



Issues on Increasing Efficiency of Agricultural Business in the Republic of Tatarstan

Alina R. Battalova ^{1*}, Farit N. Mukhametgaliev ², Farida F. Mukhametgalieva ²,
Landish F. Sitdikova. ²

¹ Institute of Management, Economics and Finance, Kazan Federal University, Kazan, Russia

² Institute of economics, Kazan State Agrarian University, Kazan, Russia

Received: 11/09/2019

Accepted: 12/11/2019

Published: 20/12/2019

Abstract

The relevance of the paper's topic is due to the need to search for new directions to increase the efficiency of the activities of agrarian business entities, to analyse the reasons and factors hindering their development in the modern economic situation. The purpose of the paper is to summarize the results of activities, systematise the problems in the effective development of agricultural business entities and develop recommendations for organizing their effective production and economic activities. The subject of the study is the organizational and economic mechanism of control over the economic efficiency of agricultural organizations. The novelty of the research is to identify trends in the formation and development of agricultural business and to develop directions for improving the organizational and economic mechanism intended for improving the competitiveness of economic entities in the regional agribusiness. The main outputs of the authors' study are the following: results of a practical analysis concerning the effectiveness of the activities of agricultural business entities are presented; the current trends, problems and prospects for their progressive development are identified; the main directions for improving the efficiency of the agricultural sector of the economy in the Republic of Tatarstan are identified. The theoretical provisions and practical recommendations proposed in the paper can be applied in the process of scientific applied research on the problems of agricultural business development, with the scientific substantiation of the main directions, methods and mechanisms for implementing the state agro-food policy.

Keywords: agriculture, agricultural policy, agricultural business, efficiency, competitiveness

1 Introduction

One of the cornerstones in the development of the modern domestic economy remains the achievement of stable economic growth. Among the factors that have an important influence on the dynamics of economic development, of course, it is necessary to highlight the definition of strategic directions for the development of the agricultural sector of the economy. The main goal of agricultural business entities is to increase the efficiency of production and economic activities. In the structure of a market economy, commercial activity occupies a special place, since there is no economic growth without entrepreneurship and competition. The experience of developed countries with market economies confirms the relevance of commercial activities to create a functional production infrastructure, as well as the formation of economic efficiency of a particular region, industry, and

company (1). The interests for the further development of the agricultural sector in the regional economy require a deeper study of the issues of improving the economic mechanism for the implementation of the internal reserves of agricultural business entities. In this case, special attention should be paid to the development of new models of the economic mechanism that contribute to reducing labour costs and funds per unit of output. The solution to the problem of accelerated agriculture development largely depends on the effective use of the existing production potential of agricultural enterprises, on the elimination of mismanagement, waste and losses, a low level of production technology (2). All this, of course, makes urgent the problem of choosing strategic directions for the further development of the agricultural sector of the economy. In this regard, the analysis of the level of agricultural production efficiency and the search for new directions and mechanisms to increase the efficiency of the agricultural business is one of the urgent problems.

Corresponding author: Alina R. Battalova, Kazan Federal University, Kazan, Russia. E-mail: alina.sr@mail.ru. Tel: 89376164211.

2 Methods

The theoretical and methodological basis of the research was the work of the classics of economic science, publications of modern domestic agrarian economists regarding the problems of regulation of agrarian food policy, materials of international and all-Russian scientific and practical conferences. The general methodological basis of the study is system analysis. In the process of work, a set of monographic, abstract-logical, analytical, economic-statistical, computational-constructive and other methods of scientific research was applied. The research information base used by the authors were official data from the Federal State Statistics Service of the Russian Federation, the Ministry of Agriculture of the Russian Federation, the Ministry of Agriculture and Food of the Republic of Tatarstan, planning and reporting documents of agricultural organizations, materials contained in monographs, theses, reports of research institutes, in publications, materials of scientific conferences, expert evaluations, data obtained during the author's analysis and calculations.

3 Results and Discussion

Theoretical and practical aspects of the effective functioning of the agro-industrial complex have been studied by such researchers as A. N. Burkhanov, I. N. Buzdalov, L. I. Krutova, I. A. Minakov, E. A. Sagaidak, V. M. Svobodina, A.F. Safronov, N.I. Kholod, and others (3, 4). Studying the issues of increasing the efficiency of production and economic activity of agricultural business entities is relevant in the current unstable conditions of market functioning, as well as in relation to specific

organizational, economic and technological conditions for the functioning of agricultural organizations. It is necessary to develop specific recommendations for improving the organization of production based on local regional soil and climatic conditions and the available resource potential of agricultural producers.

The Republic of Tatarstan is among the three best entities of the Russian Federation in terms of gross agricultural output; it provides the full amount of foodstuffs to the population living in the territory of the republic. The republic occupies a land area of 6.8 million hectares, of which agricultural subjects with an area of 4.5 million hectares, including 3.4 million hectares of arable land which are at the disposal of agricultural business entities. At the beginning of 2018 the population of the Republic of Tatarstan amounted to 3894 thousand people, the average annual number of people employed in the economy of the region is 1952 thousand people, of which the number of workers employed in the agricultural sector amounted to 170 thousand people, which is 8.7% in terms of population share of the republic. Agricultural business is represented by 15 thousand agricultural organizations with various forms of management and ownership, and by more than 400 thousand personal subsidiary farms. About 40 dairy plants, 5 meat processing plants and more than 100 meat processing workshops, 3 sugar factories are engaged in agricultural processing. The volume of the gross regional product of the Republic of Tatarstan in 2017 amounted to 2115.5 billion roubles, with a growth rate of 2.8% compared to the previous year.

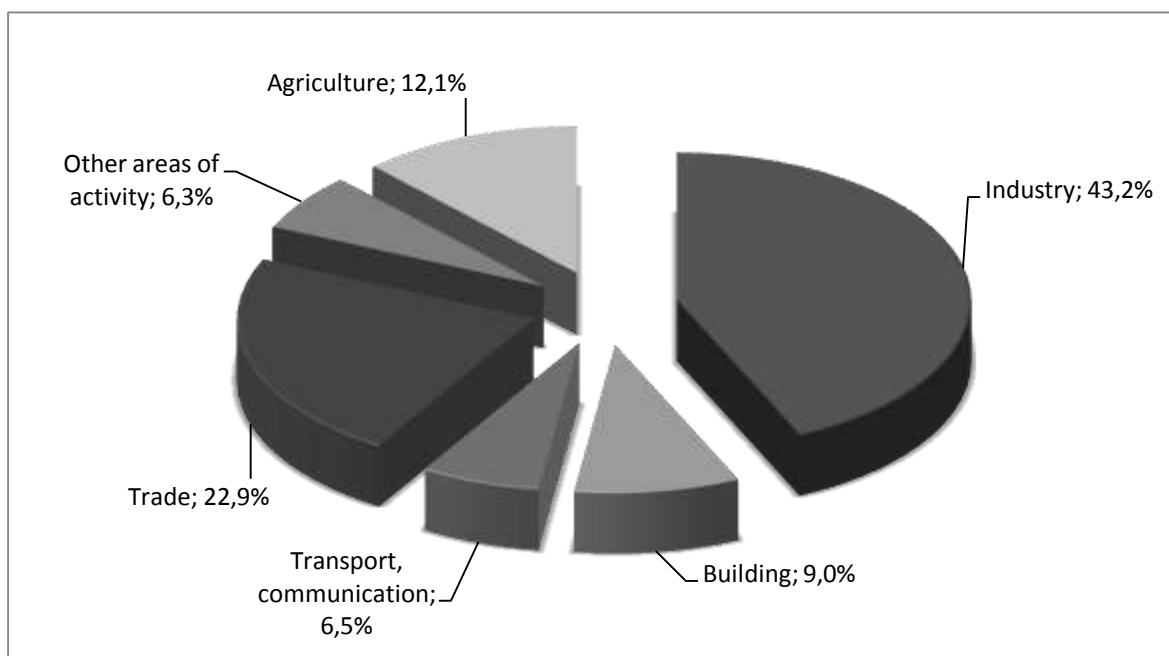


Figure 1: The share of agriculture in the structure of the gross regional product of the Republic of Tatarstan for 2017

Table 1: The main indicators of the agrarian business activities for 2013-2018

Indicators	2013	2014	2015	2016	2017	2018	2018 in % to	
							2017	2013
Gross agricultural output at current prices, billion roubles	160.2	186.0	217.1	233.7	235.3	216.0	92	135
Including crop production	79.0	88.7	109.2	120.9	119.0	101.7	85	129
livestock	81.6	97.3	107.8	112.7	116.3	114.3	98	140
Volume index of the previous year - total, %	98.6	102.9	104.9	104.3	105.0	97.1	x	x
Including crop production	99.4	105	108.8	108.2	109.7	92.3	x	x
livestock	97.9	101.0	101.4	100.4	100.7	101.8	x	x
Production, thousand tons								
Grain in weight after processing	2611.5	3366.0	3367.7	4105.2	4868.2	3657.6	75	140
Potatoes	1323.0	1315.8	1589.7	1440.7	1466.8	1189.6	81	90
Sugar beet	2109.8	1408.4	2011.8	2326.2	3100.2	2102.7	68	100
Vegetables	329.4	357.0	385.3	400.9	405.2	327.7	81	99
Milk	1712.2	1728.3	1753.7	1774.5	1823.8	1848.0	101	108
Cattle and poultry for slaughter (in live weight)	477.2	465.9	468.8	486.2	491.6	502.2	102	105
Egg, mln. offs	1073.0	1104.8	1170.6	1143.6	1187.5	1387.4	117	129

A significant share in the structure of the gross regional product is occupied by industry, agriculture and trade (5, 6). The share of agriculture in the total structure of the gross regional product of the Republic of Tatarstan in 2017 amounted to 12.1%; in previous periods, the share of agricultural activity did not change significantly. On the whole, agricultural output in 2017 increased by 5.2% at comparable prices, compared to 2016 and amounted to 256.1 billion roubles. The main indicators of the agricultural sector development are given in Table 1. At the end of 2018, the agricultural output of all categories of agricultural producers amounted to 216.0 billion roubles (92.0 per cent compared to 2017 at current prices). If we consider the dynamics of indicators over a longer period, the average annual growth rate in agriculture of the Republic of Tatarstan over the past six years is 35%, i.e., an average of 5.8% per year, which shows the dynamic development of production in the agricultural sector of the economy. If we consider the results of the crop production in the region for 2018 in terms of specific production indicators, it can be noted that the republic provided itself with the necessary production volumes. Livestock production has a steady growth rate. At the same time, the production efficiency of certain types of agricultural products remains low (Table 2). In general, agricultural production is profitable, with the exception of cattle meat production, but the level of profitability does not exceed 10-12%, which does not allow for expanded reproduction based on the modernization of the material and technical base.

The main performance indicators of large and medium agricultural organizations in the Republic of Tatarstan are shown in table 3. Recently, the republic is undergoing a consolidation process for agricultural business entities, as a

result of which the total number of agricultural organizations is reduced, and over the past six years, 23 farms have been transformed by merging several into one larger farm. For the analysed period, the number of effectively functioning agricultural business entities remains constant; in 2018, 425 farms (92%) out of 463 turned to be profitable.

It should be noted that targeted government support plays an important role here, due to which the average profitability of the agricultural sector is 10%. The data indicate that without state participation in financing the agricultural business, farms would be unprofitable. The agricultural business in the Republic of Tatarstan has significant advantages in conducting its production activities, which contributes to higher performance of the activities of agricultural business entities. The main problem of their effective development is the lack of cooperative formations that would allow the transfer of production to industrial technologies (7, 8). The trends hindering the progressive development of agriculture include:

- A decrease in the progressive effect of investments in agriculture within the framework of the implementation of state programs 2009-2012;
- Lack of funds for organizing the current activities in agricultural business entities;
- Suspension of investment activity in agriculture due to the cessation of foreign investment and the inaccessibility of bank loans to agricultural organizations;
- Lack of prerequisites for the growth of agricultural production (9, 10).

In this regard, the main objectives for the development of agriculture in the Republic of Tatarstan for the medium term are:

Table 2: The agricultural production efficiency in the Republic of Tatarstan

Product type branch	Cost of 100 kg sold products, roubles			Selling price, 100 roubles/kg			Profitability level, %	
	2017	2018	2018 in % to 2017	2017	2018	2018 in % to 2017	2017	2018
Grain	577	715	124	627	800	128	8.7	11.9
Potato	786	797	101	949	927	98	20.8	16.3
Sugar beet	147	173	118	170	186	109	15.6	7.6
Rapeseed	1548	1726	111	1874	1891	101	21.1	9.5
Crop production, in general	x	x	x	x	x	x	12.7	12.0
Milk	1776	1770	100	2228	1943	87	25.4	9.8
Cattle meat	13611	13919	102	10441	10813	104	-23.3	-22.3
Pork meat	8307	8066	97	10888	11474	105	31.1	42.3
Fowl	8841	8098	92	9967	8794	88	12.7	8.6
Egg (thousand offs)	3713	3533	95	4312	4551	106	16.1	28.8
Livestock as a whole	x	x	x	x	x	x	10.0	6.3

Table 3: Financial results of the agrarian business activities in the Republic of Tatarstan

Indicators	2013	2014	2015	2016	2017	2018
Number of farms, units	486	427	442	493	486	463
Including profitable, units	383	392	401	455	443	425
share of profitable, %	78.8	91.8	93	92	91	92
Unprofitable units	103	35	41	38	43	38
Share of unprofitable, %	21.2	8.2	7	eight	9	eight
The amount of profit before tax, mln. roubles	2571.1	9834.8	12682.5	7755.2	7933.9	8826.5
The level of profitability, %	4.5	16.2	17.4	9.4	9.6	10.1
Targeted financing and revenues from the budget, mln. roubles	12306.5	9837.4	13641.6	11662.4	10260.8	9581.2
The share of budget revenues in cash receipts, %	21.1	15.8	16.7	12.7	11.5	10.3

- Production of seeds for various crops;
- Growth in the construction of agricultural storage complexes;
- Construction of closed water supply systems for the cultivation of fish and young fish in closed systems;
- Production of deep-processed raw milk products (dry baby food), lactose, phosphate, whey;
- Construction of plants for the deep processing of raw materials in order to produce vegetable proteins and concentrates;
- Construction of wholesale distribution centres (11, 12).

For these measures aimed at the development of agriculture in the republic, there are such reserves as the availability of free and fertile land; the presence of excess raw materials (grain, legumes, raw milk) and the need to increase the added value of products; import of products and the need to supplant imports; increase self-sufficiency in Russia; increase the export of agricultural products in Tatarstan. Thus, the prospects for the development of

agricultural activity in the Republic of Tatarstan are large and have a significant reserve for further growth. A favourable situation has been created at the state level, which, through financing the agricultural sector, stimulates agricultural entrepreneurs to develop their own production enterprises, which ultimately will affect the activities of the agricultural sector as a whole.

4 Summary

As a result, we can say that the development efficiency of the agricultural business in the Republic of Tatarstan has positive dynamics. Business in the agricultural sector is successful and is a field of efficient activity, the development of which requires constant capital investments. With the support of the state for 2015-2018, projects were implemented in the republic that contributed to greater productivity of agricultural enterprises. The state of the agricultural business depends on the level of the

country's economy, as well as on the identification and implementation of internal development factors, which include optimization of production and sales, regulation of sales markets within the country and abroad, modernization of the technical process, increasing competitiveness, and organizing an effective management system. One of the key indicators of agricultural production management is the effectiveness of agricultural business entities activities.

The main reasons for the low efficiency of agricultural production are: the existing disparity in prices for industrial and agricultural products; the use of obsolete and low-efficiency technologies, unproductive animal breeds and low-yielding varieties of crops; lack of deep processing of agricultural raw materials; financial insolvency of small businesses for the acquisition and implementation of innovations.

Based on the state of the agricultural economy and development trends in the republic, it is necessary:

- Elaboration and implementation of proposals for regulating the pricing conditions intended for commodity agricultural products and subsidizing agricultural enterprises;

- Elaboration and implementation of recommendations for the development of commercial considerations in the field of agricultural business, improvement of the labour motivation system for workers, primarily managers and specialists, since, first of all, they must realize on-farm reserves that affect the efficiency of management

5 Conclusions

The analysis of the economic development concerning the agricultural business in the Republic of Tatarstan revealed the following problems: the lack of effective markets for agricultural products; low quality of products; low return on fixed assets; high obsolescence and technical depreciation level for fixed assets; high cost of production. Agricultural business is an important factor in solving the economic and social problems of the Republic of Tatarstan, such as creation of a competitive agricultural environment; creation of additional jobs in rural areas; increasing the volume of livestock and crop production; improving the quality of agricultural products; assisting to large agricultural enterprises by creating subsidiary or serving industries; maintaining innovative activity in the introduction of new technologies and equipment.

Therefore, the organization and management of an agricultural business in the Republic of Tatarstan is a strategic task to form its strong position in the region's economy. Today, agricultural entrepreneurship has strong positions in the Republic of Tatarstan based on effective organization and management, with a view to long-term strategic growth as to the socio-economic aspect of its development. Having a significant share in the structure of the gross regional product, an agricultural business should be supported by the state at a high level.

Acknowledgements

The work is performed according to the Russian Government Program of Competitive Growth of Kazan Federal University.

References

1. Battalova A R, Ignatyeva O A. Theoretical foundations for the formation and development of the economic theory of welfare. *Battalova & Ignatyeva. IIOABJ*. 2019;10(1):28-31.
2. Mukhametgaliev FN, Faizrahmanov DI. Problems of adaptation of agricultural organizations of the Republic of Tatarstan to the conditions of the WTO. *Zernovoe Khoz. Ross*. 2014(2):64-7.
3. Menzel MP, Fornahl D. Cluster life cycles—dimensions and rationales of cluster evolution. *Industrial and corporate change*. 2009 Jul 22;19(1):205-38.
4. Kirillova OV, Sitdikova LF, Fayzrahmanov DI. The main directions of support for the Russian agro-industrial complex in the context of collaboration with the WTO. *Bulletin of Kazan GAU*. 2015;(4):28-30.
5. Mukhametgaliev FN, Sitdikova LF, Mukhametgalieva FF, Sadrieva ER, Avkhadiyev FN. Trends in the Formation of the Current Agrifood Policy of Russia. *Studies on Russian Economic Development*. 2019 Mar 1;30(2):162-5.
6. Gainutdinov IG, Fayzrahmanov DI, Sitdikova LF. The development of social infrastructure in rural territories and its impact on the economic indicators of agricultural production. *Bulletin of Kazan GAU*. 2015;(3):39-55.
7. Muhametgaliev FN. Problems of innovative agriculture development in the context of the upcoming entry of Russia into the World Trade Organization. *Bulletin of Kazan GAU*. 2012;(1):48-51.
8. Khafizov DF, Khismatullin MM. Features of the modern stage of development of a mixed economy. *Bulletin of the Kazan GAU*. 2018;3(50):157-161.
9. Subaeva AK, Zamaidinov AA. Methods of agricultural machinery market regulation. *International Business Management*. 2015;9(7):1780-4.
10. Kirillova OV, Faizrahmanov DI, Sitdikova LF. Features of state support of the agricultural sector of the Russian economy and its role in supporting the country's food security. *Vestn. Kazan. Gos. Agrarn. Univ*. 2017(2):49-53.
11. Mohamed, H. S. H., & Ahmed, S. A. (2019). Reviewing of Synthesis and Computational Studies of Pyrazolo Pyrimidine Derivatives. *Journal of Chemical Reviews*, 1(3. pp. 154-251), 183-232.
12. Moosavi-Zare AR, Zolfigol MA, Khaledian O, Khakyzadeh V, Farahani MD, Kruger HG. Tandem Knoevenagel–Michael-cyclocondensation reactions of malononitrile, various aldehydes and dimedone using acetic acid functionalized ionic liquid. *New Journal of Chemistry*. 2014;38(6):2342-7.