial organizations typical is: creation of possibilities of forming of investment activity of own investment funds subjects; proceeding in a present material and technical base; increase of volumes of productive activity; mastering of new types of productions products, services. For a private investor there are certain priorities in relation to investments (economic security and profitability of investments. On the sourcing of investments in the fixed assets the personal funds (prevail 65,8%) enterprises and organizations.

**Conclusion.** Primary purposes for each of participants of investment process do not eliminate each other. Their main direction is a receipt of income and achievement of social effect. A task of investors is development of variants of investment projects estimation of their efficiency and choice most priority in the possible achievement of aims.

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