Legal regulation of financial support for agricultural producers

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Abstract. The article is on the topic "Legal regulation of relations in the field of agricultural development". The author analyzes the legal regulation in the field of agro-industrial in the Russian Federation. Agrarian legal relations include such features that must be taken into account when norm-setting activities in the field of agricultural development. The subject of the agro-industrial complex are enterprises engaged in the cultivation and sale of agricultural products. The objects of legal relations are related to the cultivation and processing of products, works and services that are performed in the course of economic activity. Agrarian policy, in combination with all other types of state policy, serves as an economic tool for ensuring food security, therefore requires the development of effective mechanisms for its implementation, analysis of the effectiveness of strategic planning and existing tools to support and stimulate the development of the agricultural sector. The author considered a new Strategy for the development of agriculture until 2030. We also analyzed the effectiveness of state financial support for 2023. It was concluded that the formation and implementation of state support tools for the development of the agro-industrial complex should take place on the basis of the developed conceptual foundations, it is necessary to activate the competitive advantages of all structural and functional components of the sector.

Keywords: agro-industrial complex, legal regulation, economy, financial support, political instability, subsidies, import substitution, export.

1 Introduction

The agro–industrial complex is an extensive and comprehensive sector that needs legal regulation to ensure efficiency and legal protection. One of the labor-intensive and complex branches of the agricultural sector of the economy is agriculture.

The agrarian legislation includes regulations of various levels regulating relations in the field of agricultural activity: laws, decrees of the President of the Russian Federation, resolutions of the Government of the Russian Federation, orders and instructions of the relevant ministries and departments. Agrarian legal relations should be understood as an organizational complex of land, property, tax, labor organizational and managerial relations that arise in the agricultural sphere and related other activities [1].

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First of all, agrarian legal relations arise in production (reproduction) activities. The basis of the emergence and implementation of agrarian legal relations is the property belonging to the subjects of these legal relations, depending on their organizational forms. We are talking about private, state, municipal and other forms of ownership (Part 2 of Article 8 of the Constitution of the Russian Federation).

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Agrarian legal relations are divided into property (civil law) and personal non-property. Property legal relations are aimed at obtaining, selling, and using property in all spheres of agricultural activity. Personal non-property legal relations are connected with the personality of the subject, for example, with the name of an agricultural enterprise, its location, and others. Non-property relations of a personal nature arise in the activities of business partnerships and companies, whose participants have the right to participate in the management of the affairs of the partnership and the company, including to receive information about their activities and get acquainted with the relevant documentation. Non-property rights include, for example, the rights to innovation proposals, inventions, new technologies and others [2].

The agricultural sector is interconnected with other sectors of the national economy. As a consequence, it is the state that should regulate, applying measures for the development of such a multifaceted activity. The management system of the agricultural sector should, firstly, ensure the implementation of a unified national policy in solving problems of agricultural development, close coordination of actions between departments responsible for a particular area of work. Secondly, it should provide for a clear distribution of powers and responsibilities between different levels of management. Thirdly, it should focus on an organic combination of federal targeted programs with independence, initiative of economic entities in solving operational issues of production and marketing of products. And, fourthly, this management system should be brought closer to agricultural production, if possible, eliminate unnecessary links from it, make it as effective as possible in the sense that authorized state bodies should primarily play a coordinating role and refrain from direct administration.

Thus, in a narrow sense, public administration is reduced only to the activities of executive authorities.

At the same time, there is an understanding of public administration in the broad sense of the word as the activity of state bodies of all branches of government (legislative, executive, judicial) in the field of organization and activity of agricultural enterprises. This approach is also supported in the scientific literature, where it is stated that management is of universal importance: it arises and is carried out in civil society institutions, presidential structures, legislative, executive and judicial branches of government. Such a position follows from the general provisions of the theory of state and law, according to which the state is a political organization of society, ensuring its unity and integrity, and managing the affairs of society through a state mechanism [3].

2 Methodology

The methodological basis is a systematic approach that focuses research on the study of the system of legal regulation of relations in the field of agricultural development as an integral complex that allows determining not only the basis of regulatory regulation, but also its effectiveness. The research also used general scientific methods – dialectical, formal logic,
3 Results of the research

In the conditions of the current financial, economic and political situation of the country, formed as a result of a military special operation, a global pandemic and European integration, the issue of developing the agricultural sector of the Russian economy to ensure an adequate level of food security of the population is promising. The state, performing its functions in various spheres of development, is a stabilizing factor of social potential as a whole, since it acts as a subject of market relations, combining the features of production and consumption, investment and lending. Thus, the creation of favorable conditions for all participants in market relations is the main task of the state. Agrarian policy, in combination with all other types of state policy, serves as an economic tool for ensuring food security, therefore requires the development of effective mechanisms for its implementation, analysis of the effectiveness of strategic planning and existing tools to support and stimulate the development of the agricultural sector. Agricultural production is a vital strategic sector of the economy for each individual household, each State, and for the global economy.

Political instability, high price volatility in the domestic and foreign agricultural markets increase the current climatic and economic risks of agriculture. All this seriously reduces the possibilities of not only medium- and long-term, but also short-term planning of investment policy, worsens the economic condition of participants in agricultural production. The most problematic are still the blocks of business opening and its final stage for wholesale and retail trade in raw materials and food, especially in the segment of small agricultural enterprises [4].

Currently, import substitution is the most important strategic priority of Russia's agri-food policy. At the same time, «the regulation of economic relations affecting the market, mainly in order to smooth out its negative manifestations, is one of the main functions of the state, both social and legal».

Import substitution in the agro-industrial complex is one of the most discussed problems by the scientific community in recent years. Moreover, economic scientists are investigating various aspects of import substitution. A special place in the modern scientific literature is given to the study of the problem of import substitution in the context of ensuring food security.

In September 2022, the Government of the Russian Federation approved a new strategy for the development of agro-industrial and fisheries complexes until 2030. The previous strategy was approved in 2020, but due to new realities and the changed geopolitical situation, as well as increased sanctions pressure on the Russian Federation, the previous goals required adjustments.

The version of the old Strategy 2020 was adopted in more stable economic conditions and, of course, requires changes. The main goal was to form a sustainable growth of the agro-industrial sector by 3% per year. To do this, it is necessary that state support for the industry amounts to 900 billion rubles, but, according to the plans, financing of the agro-industrial complex will be reduced compared to the volume of the previous year[5].

The Head of the Cabinet of Ministers claims that domestic agricultural producers provide food needs in grain, vegetable oil, sugar, meat and fish. But the New strategy considers such a goal as the growth of production volumes. In particular, it is necessary to increase the level of production of products such as milk, potatoes, vegetables, fruits and berries.
The strategy also involves the transition from imported means of production to domestic ones, which include not only agricultural equipment, but also seeds and feed components. To strengthen food security, it is also necessary to increase yields, develop breeding, create new technologies for the production, processing and storage of products [6].

The new strategy sets such a task as involving about 13.2 million hectares of land in agricultural turnover. To achieve this goal, it is planned to increase soil fertility. The creation of a single digital platform for the agro-industrial complex by 2030 is becoming another goal of the development of the agro-industrial complex. According to the government, the digital platform will allow obtaining the necessary information in real time, as well as simplify the receipt of state support by farmers.

Given the old strategy, it is clear that it does not allow the economy to develop in the new realities. Currently, international relations have changed, logistical ties have become more complicated. The sanctions policy of states against Russia affects both the import of used industrial products and their exports. And also do not forget that some farmers faced mobilization, which significantly reduced the number of agricultural producers.

It becomes obvious that the use of old goals and tools in today's changing world is not quite relevant. Agriculture ensures the stability and security of Russia. Thus, such a key industry is at the epicenter of changing events that require special measures.

4 Discussion of results

Currently, there are problems with domestic seeds of the main crops, breeding stock of birds and animals, with some types of agricultural machinery, as well as related to feed and veterinary drugs.

The Ministry of Agriculture of Russia continues to systematically improve the mechanisms of state support for agriculture. In particular, since the new year, the procedure for providing "compensating" and "stimulating" subsidies, as well as reimbursement of direct costs incurred, has changed.

In the «compensating» subsidy, the calculation of insurance limits has been simplified. The funds will be distributed to the regions based on the total amount of the insurance premium on average for the previous 3 years. There is also a new direction of using subsidies – for 1 kg of live weight of cattle not older than 24 months. In addition, the indicators for the acquisition of breeding young animals will be clarified in the compensating subsidy.

In the «incentive» subsidy, the general principle of calculating priority limits has been changed – now reporting, rather than planned values of indicators are used, limiting coefficients are excluded. The redistribution of funds between priority areas in the current year is allowed no more than 2 times. The recipients include self-employed citizens who lead private households. With regard to grant support, the efficiency assessment indicator has changed, from this year the increase in production will be estimated in relation to the previous year. In addition, the requirements for grants for agricultural cooperatives and for family farms to create jobs have been simplified – one workplace for every 10 million rubles [7].

Two new directions have been added to the rules for granting subsidies to compensate for part of the direct costs incurred: facilities for the production of feed for aquaculture, as well as the purchase and commissioning of equipment for the introduction of mandatory labeling of certain types of dairy products. This will additionally support producers of commercial fish and milk processing products. In addition, according to the new subsidy rules, funds in the amount of at least 50% must be brought to agricultural producers by June 1, 2023.

According to the Ministry of Agriculture of the Russian Federation, the budget of state programs for the integrated development of rural areas and effective involvement in the turnover of agricultural land and the development of land reclamation has been increased:
59.9 billion rubles are planned to be allocated to the first, which is 7.4 billion more, and 38.4 billion for the second, an increase of 13.2 billion rubles.

Within the framework of the state program of the agro-industrial complex, the volumes of support for preferential lending to export-oriented enterprises, subsidies to grain producers and bakery enterprises have been somewhat reduced. But if necessary, the funding will be increased. The source, as in 2022, will be export duties [8].

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![Distribution of Funds for Financial Support of the Agro-Industrial Complex in 2023](image)

**Fig. 1.** Distribution of funds for financial support of the agro-industrial complex in 2023.

The volume of support for such areas as viticulture and winemaking, the laying of perennial plantings, livestock breeding and beef cattle breeding, rural tourism will increase. Thus, support for the production and sale of milk will be carried out only within the framework of an incentive subsidy, while its total volume in 2023 will be increased by more than 2.7 billion rubles. Since 2023, support for vegetable growing has been transferred from all current subsidies to a separate federal project with a funding volume of five billion rubles. In the compensating subsidy, the calculation of insurance limits has been simplified. A new subsidy has been introduced – for one kilogram of live weight of cattle not older than 24 months, sent for slaughter, and the indicators for the acquisition of breeding young animals have been clarified [9].

In addition, the rules for granting subsidies to compensate for part of the direct costs incurred have been supplemented by two directions - facilities for the production of feed for aquaculture, as well as the purchase and commissioning of labeling equipment for the introduction of mandatory labeling of certain types of dairy products [10].

One of the urgent issues of import substitution is the development of its own seed production base. Now, according to expert estimates, the share of imported seeds in Russian crop production is about 55 percent for corn, 65 percent for potatoes, 73 percent for sunflower, more than 80 percent for vegetables and 97 percent for sugar beet. At the same time, the Food Security Doctrine states that the share of domestic seeds in the country's agriculture should be at least 75 percent by 2030.

From 2023, the amount of reimbursement of part of the costs of creating or updating breeding and seed complexes should increase from 20 to 50 percent. Grant support for farmers involved in the implementation of complex scientific and technical projects, including in the field of seed production of industrial crops, will also expand [11].

After the introduction of sanctions, the seed industry is experiencing a shortage of equipment. Highly specialized machinery, seed harvesters are needed. At the same time, most of the items of such equipment are not yet allowed to be imported as part of parallel imports. A set of protectionist measures is needed for seed farms [12].
5 Conclusions

An indispensable condition for the functioning of state support for agriculture is its comprehensiveness. Therefore, the state policy of supporting agricultural production should consist not only in the allocation of subsidies to functioning farms, but also in the development of various mechanisms for the formation and support of newly created enterprises of various forms of management, which, due to the absence of guarantors, cannot attract credit resources. One of the solutions to the problem is commodity lending (receipt by enterprises of fertilizers, fuels and lubricants, new equipment, spare parts for it, etc.) at the expense of budget funds allocated to special small business support organizations in the form of subventions included in their authorized capitals. The funds returned from the commodity loan should be reinvested in newly created farms and subsidiary farms, as a result of which there will be a real opportunity for those wishing to organize their rural business in the form of similar agrarian formations [13].

Investment loans for reconstruction and introduction of new technologies deserve special attention. As a solution to this problem, along with commercial banks, consumer credit cooperative banks should be created. Such a bank can issue loans to its shareholders at the lowest possible interest rates, linking and regulating interest rates with specific measures [13].

Price regulation also requires special attention. It implies the use of state management levers to regulate prices for the main types of material and technical resources: the establishment of an upper price limit (economic sanctions for exceeding the price level), the establishment of a lower price limit:

1. Expanding the use of leasing and subsidies for commodity producers for scientific and technical products;
2. Purchase of modern machinery and mineral fertilizers;
3. Installation of marginal margins for the main types of industrial products for trade and intermediary organizations, service enterprises and agro-industrial complex organizations with the cancellation of prepayment.

Currently, in a market economy, the basis of the state agrarian policy should be the development and provision of incentives for the efficient production of agricultural products, because the need to support their own agricultural producers is actively confirmed not only by the developed countries of the world. Such support is also justified from the standpoint of domestic state interests [14].

In the modern conditions of the development of the Russian economy, the issue of food security of the country comes to the fore, and the strategy of agricultural development should be focused on the self-sufficiency of the regions and the country as a whole. However, the existence of a separate, and even more so a wide range of types of state support for agricultural production requires a significant and national regulatory framework [15].

Consequently, the formation and implementation of instruments of state support for the development of the agro-industrial complex should take place on the basis of the developed conceptual foundations, contribute to the sustainable development of the agricultural sector, enhance the competitive advantages of all structural and functional components of the sector, increase the efficiency of budget funds, ensure a high level of social sphere, strengthen the economic security of the state. This requires, first of all, substantiating the directions and priorities of the development of the agricultural sector in the context of strengthening Russia’s economic security.
References

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