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**BUSINESS ACTIVITY OF NATIONAL JOINT-STOCK COMPANY  
“UKRAGROLEASING” IN INCREASING INVESTMENT ENSURE OF  
AGRICULTURAL ENTERPRISES**

**Problem.** Ensuring the effective operation of farms to ensure food security of country, improving the quality of agricultural products for market expansion requires solving a number of problems, such as: increase in depreciation of equipment; low rates of technical and technological renewal of production; use of outdated technologies [1]. Formation of appropriate material and technical base of agricultural producers depends on the level of investment ensure, the structure of funding sources, the availability of investment attraction and more. It's a well known fact that resources that meet the needs of current activity is carried out mainly at their own expense, while a prerequisite for funding expanded reproduction are borrowing: bank loans, finance lease, bond issues, etc... Applicability of various credit instruments in the agricultural sector, including leasing, largely depend on the priorities of state agricultural policy, specifically defined measures of state support of industry investment ensure.

**Analysis of recent research and publications.** The use of leasing as a tool for technical, technological and investment ensure of the agricultural enterprises is the subject of research of many scientists and economists, such as Y. Bilousko, V. Ivanchenko, M. Latynin, G. Pidlisetsky, O. Prokopenko, V. Rassokha, P. Sabluk, O. Shkuratov and other [2-6]. M. Demyanenko, O. Gudz, T. Marenych pay much attention to the study of state participation in the dissemination of financial leasing as a form of credit support of agricultural producers' investments [7, 8]. However, the strategic challenges posed to the agricultural sector, activization of integration processes and changes in financial market necessitates a rethinking of the role of the state in financial leasing of agricultural machinery, which is realized through the activities of National Joint-Stock Company “Ukragroleasing”.

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**The goals of the article:** analyze the organizational aspects of National Joint-Stock Company “Ukragroleasing”; determine the proper use of public resources and coverage of agricultural enterprises of different organizational forms of activities by leasing transactions at the regional level; outline the main ways of improving the state support of investment ensure of agricultural producers by involving financial leasing.

**Results.** Financial leasing as a form of capital investment under long-term lease of fixed assets under the lease agreement has been extended to Ukraine because of its legal regulation in 1997. The main feature of the use of leasing in agriculture is fact that the state is a main investor in the leasing market of Ukrainian agriculture. Thus, in 1997, was created the State Lease Fund for technical re-equipment of agriculture. It’s funding sources are the part of the return flow from budget loans issued to enterprises and commodity procurement through the state treasury. Then, in 1991, the State Lease Fund was transformed into a state leasing company “Ukragroleasing”, on which in 2001 was created a National Joint-Stock Company “Ukragroleasing”. As stated in the charter, its main purpose is to facilitate the rapid replacement of fixed assets of agricultural enterprises. For years of activity, the company was purchased from plants and transferred to agricultural producers more than 21 thousand units of agricultural machinery and equipment totally worth more than 2 billion UAH.

It should be noted that due to the financial crisis in 2008-2009, there was a slowdown of leasing development in Ukraine. The average cost of leasing transactions decreased from 1.8 to 1.4 mln. UAH (Table 1). However, in the same time we observe a clear trend towards increasing the numbers and value of the lease agreements in agriculture of Ukraine. This happens due to the increase of investment attractiveness of agricultural sector. Also it shows a significant increase in demand for agricultural machinery.

### **1. The dynamics of development of financial leasing and its use in Ukrainian agriculture in 2007-2012**

Year	The cost of concluded lease agreements, bln. UAH	Amount of concluded lease agreements, pcs	Average value of lease agreement, mln. UAH	Leasing share of vehicles, machinery and equipment for agriculture,%	
				in concluded lease agreements	in total cost of lease agreements
2007	16,88	9275	1,819	6,92	7,50
2008	9,98	9766	1,022	8,06	9,50
2009	2,47	3007	0,821	10,42	11,59
2010	4,97	5095	0,975	12,85	12,99

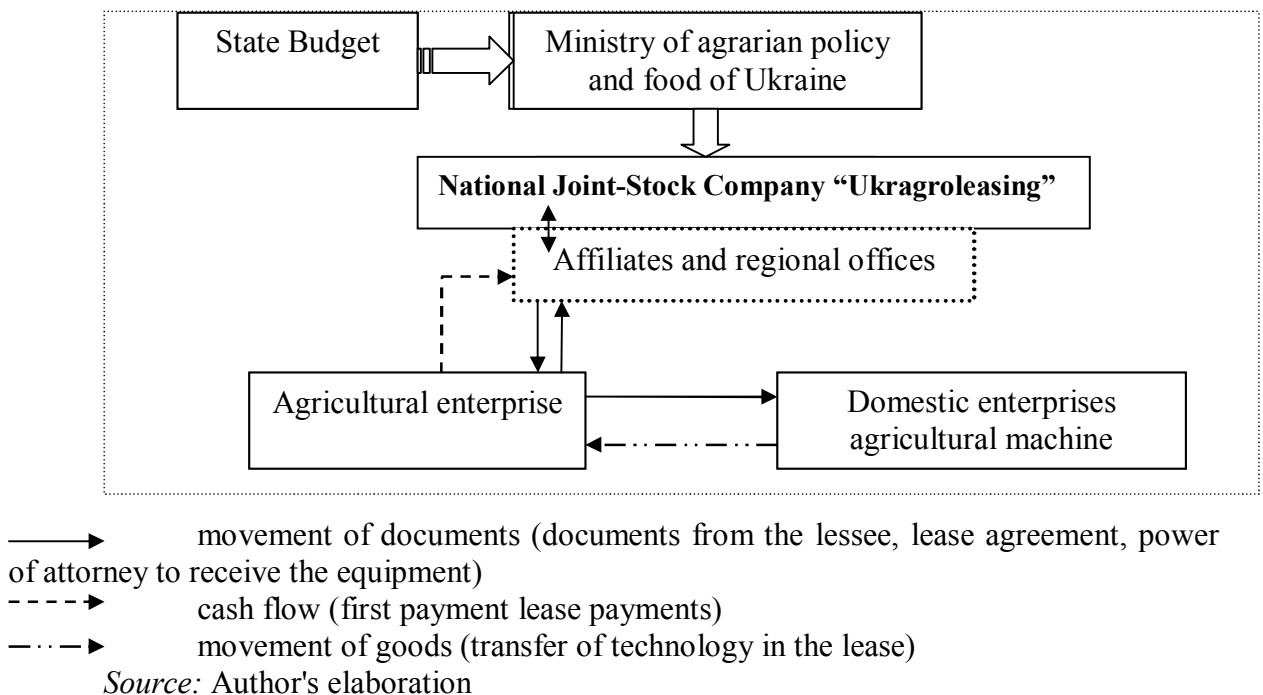
2011	11,33	10906	1,039	15,34	14,23
2012	14,71	10826	1,359	15,60	19,04

Source: according to the Ukrainian Union of Lessors. Available: <http://www.uul.com.ua>

The scheme, developed by us, provides a visual representation of some errors in the organizational activity of National Joint-Stock Company “Ukragroleasing” (figure 1): affiliates and regional offices that directly work with clients don’t have sufficient authority; documents need adjustments from the Directorate in Kyiv which increases the terms of the paperwork; enterprises need to get vehicles, machinery and equipment directly from manufacturer not from the leasing company which increases the cost of logistics for them.

Affiliates and regional offices of National Joint-Stock Company “Ukragroleasing” can only introduce clients with the list of machinery and equipment and minimum prices for it, while the commercial leasing companies and their affiliates have equipment available in stock and offer it to potential customers for familiarize which has a psychological effect and brings some competitive advantages.

Also the price of leasing reduces its attractiveness: payments to the lessor in the structure of the lease payments increased from 19,5 to 31,3%, compensation for loans – from 1,7 to 6%, other costs – from 0,5 to 2,1 %, while the cost reimbursement of leased object has decreased from 78,3 to 60,6% [9].



**Figure 1. Organizational principles of activity of National Joint-Stock Company “Ukragroleasing”**

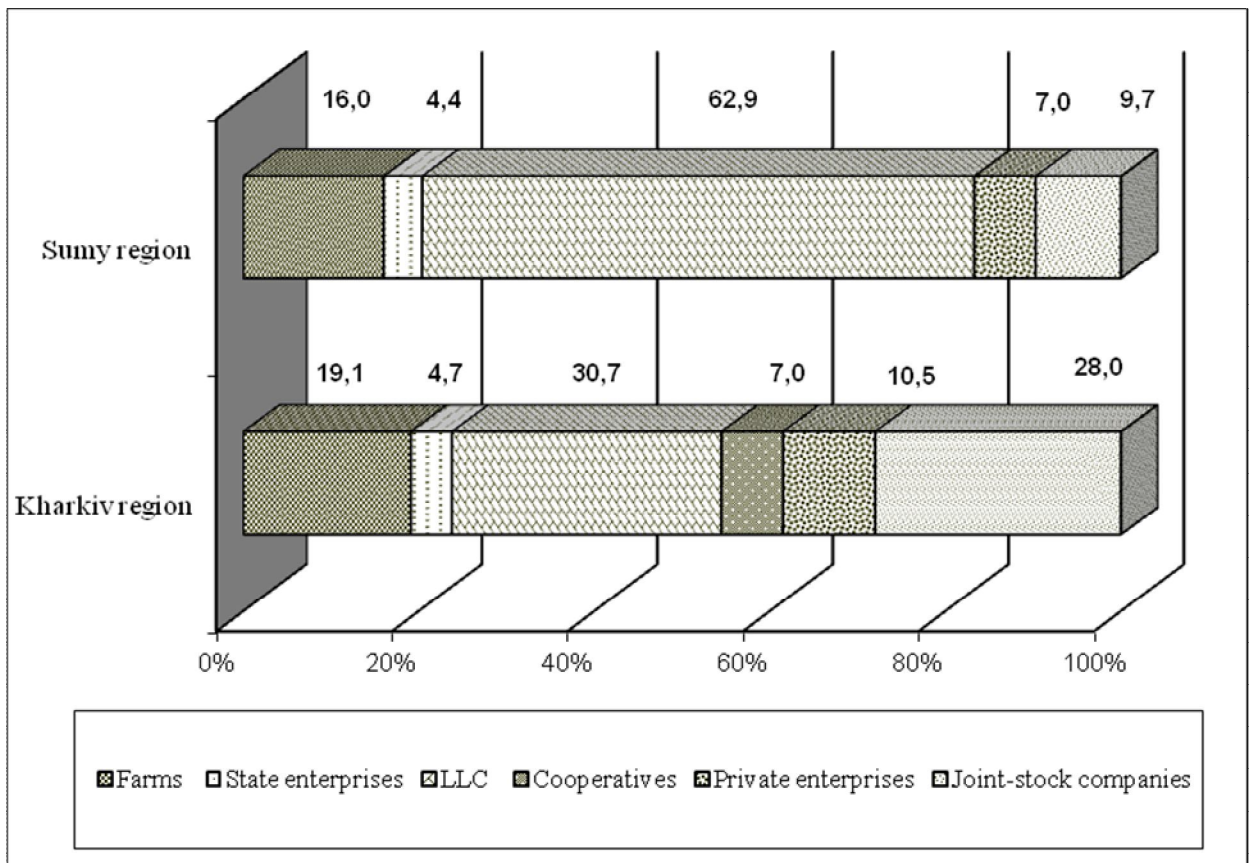




Kharkiv region								
2008	pcs.	11	-	10	-	7	6	34
	k. uah	2932,0	-	2099,3	-	3369,9	11481,6	19882,8
2009	pcs.	7	-	8	-	5	-	20
	k. uah	1546,8	-	3176,0	-	844,4	-	5567,2
2010	pcs.	8	9	7	14	1	-	39
	k. uah	1973,6	648,1	801,7	2230,9	91,7	-	5746,0
2011	pcs.	1	4	1	-	-	-	6
	k. uah	510,7	1279,3	144,0	-	-	-	1934,0
2012	pcs.	3	-	4	1	-	-	8
	k. uah	851,8	-	4898,9	630,0	-	-	6380,7
2013	pcs.	-	-	2	-	-	-	2
	k. uah	-	-	1423,7	-	-	-	1423,7
Total	pcs.	30	13	32	15	13	6	109
	k. uah	7814,9	1927,4	12543,6	2860,9	4306	11481,6	40934,4
Sumy region								
2008	pcs.	-	-	1	-	-	2	3
	k. uah	-	-	384,9	-	-	111,4	496,3
2009	pcs.	2	-	8	-	3	-	13
	k. uah	1039,3	-	2366,2	-	1715,1	-	5120,6
2010	pcs.	2	1	21	-	-	2	26
	k. uah	169,0	450,0	5566,9	-	-	582,2	6768,1
Продовження табл. 3								
1	2	3	4	5	6	7	8	9
2011	pcs.	2	-	7	-	-	1	10
	k. uah	2531,9	-	5786,6	-	-	162,7	8481,2
2012	pcs.	-	1	-	-	-	-	1
	k. uah	-	141,2	-	-	-	-	141,2
2013	pcs.	1	1	4	-	-	1	7
	k. uah	199,5	498,0	1405,5	-	-	1560,5	3663,5
Total	pcs.	7	3	41	-	3	6	60
	k. uah	3939,7	1089,2	15510,1	-	1715,1	2416,8	24670,9

Source: according to the Ukrainian Union of Lessors. Available: <http://www.uul.com.ua>

Thus, the share of limited liability companies in the total costs of concluded lease agreements was 30,7 % in Kharkiv region and 62,9 % in Sumy region (Figure 2).



Source: Author's calculations

**Figure 2. Share of agricultural enterprises of different forms of business organization in the formation of lease portfolio of National Joint-Stock Company “Ukragroleasing” affiliates in Kharkiv and Sumy region in 2008-2013**

Also, farms using this form of investment ensure pretty effectively - their share amounted to 19,1 % and 16 % respectively. However, National Joint-Stock Company “Ukragroleasing” established cooperation with cooperatives only in Kharkiv region – they are missing among the customers in Sumy region.

**Conclusions.** 1. Financial leasing is becoming more attractive instrument for financing fixed assets of agricultural enterprises in terms of high need of improvement of their material and technical base on the one hand; and the gradual reduction in profitability, minimize of bank lending programs, increasing in prices for imported equipment due to the devaluation of the national currency from the other hand.

2. State participation in the revitalization of investment ensure of agricultural enterprises via financial leasing is implemented through National Joint-Stock Company “Ukragroleasing”. The analysis showed the need for substantial changes in the organization of their business activity: optimization of its structure and employee staff, decentralization of activities empowering affiliates which will shorten the paperwork to lead to cheaper leasing services.

3. From our point of view, the main areas of improvement of “Ukragroleasing” work are: enhancement of terms of the leasing services towards the reduction of commission; improving the quality parameters and expanding the list of technique and equipment that are leased, given the priority development of agricultural industries and different forms of business organization; individual work with clients and active involvement of small businesses, cooperatives, farms.

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**Kalashnikova T., Kalashnikov A. Business activity of National Joint-Stock Company “Ukragroleasing” in increasing investment ensure of agricultural enterprises.** Analyzed the organizational framework and results of National Joint-Stock Company “Ukragroleasing”, the basic ways of improving the state support of investment support producers involving financial leasing.



**Калашникова Т.В., Калашников А.О. Деятельность НАК “Украгролизинг” в повышении инвестиционного обеспечения сельскохозяйственных предприятий.** Проанализированы организационные основы и результаты деятельности НАК “Украгролизинг”, намечены основные пути совершенствования государственной поддержки инвестиционного обеспечения товаропроизводителей с привлечением финансового лизинга.