Trends of the development of the grant support for the peasant (farm) enterprises of the Pskov region and problems of evaluation of its efficiency

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Abstract—The further growth in the volume of financing of the measures of the State support for agriculture in the conditions of budget deficit, Russia’s accession to the WTO and the need to increase the innovative activity of the industry require justification. The article reveals some aspects of the problem of evaluating the efficiency of the most important form of subsidization - grant support for small business forms. Assumptions are made about the need to refrain from using the criterion of “performance” in favor of “result.”

Keywords—Effect; efficiency; farm enterprise; support; evaluation; development; grant; subsidization; criterion; performance; competition

I. INTRODUCTION

The theory and practice of evaluating the efficiency of subsidization is contained in regulatory documents of both Federal and regional levels. These documents use various quantitative and qualitative indicators as criteria of evaluation of the efficiency [1]. The diversity of these indicators does not allow to objectively assess the socio-economic development of the region, if subsidies are allocated for the enterprises of one industry, and the development of the industry under subsidization for individual territories, and individual enterprises [2].

Despite the increase in the number of peasant (farm) enterprises in the Pskov region, their contribution to the total volume of agricultural products in the region remains insignificant. Since 2013, grants have been allocated annually in the Pskov region for the creation and development of a peasant (farm) enterprise for beginner farmer, as well as for the development of family livestock farms. During the research period, not only the number of grants provided annually (from 19 grants in 2013 to 28 grants in 2016), but also the average volume of received grants increased gradually.

The increase in the volume of the State support financing, which is reflected in an increase in the number of grants provided annually and their average volume, has not led to the expected increase in the gross agricultural output [3,4]. It does not seem possible to assess real benefits of grant support, using the accepted methods and criteria [5].

All this make it difficult for the authorities to make management decisions on the making and correcting the subsidy policy.

II. OBJECT AND METHODS

In the course of the study, in which the grant support for small business forms is defined as the object of this study, a discrepancy in the efficiency indicators of the State support, calculated in the traditional way by means of criterion of “performance,” is revealed.

III. RESULTS

In the Pskov region there are 186 agricultural enterprises, 224 peasant (farm) enterprises and more than 88.4 thousand private subsidiary farms.

The share of the peasant (farm) enterprises and individual entrepreneurs in the Pskov region accounts for about 2.5-3% of the total volume of agricultural products. This share is almost unchanged, despite the fact that farming in the country has been developing very intensively in recent years, and it had already produced more than 12% of agricultural products in 2016. According to the “Strategy of sustainable development of rural areas of the Russian Federation for the period up to 2030,” the share of peasant (farm) enterprises and individual entrepreneurs in the production of agricultural products should be 13.4% of the national average by 2020, and by 2030 – 20% [6].
The growth of volume of gross harvest of agricultural crops and milk yield in the peasant (farm) enterprises is provided by the consistently high rates of crop yield and milk yield per 1 cow. Upon indications of yield of grain and grain-legume crops, perennial grass and vegetables, small agribusiness is at the level of enterprises of all categories in the Pskov region. The indicators of potato yield for the peasant (farm) enterprises exceed the same indicators for all categories of enterprises by 2.5 times.

### TABLE I. DYNAMICS OF THE CROP YIELD (PER HARVESTED AREA) AND THE MILK YIELD PER 1 COW (THE INDICATOR VALUE FOR THE YEAR)

<table>
<thead>
<tr>
<th>Name</th>
<th>Categories of the enterprise</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain and grain-legume crops</td>
<td>Peasant (farm) enterprise</td>
<td>7.7</td>
<td>9.9</td>
<td>15.2</td>
<td>16.7</td>
<td>21.7</td>
<td>19.8</td>
<td>21.7</td>
<td>28.2</td>
</tr>
<tr>
<td></td>
<td>All categories</td>
<td>15.4</td>
<td>16.2</td>
<td>18</td>
<td>17.5</td>
<td>17</td>
<td>14.5</td>
<td>16</td>
<td>14.5</td>
</tr>
<tr>
<td>Potato</td>
<td>Peasant (farm) enterprise</td>
<td>19.2</td>
<td>17.7</td>
<td>19.4</td>
<td>18.5</td>
<td>17</td>
<td>14.4</td>
<td>17</td>
<td>14.4</td>
</tr>
<tr>
<td></td>
<td>All categories</td>
<td>17.4</td>
<td>16.2</td>
<td>18</td>
<td>17.5</td>
<td>17</td>
<td>14.5</td>
<td>16</td>
<td>14.5</td>
</tr>
<tr>
<td>Feeding grain crops</td>
<td>Peasant (farm) enterprise</td>
<td>312.0</td>
<td>326.7</td>
<td>364.2</td>
<td>380.3</td>
<td>384.3</td>
<td>353.4</td>
<td>370.1</td>
<td>370.1</td>
</tr>
<tr>
<td></td>
<td>All categories</td>
<td>272.4</td>
<td>280.3</td>
<td>305.5</td>
<td>304.2</td>
<td>302.3</td>
<td>270.1</td>
<td>270.1</td>
<td>270.1</td>
</tr>
<tr>
<td>Personal gross</td>
<td>Peasant (farm) enterprise</td>
<td>175.7</td>
<td>187.4</td>
<td>207.1</td>
<td>207.2</td>
<td>207.0</td>
<td>167.3</td>
<td>176.2</td>
<td>169.1</td>
</tr>
<tr>
<td></td>
<td>All categories</td>
<td>609.1</td>
<td>607.6</td>
<td>655.5</td>
<td>687.3</td>
<td>682.9</td>
<td>541.4</td>
<td>597.3</td>
<td>599.0</td>
</tr>
<tr>
<td>Vegetables</td>
<td>Peasant (farm) enterprise</td>
<td>3 579</td>
<td>3 528</td>
<td>3 544</td>
<td>3 680</td>
<td>3 421</td>
<td>3 800</td>
<td>3 743</td>
<td>3 759</td>
</tr>
<tr>
<td></td>
<td>All categories</td>
<td>4 271</td>
<td>4 494</td>
<td>4 200</td>
<td>4 152</td>
<td>3 805</td>
<td>3 023</td>
<td>3 282</td>
<td>3 382</td>
</tr>
<tr>
<td>Milk</td>
<td>Peasant (farm) enterprise</td>
<td>16700</td>
<td>17411</td>
<td>18313</td>
<td>33042</td>
<td>41268</td>
<td>69831</td>
<td>16554</td>
<td>23178</td>
</tr>
<tr>
<td></td>
<td>All categories</td>
<td>245391</td>
<td>26415</td>
<td>28037</td>
<td>22076</td>
<td>16554</td>
<td>10025</td>
<td>5003</td>
<td>5042</td>
</tr>
</tbody>
</table>

Despite the fluctuations in the structure and yield of products, the dynamics of the income of individual entrepreneurs and peasant (farm) enterprises, which pay the unified agricultural tax, are consistently positive [10].

According to the report forms 1-KFH, 2-KFH and 10-farmer, there are 146 peasant (farm) enterprises in the region. That is a 60% increase compared to the amount of enterprises at the beginning of implementation of the State program.
“Development of agriculture of the Pskov region for 2013-2020.”

During the period from 2013 to 2016, 89 farmers of the Pskov region received grants for the development:

- in the direction of “creation and development of peasant (farm) enterprise for beginner farmer” - 73 enterprises.
- in the direction of “development of family livestock farms” - 16 enterprises.

The total volume of the grant support for peasant (farm) enterprises for 4 years amounted to almost 160 million rubles, including 87.29 million rubles in the direction of “creation and development of peasant (farm) enterprise for beginner farmer” and 72.33 million rubles in the direction of “development of family livestock farms.”

During the study period, not only the number of grants provided annually (from 19 grants in 2013 to 28 grants in 2016), but also the average volume of grants increased gradually [11]:

- in the direction of “creation and development of the peasant (farm) enterprise for beginner farmer” from 1111 to 1500 thousand rubles.
- in the direction of “development of family livestock farms” from 3001 to 5349 thousand rubles.

The distribution of the grants between the municipal districts of the Pskov region is not uniform. The leader is Pechorskij district with 18 grants received for 2013-2016. Pskovskij and Novosokol'nicheskij districts received 7 grants. It is worth extra noting that Nevel'skij district received 5 grants, including 3 for the development of family livestock farms.

In monetary terms, the Pechorskij district is also the leader by the volume of the received grants. Nevel’skij district with the volume of grant support for family livestock farms in the amount of 14.5 million rubles is in the second place. Novosokol'nicheskij district is the third municipal unit by the volume of grant support for the study period.

It is worth noting individually that, during the study period, Dnovskij district had never received grant support either in the direction of “creation and development of peasant (farm) enterprises for beginner farmer” nor in the direction of “development of family livestock farms.”

In accordance with the State program “Development of agriculture of the Pskov region for 2013-2020”, the efficiency of measures as a whole is estimated based on the achievement of the stated values of each of the main indicators of the Subprogram by year in relation to the previous year [12].

In accordance with the Subprogram “Support for small business forms” of the State program “Development of agriculture of the Pskov region for 2013-2020”, grant support should provide targets (indicators): the growth of volume of production and sales of products by peasant (farm) enterprises by at least 10% of the volume of produced and sold agricultural
enterprises, which have received grant support, through indicators:

- absolute increase in the volume of agricultural products sold (revenue) that ensure the return on investment of the grant and its own funds in the development of the enterprise, thousand rubles.
- relative indicator of cost effectiveness of production activities, %.

Let’s calculate both indicators for three groups of grantees depending on the moment of receiving the grant support: those who received support in 2013, 2014 and 2015.

According to the report forms 1-KFH, 2-KFH and 10-K, the positive dynamics in the indicators of cost effectiveness and volume growth is differently directed. Despite the positive values of cost effectiveness, a significant effect of increase of the volume of production and sales of agricultural products.

The most clearly these discrepancies are manifested in the enterprises that have received the grant support in the direction of “creation and development of a peasant (farm) enterprise for beginner farmer.”

The later the enterprise received the grant support in the direction of “creation and development of the peasant (farm) enterprises for beginner farmer”, the more obvious is the negative picture of the indicators.

TABLE III. DYNAMICS OF INDICATORS OF EFFECT AND EFFICIENCY OF ACTIVITY OF THE PEASANT (FARM) ENTERPRISES, WHICH RECEIVED GRANT SUPPORT IN THE DIRECTION “DEVELOPMENT OF FAMILY LIVESTOCK FARMS” IN 2013

<table>
<thead>
<tr>
<th>Name of peasant (farm) enterprise (PFE)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Increase in sales revenue in 2014 compared to the previous period</th>
<th>Increase in sales revenue in 2015 compared to the previous period</th>
<th>Increase in sales revenue in 2016 compared to the previous period</th>
</tr>
</thead>
<tbody>
<tr>
<td>PFE Anisimov</td>
<td>0.10</td>
<td>-1.27</td>
<td>0.31</td>
<td>-114.00</td>
<td>120.00</td>
<td>2.00</td>
</tr>
<tr>
<td>PFE Lyady</td>
<td>0.05</td>
<td>0.11</td>
<td>-4.90</td>
<td>95.00</td>
<td>2,391.71</td>
<td></td>
</tr>
</tbody>
</table>

The results, obtained in evaluating the effect and efficiency of the grant support for enterprises in the direction of “development of family livestock farms” in 2013 and 2014, are the least contradictory. The positive values of growth of the revenue from production and sales of agricultural products make predictions about the return on investment justified.

Thus, the basic methodological approach to the evaluation of the efficiency of grant support for peasant (farm) enterprises involves the evaluation of the criterion of efficiency, which records not the absolute or relative change in the result, but the level (positive or negative) of its achievement or non-achievement. The results of determination of the efficiency of grant support for peasant (farm) enterprises of the Pskov region for 2013 – 2016 are contradictory, and do not allow to testify to the achievement of the stated goals of this most important form of the State support.

Further implementation of the State program “Development of agriculture of the Pskov region for 2013-2020” assumes a growth of the financing volumes of the State support measures under the conditions of budget deficit. This justifies the need to improve the methodology to evaluate the efficiency of grant support, which implies the rejection of the use of the criterion of “performance” in favor of “specific result”, including the “delayed result that provides expanded reproduction.”

IV. CONCLUSION

1) The trends in the development of the peasant (farm) enterprises of the Pskov region are presented.

2) The analysis of the grant support for small business forms in the direction “creation and development of a peasant (farm) enterprise for beginner farmer” and “development of family livestock farms” is presented.

3) The disadvantages of the approach used to evaluate the efficiency of grant support on the criterion of “performance” are identified.

4) The substantiation of the need to improve the methodology for evaluating the efficiency of grant support for small business forms is given.
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References


