

STATE REGULATION OF AGRICULTURAL COOPERATION DEVELOPMENT IN UKRAINE

Statement of the problem. The development of multi-way economy in Ukraine, the effective implementation of reforms in this direction and welfare of citizens are primarily possible with state regulation of agricultural cooperatives provided. Thus, public institutions developed some legal instruments for the regulation of agricultural cooperatives (Economic, Tax, Land and Civil Codes of Ukraine, Laws of Ukraine "On Cooperation" and "On Agricultural Cooperation", etc. are adopted).

However, the efficiency of the above mentioned components is low. Number of agricultural cooperatives in the past five years, is being spontaneously reduced or increased by more than 100 units per year and it is only 2% of the total number of businesses in the agricultural sector [3, p.10; 4, p.8; 9, p.25; 10, p.10; 11, p.5; 12, p.50; 13, p.22]. This fact reduces the effectiveness of the entities of the agricultural sector and worsens the welfare of farmers in general. Therefore, an important issue at the present stage of development of this industry is the state support of agricultural cooperation and ensure of its effective development.

Analysis of recent research and publications. The scientists who were engaged in the study of the above mentioned problem are: V. Babaev, S. Babenko, Ya. Hayetska-Kolotylo, V. Zinovchu, V. Semchyk, A. Panteleymonenko and others [1-2; 5-8]. The scientists have identified the basic principles of development and regulatory support of agricultural cooperatives in Ukraine. However, the state's role in the efficient functioning of these institutions is not enough highlighted by them.

Statement of the objective. The main objective of this study is to analyze the state regulation of agricultural cooperatives in Ukraine. To realize the above mentioned objective we formed the following tasks:

- describing of economic substance of state regulation of agricultural cooperatives' development;
- identification and analysis of major conceptual areas of regulation of agricultural cooperatives' development in Ukraine and the future prospects.

The object of study is the processes that occur in the production, exchange, distribution, sale and consumption of agricultural products, which affect the formation mechanism for the effective cooperation development in the agricultural sector of Ukraine.

The subject of the study is a set of technological, methodological and practical aspects of complex formation and improvement of mechanism of the efficient development of agricultural cooperatives in the agrarian sector.

Main material of the research. By the analysis of some theoretical and practical researches of the scientists, we have established that there are different interpretations of the economic substance of state regulation of agricultural cooperatives' development. They are similar and differ only in some components. Thus, this category provides a system of theoretical and practical (legal, administrative, business, etc.) measures for the integrated development of agricultural cooperation, carried out by public and private institutions jointly to improve the development of this area of social activity [1, p.4; 2, p.3; 5, p.35; 6, p.48; 7, p.37; 8, p.12].

Taking into account the above mentioned category we adapted approach of Ya.Hayetska-Kolotylo on key conceptual areas of state regulation of agricultural cooperatives' development. For example, these areas include: minimal, moderate, significant, and total government influence. Each of them is characterized by the degree of intervention, regulation and control of cooperative organizations and their accountability to the state executive branch (Fig. 1) [2, p.5-7].

Taking into account the above mentioned approach, in our opinion, it is advisable to develop agricultural cooperation in the context of a particular phase of agriculture, which is its subsidiary superstructure. Thus, *minimal, moderate, significant, or total government regulation of development* essentially depends on the *taxation mechanism (regulates products or services that are subject to tax)* related businesses. The main components of the above mechanism should include:

- formation of uniform terms and conditions of the tax registration of the above mentioned entities (simplify the process of registration with the Tax Authorities and the reduced list of required documents);
- the definition of uniform, simplified methodological and arithmetic book-keeping and tax accounting, formation of the reporting (input comprehensible, transparent and consistent accounting and tax legislation);
- clear definition and legalized status of non-profit and profit structures in tax law (formation of structure of agricultural production and types of services that should be provided by an entity while payment or non payment of income tax);
- formation of a transparent and simplified taxation mechanism of agricultural cooperatives (definition and justification of approaches to taxation of working capital of the above mentioned structures and the developed value added in the production process, use of a single and fixed agricultural tax) and others.

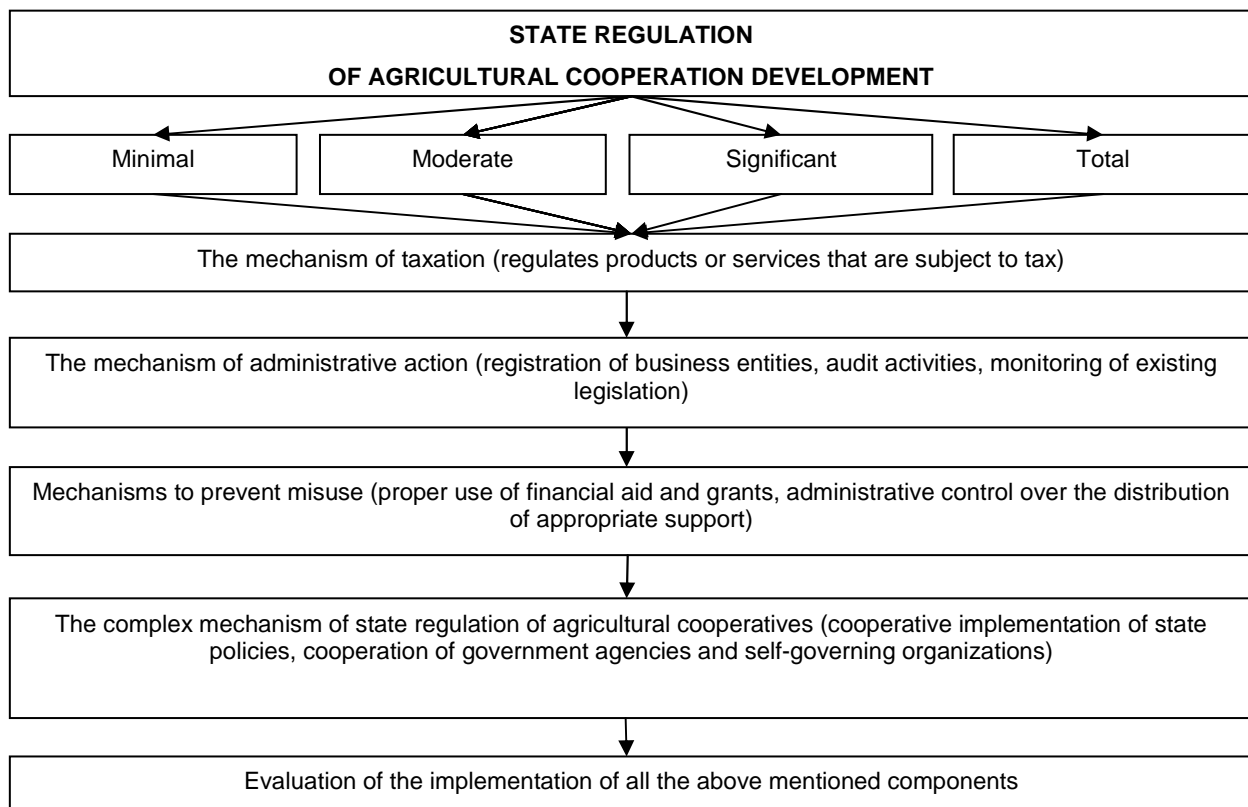


Fig. 1. The main conceptual areas of state regulation of agricultural cooperatives' development in Ukraine *

* Adapted by the author approach of Ya. Hayetska-Kolotylo [2, p.6].

Moreover, it is equally important component of state regulation of agricultural cooperatives' development in Ukraine, in our opinion, is *the mechanism of administrative influence (registration of business entities, audit activities, monitoring of existing legislation)*. It provides simplification of the conditions of registration, inspection of agricultural cooperatives and compliance with applicable laws of their members, in particular:

- reducing of the number of registration documents and terms of receiving (only general information about members of cooperatives, memorandum of association and articles of association with the minimum period of their preparation);
- coordination of work between the registration and tax authorities on mutual exchange of documents of separate legal entities and private business (definition of terms and a list of registration documents required for submission to the tax authorities for effective cooperation between all public and private institutions);
- free access to information on financial and economic activities of each agricultural cooperative for all their members in any period of time;
- adoption and implementation of legislation for audit of all forms and types of agricultural cooperatives;
- monitoring of compliance with internal and external (concerning agricultural cooperatives) regulations by all subjects of agricultural cooperation, elimination of contradictions and inconsistencies in them, etc.

We believe that all of the above mentioned measures will primarily help solving any problems regarding financial and business activities of agricultural cooperatives. Also, this approach will facilitate the formation of an *effective mechanism of preventing abuses (proper use of financial aid and grants, administrative control over the provision of appropriate support)* on financial and economic activities of the above mentioned structures in all directions of development. However, the prevention and detection of relevant fraud should be done in the following ways:

- determination of the clear structure, environment and component inspection of the documents of any agricultural cooperative, which claims to receive the above mentioned financial support by government agencies;
- step-by-step administrative control over the provision of financial aid and grants given to certain agricultural cooperatives;
- from time to time check of the efficiency of the public institutions of the above mentioned entities with the assess the impact of various factors on them;

- the development of advisory services in respect of all possible activities of agricultural cooperatives for their full economic support and for quality control of the above mentioned entities;
- control of the simplification of procedures and conditions for the registration of agricultural cooperatives, that provide concentration and diversification of production and market outlets for the products of their members;
- financial incentives to increase the number of population (primarily rural), employed in the above mentioned structures, and control of the process of state institutions and so on.

We believe that all the above mentioned ways to prevent abuse of the financial and business activities of agricultural cooperatives promote concentration and increase of the efficiency of the cooperatives, which are the most mobile.

Moreover, it is equally important conceptual direction, in our view, is the development and effective implementation of *the complex mechanism of state regulation of agricultural cooperatives' development (cooperative implementation of state policies, cooperation of government agencies and self-governing organizations) and evaluation of its implementation*. This is possible, first of all, with the definition of clear programmatic activities of state influence on the development of agricultural cooperatives (Fig. 2).

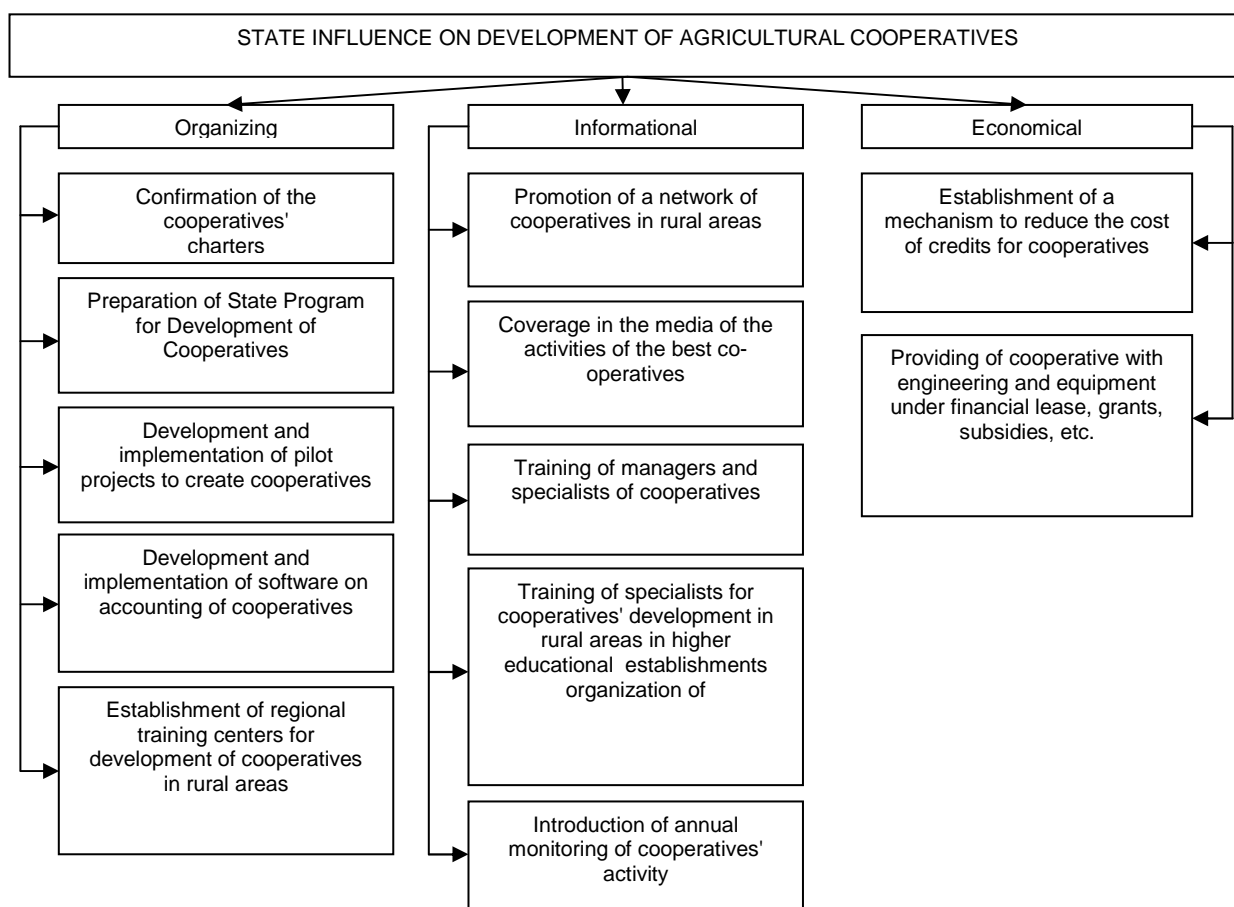


Fig. 2. Program activities of state influence on the development of agricultural cooperatives in Ukraine *

* Adapted by the author approach of Ya. Hayetska-Kolotylo [2, p.9].

Thus, the first program activity of state influence on the development of agricultural cooperatives is organizing (approval of the regulatory framework, the state target programs, training centers of the development of the above mentioned entities).

In addition, the second and third measures are informative (popularization of cooperatives in rural areas with specific guidance and best examples of them) and economic (forming of the environment for the development of financial and technical basis of the above mentioned structures). Therefore, we believe that the approach, which is described above, will facilitate the comprehensive development of agricultural cooperation and timely assessment of the effectiveness of its implementation in rural areas.

Conclusions and further research. Thus, by the analysis of state regulation of agricultural cooperatives in Ukraine we found that:

1. This branch needs a system of theoretical and practical measures for the integrated development of agricultural cooperation undertaken with public and private institutions to improve the efficiency of the agricultural sector as a whole.

2. The main conceptual areas of state regulation of agricultural cooperatives include: minimal, moderate, significant, and total state influence. They are characterized by intrusive, administrative control of the activities of the cooperatives and their responsibility to the state executive agencies.

3. The main condition for the effective development of agricultural cooperatives in rural areas is a government financial and logistical support of the above mentioned businesses, the maximum popularization of their activities on specific examples of successful practice and providing extension services in this field of farmers' employment.

We believe that of all the above mentioned results provide ground for determining measures to increase employment of peasants in farming cooperatives in Ukraine as a whole.

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Klokar O.O. STATE REGULATION OF AGRICULTURAL COOPERATION DEVELOPMENT IN UKRAINE

Purpose. Analysis of state regulation of agricultural cooperatives' development in Ukraine.

Methodology of research. Methodological basis of this study is dialectical method of cognition, in which the object of the research is studied as a dynamic system in the process of its development. Formation of the major conceptual areas of state regulation of agricultural cooperation is based on the dialectical, historical and systematic methods. In the process of the study and synthesis of scientific and practical research, the methods of comparison, analysis and synthesis, induction and deduction are used. Also, the study is based on the legal, regulatory and economic instruments, research of scientific institutions and academic economists.

Findings. The economic essence of the category "state regulation of agricultural cooperation" is determined. Thus, it provides a system of theoretical and practical (legal, administrative, business, etc.) measures for the integrated development of agricultural cooperation, carried out by public and private institutions jointly to improve the development of this area of social activity.

Taken into account the above mentioned category we formed the main conceptual areas of state regulation of agricultural cooperatives' development. So, these areas include: minimal, moderate, significant, and total state influence. Each of them is characterized by the degree of intervention, regulation and control of cooperative organizations' activity and their accountability to the state executive authorities.

Originality. It was found, proved and analyzed the main conceptual areas of the state regulation of agricultural cooperatives' development in Ukraine during the reforming process of the social and economic relations in the agricultural sector (transformation of the key ways and principles of rural areas' development).

Practical value. The achieved results of the study are the basis for the study and practical solution of the problem of effective development of agricultural cooperatives and farmers' employment in general. This approach is, first of all, to ensure the effective development of all areas and types of agricultural cooperation (production – profitable and service – not profitable cooperatives).

Key words: cooperative, a member of the cooperative, agricultural cooperatives, state regulation of agricultural cooperatives' development, the agricultural sector of economy.