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AGRARIAN SECTOR OF UKRAINE'S ECONOMY: ESSENTIAL CHARACTERISTICS

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The purpose of the article is to determine prospects for development of the agricultural sector of the national economy, taking into account risks and possible options for state policy at the current stage of institutional changes. Stages of changes in the institutional environment in course of reforming of the Ukrainian agrarian sector were defined, and their characteristics were given. A variant forecast of the development prospects of the agricultural sector of the domestic economy was made, taking into account risks and possible directions of state policy at the present stage of institutional changes. Practical significance consists in using its results of the research in working out of strategic documents for the development of agriculture.

Key words: agriculture, national economy, state policy, support, institutional environment.

Introduction. The agrarian sector has its own specific features in the context of the natural and climatic, territorial, financial, material, production and national conditions of the country's development. Agrarian production in the territory of modern Ukraine is a traditional sphere of activity and is primarily connected with the nature of the relationships of people in economic life, the type of tools and the direction of development of natural resources.

The analysis of recent research and publications. Issues of development of the agrarian sector by the other measures are being

actualized, debated and deepened in the scientific work of known researchers in the field of science: V. Andriichuk, O. Borodina, V. Vlasov, S. Kvasha, I. Kyrylenko, Yu. Luzan, Yu. Lupenko, O. Petrychenko, I. Prokopa, M. Parkhomets, P. Putsenteilo, P. Sabluk, A. Stelmashchuk etc.

These issues are substantiated the need to create a favorable institutional and market environment in the process of market transformation, identified the appropriate methods, forms and level of state support for agricultural producers, directions of financial and tax investment policy in this field, etc. However, despite a large number of works on this issue, the study of the prospects for the agrarian sector of Ukraine's economy at the present stage is relevant.

Setting the objective. The purpose of the article is to substantiate theoretically the peculiarities of the development of the agrarian sector of the national economy taking into account the existing challenges and possible options for their solution at the present stage of institutional changes. We should to expand the place and importance of the agrarian sector in the national economy of Ukraine.

The main material of research. The following methods are used to achieve these goals: theoretical generalization and comparison, abstract and logical method, methods of analysis and synthesis.

Some scholars are convinced that this is primarily due to the fact that the agrarian sector is in Ukraine, in the current circumstances, becomes a decisive component of the state's economy and is already playing an extremely important role in ensuring its economic and social stability [1, p. 15].

Experience has confirmed that effective development of the agrarian sector can be achieved with the organizational, economic, technological and financial and investment symbiosis of all units, since the basis of added value is formed at the expense of agricultural raw materials and products

that are being processed for other industries. In this case, the financial result of the added value of processed products is the food industry and trade, and not the producer – the farmer and the peasant. In our view, the agrarian sector needs careful attention to improving the development efficiency both in the short and long term of its development, as it is a socially important industry that produces food resources and provides food security.

The agrarian sector is a special industry in the system of the national integral economy of Ukraine, because its development has a decisive influence on the standard of living of the people [2, p. 7]. The achieved level of competitiveness of the agrarian sector, as well as the prospects for its development in the conditions of global competition directly affect the living standards of the population, the cost of the consumer basket, the conditions and quality of reproduction of the labor force in the national economy [3, p. 18]. It is the agrarian sector that serves as an indicator of the general state of the economy, it has a leading place in addressing food issues, and the development and stability of the agrarian sector determine the normal functioning of the entire economy of the state and the welfare of its population [4, p. 33].

The agrarian sector occupies a special place in the structure of the national economy. The state of the agrarian sector largely determines the national economic potential, economic and political situation in the country. The material and social welfare of the population depends from its development, provision of its food, supply of raw materials processing industries and the provision of national food security of the country, because the level of consumption of the final product of the industry affects the very existence of man, his health and productivity. The core of the agrarian sector is agriculture, which produces agricultural raw materials for

further processing and receipt of food products and is a determining factor in the final consumption.

Agriculture is based on inter-sectoral production cooperation, which connects it with industries that produce means of production, carry out processing and bring food to the consumer. Agricultural production also performs a social function, providing employment for the population, creating preconditions for raising the level and quality of life in the countryside.

The term “agrarian” comes from the Latin “ager”, which means “land, field, arable land”, which is why economic relations in the agrarian sector are relations that are primarily related to the use of land, as well as the production, distribution and consumption of agricultural products. The following definition of the agrarian sector is formulated in the Strategy for the Agrarian Sector Development of Ukraine for the period up to 2020: “The agrarian sector of Ukraine with its basic component, agriculture is a systemforming in the national economy, forms the basis for preserving the sovereignty of the state – food and, within certain limits, the economic, ecological and energy security, ensures the development of technologically related branches of the national economy and forms the social and economic bases of development of rural territories. In addition to ensuring a stable, high-quality, affordable food supply to the country's population, Ukraine's agrarian sector is undoubtedly capable of contributing significantly to the global hunger problem [5]”.

The agrarian sector of the economy is a set of industries that produce process and store and bring to the final consumer products made from agricultural raw materials. The agrarian sector of the economy includes those types of production, the functioning and development of which are subject to the creation of food products. The existence of this set of industries and industries without a systemic connection is not efficient

enough. Therefore, it must have a certain structure in order for the agrarian sector of the economy to fulfill its functions [6].

N. T. Honcharuk defines the agrarian sector of the economy as a set of interconnected branches of agriculture and functionally related service units that meet the need for food and raw materials for the processing industry [7]. "Agrarian sector" is a sector of the economy that produces food or raw materials such as cotton or wood for domestic consumption or for export, or part of the population engaged in agricultural labor [8, p. 30].

The agrarian sector of Ukraine, with its basic component of agriculture, is increasingly becoming the system-forming factor in the national economy. It creates the factors of maintaining the sovereignty of the state: food and, within certain limits, the economic and ecological and energy security of the state, ensures the development of technologically related branches of the national economy, forms the market for food products. The priority of attention to the agrarian sector is determined by the indispensability of agricultural products and foodstuffs in the life of man and society, its exceptional social significance [9, p.21].

The development of the agrarian sector is a dynamic process, each stage of which sets new tasks and needs new ways of solving them. The agrarian sector of Ukraine's economy is entering a new phase of its development – entering the global space. The globalization of the economy, including its agrarian sphere, in the modern world is an objective reality, an inevitable process.

At the same time, this process is multifaceted and ambiguous, which causes some controversy, causes some of the destabilizing factors to affect the development of the agrarian sector, especially in the conditions of a weak national economy and ineffective government activity. That is why, at this stage, one of the most important areas of economic research is the study of trends and perspectives of development of the domestic

agricultural sector in the conditions of strengthening of globalization processes and Ukraine's integration into the world economy [10, p. 170].

According to Yu. Ya. Luzan, the development of agricultural production from the theoretical and methodological point of view is a complex process, agreed, *firstly*, with the decisive trends in the development of the national economy as a macro-economy, and *secondly*, with the requirements of adherence to the principles of a systematic approach to the preconditions and *thirdly*, with the requirements of the innovation and investment model of development of the industry; *fourthly*, with the needs of sustainable development of rural areas, within which it is planned to conduct agro-industrial production; *fifth*, with the requirements of national security, including food security, *sixth*, with the requirements of standardization of production and management systems on the basis of current international standards and norms [11, p. 34].

Consequently, the agrarian sector is a complex diversified set of economically interconnected production-technological division of labor of agricultural sectors specializing in the production of agricultural products, their industrial processing, storage and sale, which also covers information and scientific support systems and is characterized by deep differences and specifics of individual elements, which requires the construction of an individual organizational, economic, and technological and technological policies for all business entities.

The agrarian sector in the national economy performs three main functions:

- economic: production of national income; supply of raw materials for industry; providing a large number of products for trade and providing jobs and income sources;

– social: provision of means of subsistence for people; accumulation of surpluses of labor resources and provision of jobs and sources of income of the population;

– spatial: change of the natural environment; the formation of a cultural landscape and the maintenance of sustainable environmental development.

Multifunctionality of the agrarian sector is reflected not only in the production of food stuffs, but also characterized by a number of other important functions, in particular: environmental protection, rural employment support, food security of the country.

We agree with I.V. Prokopa's opinion that the organizational structure of domestic agriculture is outwardly similar to that of agricultural countries of foreign countries according to the most general features. It is also possible to identify certain phenomena and processes, similar to those that took place earlier in developed countries: the concentration and specialization of production; technical and technological re-equipment of separate industrial structures, accompanied by a decrease in the number of employees; vertical integration in the agro-food sector, etc.

However, different types of industrial formations in Ukraine develop not as harmonized parts of a single complex unlike developed countries, but rather differentiated, often on an antagonistic basis. The system of organizational and economic mechanisms has not yet formed. It can provide the functioning of the agricultural sector as a whole organism, which, firstly, develops itself on a steady basis (with the expanded reproduction of the human, natural resources, physical, financial, and other capital involved in it), and, secondly, fully fulfills its tasks and functions in the process of general social reproduction [12, p. 24].

A critical analysis of the various views of scientists on the nature of the agrarian sector made it possible to formulate its definition, which, in the current conditions of the transformation of the economy, treats this concept

as a territorial and sectoral formation that represents a holistic natural and geographical, social and economic system in which a balanced reproduction of agro-industrial products is carried out (production, distribution, circulation, consumption) with the specialization of enterprises, regions, natural climatic zones and the world division of labor, which create the preconditions for providing food security of the country and the population.

An adequate level of natural resource potential is one of the most important factors in the effective development of agriculture, where the issue of reproduction of natural resource potential becomes a priority. The natural resource potential of the agrarian sector, namely its quantity, quality and combination of resources, is an important factor in agro-industrial production, which will serve the economic and social development of the state.

The development of the agrarian sector can be traced throughout the centuries-long history of the formation of human civilization. The process of formation was difficult. There were changes in the forms of production, property and technology manufacturing processes. This led to the emergence and formation of a system of agrarian business, which is a logical manifestation of the market mechanism of management. As a result, the agrarian sector was formed, in which crop and livestock production is industrial branches of agriculture.

The aggregate of different organizational and legal nature of agro-industrial formations is an integral part of the agro-industrial complex, which serves as the logical completion of the process of agro-industrial integration and the organizational design of inter-branch links that arise between agriculture and other industries, enterprises and institutions and becomes a single production process. The methodological basis of the functioning of the agro-industrial complex is an objective pattern of the combination of

agricultural and industrial production. The agro-industrial complex of Ukraine is an important component of the economy of our country and the main factor in the further development of transformational processes occurring at the stage of entering the world food structures [13, p. 51].

The solution of the institutional problems of agrarian production is the most significant for the development of the agrarian sector of Ukraine at the present stage. The most important of which are considered as follows: the instability of agrarian policy; improvement of land relations; development of cooperation and integration; improving the efficiency of the agricultural production management system; incompleteness of agrarian reform; state regulation in the agrarian sector; the absence of non-state structures protecting the interests of peasants; price policy [14, p. 172].

Modernization of the agrarian sector requires a revision of the attitude towards agriculture as an industry exclusively for industrial and commercial purposes. The world community is increasingly guided by the concept of multifunctional agriculture, according to which, not only food and industrial raw materials are produced in the process of agricultural activity, but socially significant benefits are created. The most important of these are food self-sufficiency of the country, provision of facilities and facilities for rural population, reproduction of the peasantry, maintenance of ecological balance and preservation of agricultural landscapes.

Recognition of multifunctionality of agriculture as its key macroeconomic characteristic is the main prerequisite for the modernization of the domestic agrarian sector [14].

In the last decade, the agrarian sector of Ukraine has become one of the basic branches of the national economy. Despite the general phenomenon in the state's economy, the agrarian sector managed to maintain positive growth rates, to become one of the main budget-forming

branches, to occupy a leading position in the commodity structure of exports.

It is advisable to take into account a number of important factors and peculiarities of the development of modern agrarian production in Ukraine, in particular:

- a substantially lower level of state support to the agrarian sector compared to developed foreign countries: both directly producers and export subsidies for food products for its promotion to foreign markets;

- the consequences of the protracted systemic crisis of the 1990s, which caused profound deformation of the social and economic life of the rural population and the structure of agricultural production;

- unsatisfactory level of development of industrial and market infrastructure, which has a significant impact on the final efficiency of agricultural production;

- low scientific capacity of domestic agriculture and the ever-growing gap in this respect with foreign countries, which actualizes the task of choosing agricultural development trends that ensure its sustainable growth in the long term;

- priority value of the agrarian sector as a guarantor of national food security and development of the export potential;

- an important social and regional function of agricultural production, which allows the employment of rural population.

Achieving the competitiveness of the agrarian sector involves solving a number of strategic tasks:

- an innovative breakthrough that ensures the implementation of the “green revolution” in the field of agrarian technologies and sets the foundation for the future of dynamic development;

- revival of integration and cooperation ties for minimizing the cost of the main stages of production and sales;

– modernization of the infrastructure and material and technical basis of the agrarian sector, which guarantees the possibility of conducting effective production activities and realization of social programs of the village.

Conclusions and further research. Thus, the strengthening of world globalization and integration processes will raise the issue of choosing the place and role of the agrarian sector in the national economy. The agrarian sector of Ukraine's economy serves as a system-forming component of the national economy; forms the basis for preserving sovereignty and statehood, and national (food) security; is a social and economic basis for the development of rural areas; ensures the development of technologically related branches of the national economy.

The current organizational and economic structure of the agrarian sector with its diversity of economic entities is outwardly similar to the agricultural system of developed countries, but so far it does not function as a coherent effective system, capable of providing rational execution of tasks and functions of growth of production of quality food products. At the same time, it seems logical not to increase the growth of production of the agrarian sector as a goal, but to consider it only in the context of ensuring the social and economic development of Ukraine.

The agrarian sector is a strategic branch of the national economy, which requires expenditures to achieve the country's food security and fulfilment of state obligations to citizens in decent living conditions of the population.

The main aim of institutional reforms in the agrarian sector of the economy for the near future should be: increasing the efficiency of agrarian production, changes in property relations and further transformation of economic relations, economic mechanism and social structure of the agrarian sector of the national economy, which will enable to provide

conditions for more dynamic development of the industry as a whole. The realization of this aim will lead to the formation of a developed market infrastructure, competitiveness of the agro-food market players and support for the profitability of its participants in the equivalent exchange between agriculture and related industries and the national economy.

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