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**REGIONAL PRIORITIES IN THE DISTRIBUTION OF STATE
FINANCIAL SUPPORT FOR AGRICULTURAL PRODUCERS
IN THE CONTEXT OF STRENGTHENING THE INNOVATIVE
POTENTIAL OF THE REGION**

Abstract

Agriculture, because of its specific features, can not exist without the support of the state (this is confirmed by the experience of the EU and other countries of the world), which manifests itself both in tax instruments and in other forms of payments, subsidies, grants, etc. On the other hand, state financial support should not only support the financial position of agricultural producers, but also stimulate their investment and innovation activity, that is, to have not only extensive but also intense focus.

The main principles of state financial support for the development of agriculture in Ukraine are defined in the Law of Ukraine “On State Support to Agriculture of Ukraine” and the Unified Integrated Strategy for the Development of Agriculture and Rural Areas for 2015-2020 and implemented in the following forms: indirect state support (provision of tax privileges); direct state support (budget allocations, budget loans, budget subsidy). Expenditures on state financial support of agricultural producers are represented in various types, but directly related to the direct influence on the financial condition and development of agricultural producers are as follows: financial support of measures in the agro-industrial complex through cheapening of loans (2015-2018); partial compensation of the cost of electricity used for irrigation in irrigated lands (2012); state support of the livestock industry (2012-2018); state support for the development of hops, laying down and supervising young gardens, vineyards and berries (2012-2014, 2017-2018); financial support of agricultural producers (2017-2018) in the form of a budget subsidy owing to the abolition of the special

VAT regime; financial support of the farm on returning (2012-2018) and irretrievable bases (2018).

The main problems in applying fiscal incentives that worsen the conditions for conducting innovation activities in Ukraine in general and in the field of agricultural production in particular are: lack of guarantees for obtaining state support; lack of stability and consistency in fiscal policy support for innovation; limited budget support for innovation activities; the complexity of receiving budget support; irregular funding.

Having high potential for development of agricultural production, in the amount of state support for agricultural producers, which in fact is an additional investment resource, often agricultural regions occupy low places. This situation arises because the factors of regional development and its prospects are not fully taken into account in the current distribution of budgetary funds. In particular, such factors as: quality of land, zonal features, intensity of using of land, profitability of cultivated production (for crop production), types of activity, product profitability, its strategic importance for the development of the region and the country as a whole (for livestock breeding) are not taken into account. This situation needs to be intensified, as well as by own resources, and by changes in existing mechanisms of distribution of funds.

It is necessary to make adjustments to the order of distribution of budgetary funds in the direction of taking into account the specifics of land areas, types of economic activities, priorities and prospects for regional development in allocating funds between the regions and entities applying for it. In this process, local self-government bodies should play an active role. This will allow for a cumulative effect of the growth of financial resources and the volume of agricultural production, taking into account the requirements of quality, organicity and environmental friendliness for activating innovation activity and innovative development of the regions.

***Key words:** state support, budget subsidy, regional development, innovative development, agricultural producers*