

# Prospects of agricultural business in the Republic of Tatarstan

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**Abstract.** The relevance of the study is defined by the need to identify problems and determine prospects for business development in the agrarian sphere of economy in the regions of Russia in the context of new challenges to external economic environment. The purpose of the paper is to develop recommendations on optimization of the state agrarian policy in the field of agricultural business development on the basis of analysis of the current situation and to identify trends in agriculture development of Russia and its regions. The novelty of the study is to identify trends in the development of agricultural business in the regions of Russia and to develop directions for improving the organization of efficient agricultural entrepreneurship in the Republic of Tatarstan. The paper presents the analysis of efficiency of agricultural business, identifies trends, problems and prospects for its development, defines priority directions for improving the organization of activities of agricultural business of the Republic of Tatarstan. Theoretical provisions and practical recommendations proposed in the paper can be applied in scientific research on the development of agricultural business, in scientific justification of main directions, methods and mechanisms for the implementation of the state agro-food policy. The practical significance of research results includes the possibility of using them in the development of agrarian policy, formation of effective mechanisms of state impact on the development of agro-food complex at federal and regional levels to achieve high targets.

## 1 Introduction

Successful activity of agricultural business in modern conditions is one of the priority directions of agro-industrial complex, both at the local level and at the level of the whole country, since it performs socially important functions by providing food to the population of Russia and employment of the society. At present, the problems of agricultural business development are of particular interest at all levels of the economy. It is largely explained by the fact that the development of the agro-industrial complex gained the status of one of the priority national projects, which tasks in the future shall lead to the growth of the agricultural sphere of economy [1–3]. The efficiency of agrarian business is a key task that solves the problems of food supply of the population, which is among the top priorities in achieving sustainable development of rural areas. The development of agrarian business strongly depends on natural and climatic conditions, natural and biological factors and market conditions. Due to its specificity, it is more investment-innovative and involves complex interaction of some economic factors within agro-food policy of the state. The main mechanism to implement agro-food policy priorities is development and effective functioning of agrarian business entities [4–7]. In this regard, it is critical to define trends, to identify development prospects and to improve the efficiency of agrarian business entities.

## 2 Materials and methods

The theoretical and methodological framework of the study is based on interaction and complementarity of fundamental provisions and the concept of economic theory. The theoretical and methodological framework also included the works of foreign and domestic agricultural economists, normative and legislative acts of the Russian Federation on the regulation of agro-food policy, materials of international and All-Russian scientific and practical conferences devoted to the development of agriculture.

The general methodological framework of the study contains the systemic analysis. The extensive data and the variety of its content led to different approaches, methods and techniques of scientific research of socio-economic processes within the limits of system analysis, such as constructive, deterministic, retrospective, dynamic, statistical.

The study applied methods revealing trends in the development of agro-food policy and features of their manifestation: monographic, abstract-logical, calculation-constructive, economic-statistical, analogy.

Official data of the Federal Service of State Statistics 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, dissertations and reports of research institutes, publications, materials of scientific conferences, expert assessments, data obtained

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during author's analysis and calculations were used as the information and factual basis of the study.

### 3 Results

The Republic of Tatarstan is among the top three subjects of the Russian Federation in terms of gross agricultural products and to the full extent provides food to the population living in the territory of the Republic. The Republic occupies the land area of 6.8 million hectares, among which agrarian business entities possess 4.5 million hectares of farmland, including 3.4 million hectares of tilled area. As of the beginning of 2018 the population of the Republic of Tatarstan amounted to 3894 thousand people, the average annual number of employed in the economy of the region was 1952 thousand people, where the number of employed in the field of agriculture made 170 thousand people, which is 8.7 % of the population. Agricultural business is presented by 15 thousand agricultural organizations with various forms of economy and property, more than 400 thousand personal auxiliary farms. About 40 dairy plants, 5 meat-packing factories and more than 100 meat processing workshops, 3 sugar plants are engaged in the processing of agricultural products. In 2017 the gross regional product of the Republic of Tatarstan amounted to 2115.5 billion rubles, with a growth rate of 2.8 % compared to the previous year. Industry, agriculture and trade account for a significant share of gross regional product [8–11].

The share of agrarian business in the total structure of the gross regional product of the Republic of Tatarstan in 2017 amounted to 12.1 %, in previous periods the relative share of agricultural activity did not change significantly. In general, the volume of agricultural production in 2017 increased by 5.2 % in comparable prices to the level of 2016 and amounted to 256.1 billion rubles. Table 1 shows the main development indicators of agrarian business.

According to the results of 2018, the volume of agrarian business products of all categories of agricultural producers amounted to 216.0 billion rubles (92.0 % to the level of 2017 in current prices). If we consider the dynamics of indicators for a longer period, the average annual growth rate of agrarian business of the Republic of Tatarstan for the last six years is 35 %, t. and on average 5.8 % per year, which shows the dynamic development of production in the agricultural sector of the economy. Agrarian business of the Republic of Tatarstan is constantly developing, which is facilitated by: natural and climatic conditions, positively directed state support, large investments in agriculture, etc. Occupying 2.3 % of the agricultural land of Russia, today the Republic of Tatarstan produces 4.6 % of agricultural products and is a self-sufficient region for food supply having significant potential to increase the export of agricultural food: the volume of exports of agricultural and food products abroad in 2017 amounted to 176 million dollars demonstrating an increase of 23 million dollars in relation to 2016, at the same time import amounted to 52 million dollars demonstrating an increase of 12 million dollars. Considering the performance indicators of agrarian business entities in crop production in 2018, regarding specific indicators of production the republic has ensured the necessary volumes of production [12–15].

Livestock production in agrarian business entities has a steady growth rate. At the same time, the efficiency of production of certain agricultural products remains low (Table 2).

In general, the results of agrarian business are profitable, except for the production of cattle meat, but the level of profitability does not exceed 10–12 %, which prevents extended reproduction on the basis of modernization of the material and technical base.

Table 3 shows the main performance indicators of large and medium-sized subjects of agrarian business of the Republic of Tatarstan.

**Table 1.** Main performance indicators of agrarian business entities over 2013-2018

Indicators	2013	2014	2015	2016	2017	2018	2018, %	
							2017	2013
Gross agricultural output in current prices, bln rub	160.2	186.0	217.1	233.7	235.3	216.0	92	135
incl. crop farming	79.0	88.7	109.2	120.9	119.0	101.7	85	129
livestock business	81.6	97.3	107.8	112.7	116.3	114.3	98	140
Volume index to the previous year – total, %	98.6	102.9	104.9	104.3	105.0	97.1	x	x
incl. crop farming	99.4	105	108.8	108.2	109.7	92.3	x	x
livestock business	97.9	101.0	101.4	100.4	100.7	101.8	x	x
<b>Production, thousand tons</b>								
Grain in weight after processing	2611.5	3366.0	3367.7	4105.2	4868.2	3657.6	75	140
Potato	1323.0	1315.8	1589.7	1440.7	1466.8	1189.6	81	90
Sugarbeet	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 body weight)	477.2	465.9	468.8	486.2	491.6	502.2	102	105
Egg, mln pcs	1073.0	1104.8	1170.6	1143.6	1187.5	1387.4	117	129

**Table 2.** Efficiency of agricultural production in the Republic of Tatarstan

Type of product, industry	Prime cost of 1 c. of sold product, rub.			Selling price of 1 c., rub.			Level of profitability, %	
	2017	2018	2018, % to 2017	2017	2018	2018, % 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
Sugarbeet	147	173	118	170	186	109	15.6	7.6
Rapeseed	1548	1726	111	1874	1891	101	21.1	9.5
Crop farming 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
Poultry meat	8841	8098	92	9967	8794	88	12.7	8.6
Egg (th.pcs)	3713	3533	95	4312	4551	106	16.1	28.8
Livestock business in general	x	x	x	x	x	x	10.0	6.3

**Table 3.** Financial results of agrarian business entities of the Republic of Tatarstan

Indicators	2013	2014	2015	2016	2017	2018
Number of farms, items	486	427	442	493	486	463
incl. profitable, items	383	392	401	455	443	425
specific weight of profitable, %.	78.8	91.8	93	92	91	92
unprofitable, items	103	35	41	38	43	38
specific weight of unprofitable, %	21.2	8.2	7	8	9	8
Pretax profit, mln rub.	2571.1	9834.8	12682.5	7755.2	7933.9	8826.5
Level of profitability, %	4.5	16.2	17.4	9.4	9.6	10.1
Targeted financing and budget revenues, mln rub.	12306.5	9837.4	13641.6	11662.4	10260.8	9581.2
Specific weight of budget revenues in cash, %	21.1	15.8	16.7	12.7	11.5	10.3

**Table 4.** Projects aimed at development of agrarian business in the Republic of Tatarstan over 2015-2018

Name	Investments, mln rub.	Number of projects, items	Commissioning of new capacities
Construction and modernization of dairy units	3227.3	27	11500 heads
Vegetable and potato storage facilities, fruit storage	127.6	2	8 th. tons
Greenhouse complexes	389	2	2.1 ha
Capital repair of dairy barns	1681.6	352	–
Construction of silo-hay tranches	204.5	129	–
Capital repair of vegetable and potato storage facilities	166.7	28	–
Capital repair of machine and transport fleet	33.4	14	–
Construction of access roads to family farms and animal production units	200	32	25.4 km
Others	133.9	93	–
Total	6164	–	–

In recent years the republic extends its agrarian business entities thus reducing their total number, and in the last six years 23 farms were transformed by a merger of several into one large farm. During the analyzed period, the number of well-functioning agrarian business entities remains constant, in 2018 425 (92 %) out of 463 farms were profitable. It shall be noted that targeted state support plays an important role here, due to which the level of profitability of the agricultural sector of the economy on average makes 10 %. Data show that without state financing of agrarian business the farms would be unprofitable.

Agrarian business of the Republic of Tatarstan is successful and efficient sphere of activity, the development of which requires permanent capital investments. With the state support over 2015–2018, the republic was able to implement projects thus

contributing to higher performance of agrarian business entities (Table 4).

Thus, it is possible to note that the agrarian business of the Republic of Tatarstan tends to develop and improve the efficiency of its activity, since the calculation of the main indicators characterizing the performance of entrepreneurs revealed positive dynamics during the considered periods. The growth in the share of agrarian businesses in the total employed population and the share of gross products of the agro-industrial complex in the growth of gross regional product, as well as the increase in fund-raising, net and entrepreneurial income of agricultural organizations indicates the progress of agricultural entrepreneurship in Tatarstan.

Agrarian business of the Republic of Tatarstan has significant advantages in its production activities, which contributes to higher performance of agrarian business entities. The main problem of their effective

development is lack of cooperative formations that would allow transferring the production to industrial technologies [16–19].

Key trends limiting progressive development of agriculture include the reduction of progressive impact of investments in agriculture within the framework of state programs in 2009–2012; lack of funds for current activities of agrarian business entities; suspension of investments in agriculture due to termination of foreign investments and unavailability of bank loans to agrarian business entities; absence of preconditions for sustainable development of agrarian business [20–22].

In this regard, the main objectives of agrarian business of the Republic of Tatarstan for the medium term are as follows: production of crop seeds; growth of construction complexes for storage and deep processing

of agricultural products; construction of closed water supply facilities for fish and fish fry breeding in closed systems; production of raw milk deep processing products (dried baby food), lactose, phosphates, whey; construction of deep processing plants for the production of vegetable proteins and concentrates; construction of wholesale distribution centers [23, 24].

For these measures on the development of agriculture the republic has the following reserves: free and fertile land; excess raw materials (grain, legume, raw milk) and the need to increase the value added of products; import of products and the need to displace import deliveries, increase Russia’s self-sufficiency, improve export of agricultural products of Tatarstan. At present the country is fulfilling projects that are expected in the near future (Table 5).

**Table 5.** Projects in progress aimed at the development of agrarian business in the Republic of Tatarstan

Enterprise	Project purpose	Project duration	Investments, mln rub.	Commissioning of new capacities
Chelna Broiler LLC	Poultry slaughter enterprise	2017–2019	4254.4	10500 heads/h
Aznakai LLC	Constriction of an animal production unit per 2000 of dairy cows	2018–2019	1007	12000 t per year
APK Food Program LLC	Constriction of a cattle young-stock breeding farm	2017–2019	1250	10000 heads
Phoenix LLC	Constriction of a pig-breeding complex	2017–2019	1087	65000 heads
AijiesAgro LLC	Constriction of a gill fungi complex	2018–2019	1067	5600 t per year
LLC TC Maisky	Constriction of block glasshouses	2018–2019	921	5,14 ha
Biosphere-Fish LLC	Constriction of sterlet fry breeding	2017–2019	625	5 mln items per year
Zainsky Elevator LLC	Constriction of grain and oil crop storage elevator	2017–2018	1462.2	150000 t
JSC Chelnichleproduct	Reconstruction of feed factory	2017–2018	488.2	30 t/h
Miramol LLC	Constriction of dairy farm	2017–2022	2200	4800 milking herd heads
PC Agrosila. Chelny-MPK	Enterprise on chicken meat advanced processing	2018–2020	3100	144 tons per day
Ramayeovsky Farm	Duck breeding enterprise	2018–2020	250	2250000 ducks per year

All measures to develop agrarian business in Tatarstan are carried out within the framework of the state program Development of Agriculture and Regulation of Markets of Agricultural Products, Raw Materials and Food in the Republic of Tatarstan for 2013-2021.

According to this development program, the amount of resource allocation by years will amount to 182172,015 million rubles, including from the federal budget it is planned to attract – 81817,782 million rubles, from the budget of the Republic of Tatarstan – 96886,172 million rubles and from extra-budgetary sources it is planned to attract – 3468.061 million rubles (Table 6).

Thus, the development of agricultural activity in the Republic of Tatarstan seems quite promising and has a considerable potential for further growth. At the state level, there is a favorable situation, which through the financing of the agricultural sector encourages agricultural entrepreneurs to develop their production enterprises, which will eventually affect the activities of the agricultural sector as a whole.

**Table 6.** Resource allocation for the development program by years

Year	Investments, mln rub.		
	From the budget of the Republic of Tatarstan	From the federal budget	From extra-budgetary sources
2013	7821,363	11078,526	3,437
2014	10387,324	9851,733	966,204
2015	14863,995	11989,745	205,3
2016	11862,463	10175,709	175,589
2017	16038,935	8277,268	361,309
2018	11172,012	6619,157	511,486
2019	8237,355	5881,844	422,052
2020	8237,355	5881,844	411,342
2021	8251,363	8971,899	411,342
Total	96886,172	81817,782	3468,061

## 4 Conclusion

The analysis of economic development of agrarian business of the Republic of Tatarstan revealed the following problems: lack of effective markets for agricultural products; poor product quality; low efficiency of fixed assets; high moral and technical deterioration of fixed assets; high production cost. The agrarian business is

an important factor in solving economic and social problems of the Republic of Tatarstan, such as: development of competitive agricultural environment, creation of new jobs in rural areas, increase of livestock and crop production, improvement of the quality of agricultural products, assistance to large agricultural enterprises by creating auxiliary or service industries, maintenance of innovative activity in terms of the introduction of new machines and technologies. Therefore, the organization and management of agrarian business in the Republic of Tatarstan represents a strategic task to create a stable position in the economy of the region. Today agricultural entrepreneurship in the Republic of Tatarstan holds firm positions based on effective organization and management for the purpose of promising strategic growth of the social and economic sphere. With a significant share in the structure of gross regional product, agrarian business shall be supported by the state at a high level.

The developed basic provisions significantly increase the efficiency of the main measures aimed at the creation of the state influence on the development of agrarian business, which, along with other measures, ensures the increase of production efficiency and positive solution of economic and social problems of the agro-industrial complex.

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