

STATE SUPPORT OF THE GRAIN MARKET AS A PROMISING SOURCE OF ECONOMIC GROWTH

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In the conditions of slow economic development, over the lack of comprehensive innovation base, the promising source of economic growth in Ukraine is the agricultural production, especially production and exports of the grain. In recent years, agriculture of Ukraine demonstrates a stable progress, making a considerable contribution to the economic development of the country. And it goes along with the gradual deterioration of the results of operation of the industrial sector of national economy.

However, it should point to the existence of a number of problems related the production and export of grain products. First of all – a low yield of crops. A large proportion of agricultural lands owned by large private owners who are not interested in effective farming and are aimed only to get foreign exchange earnings. The area under industrial crops gradually increases. In addition, there are: a low availability of agricultural necessary equipment, underdeveloped river infrastructure, inefficient railway infrastructure, lack of special roads for transportation of large loads, lack of modern silos, etc.

Overcoming of these problems lies in direct state support of the agriculture and in the use of tax policy's tools. Among them – special VAT regime and fixed agricultural tax. Their application provided the priority development of agriculture.

However, the use of tax incentives is gradually limited, especially in the years

2015-2016. A reduction of direct budget funding and tax incentives can lead to a decline in agricultural production, increasing food prices, reducing employment in agriculture, shadow market etc. This applies, above all, the small farms that do not have the necessary capacity for grain storage, financing the cost of elevators' services and transportation of the grain to ports. Consequently, they cannot exercise their right to export and get all the benefits from it. The reason for this is poor and deficient infrastructure of the grain market, existing of the bureaucratic restrictions and artificial restrictions and "rules" set by large grain traders.

Improving of the situation requires the implementation of systematic measures of the state regulation. They are:

- involvement of investors, including foreign ones, really interested in the development of the grain infrastructure;
- enhance of the openness and transparency of the grain's exports;
- increasing of the autonomy of local communities in the identifying of areas of budget investments and subsidies;
- limiting the scope of the tax incentives (which should be preserved mainly to the small farmers);
- supporting of the small farmers through the application of direct (government subsidies) and indirect (tax incentives, government guarantees on loans, concessional loans, partial loan repayment, etc.).