

Investment in fixed assets as a basis for improving the competitiveness of meat and dairy products agricultural enterprises

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Abstract. *Increased investment is needed today the successful operation of businesses as meat and dairy, as well as stability and future economic and social prosperity of the country. At present, investments in any form can be considered as one of the determining factors of competitiveness, as effectively mastering and using investment funds, embodying the investment projects actually generate more revenue and increase product quality.*

Key words – investment, efficiency, fixed assets, competitiveness, cattle, meat and dairy products

Actuality of the problem of production efficiency of meat and dairy is determined by several factors: the objective needs of people in the consumption of meat and dairy products, providing food and light industry raw materials, the importance of the industry for the agricultural enterprises as a stable source of revenues and expanded reproduction of industry, creating export potential in this subcomplex.

The effectiveness of management of agricultural enterprises in turn depends on the completeness, rational and efficient use of fixed assets - the main component material and technical basis, which determines the final results of its profitability.

The problem of management of fixed assets in the current circumstances is very important. Decreases their total volume, increases the proportion of fixed assets that are physically and morally outdated and need replacing productive.

During the reform of agriculture towards market, economy theoretical and methodological problems of reforming and reproduction of resource potential including technical support agricultural were devoted the research work of famous scientists and agricultural economists: I.I. Lukinova, A.M. Onishchenko, P.T. Sabluk, V.K. Tereshchenko, O.N. Spichak, V. Yurchyshyn and others.

The purpose of research is to investigate the condition of fixed assets availability in agricultural enterprises in branch of meat and dairy production in Sumy region and identify the value of investments to improve the competitiveness of agricultural enterprises.

Identify some of the main reasons for the negative development of branch. Firstly, the low efficiency of animal husbandry. Despite the high prices for milk and livestock, this sector remains attractive to little

business executives. When in May 2012 the average purchase price of raw milk produced in farms amounted to 3.5 thousand UAH / t, in October reached 3.8 thousand. Young cattle weighing more than 400 kg were taken 17.0 - 17.5 UAH / t. For comparison, the average price of milk in 2012 in the European Union ranged within 33-36 euro per 100 kg of products, meat cattle - 76 Euro per 100 kg.

However, even this price situation does not provide an appropriate level of efficiency in the sector. Profitability of milk production in 2012 was 18.8% (+1.1 p.p. compared to 2011), cattle meat - 38.3% (-2.p.p.). This results in cattle breeding complicate even simple reproduction industry not speaking about its expanded development.

Direct impact on the production of meat and dairy products has a qualitative condition basic means, which can be estimated using the rate of depreciation. In 2006, the value of the depreciation was the lowest by the period - 27.8%. But then there was a sharp increase in its value, reaching in 2010 42.8% due to the lack of investment in basic production assets.

Average time for analytical coefficient update was 0.13, that is mean that using of fixed assets at Sumy agricultural enterprises is not enough intensive.

In 2012 compared to 2009, investment in fixed assets decreased almost twice, which is a negative factor for agriculture in general. However, in comparison with 2010, their volume increased. This is due to global financial and economic crisis that befell not only the Ukraine in late 2008 and early 2009. No exception to this situation was and Sumy region (Table 1).

TABLE 2
CAPITAL INVESTMENTS IN THE AREAS OF ACTIVITY
IN THE SUMY REGION (IN FACT. PRICES, MLN.)

index	2009	2010	2011	2012	2012/ 2009, %
Agricultural:	36,8	19,6	27,3	25,2	68,5
crop production	23,3	13,6	17,5	15,5	66,5
stockbreeding	13,5	6,0	9,8	9,7	71,9

For agricultural enterprises is important in time to take advantage of advances scientific progress, resulting in the development of new techniques with shorter service life as an important stipulation that the rate of moral deterioration.

An important prerequisite for profitable business is the level availability of their basic means of production according to production specialization. In households with a high proportion of animal products in the structure of commodity production high costs of capital investments fall on livestock buildings, livestock, container for storing and feeding.

A reasonable level of provision agricultural enterprises fixed assets leads to economic efficiency of their use and competitiveness of products (Table 2).

Despite the fact that over the past 7-8 years adopted a number of laws that regulate and promote the revitalization and development of the industry, the situation in the meat and dairy farming is extremely difficult. Thus, in 2007, adopted the State Target Program for Ukrainian village until 2015, and the Plan of agriculture and rural development in Sumy region in 2015, which, along with other determines the strategy of investing in cattle.

TABLE 2
GROUPING OF AGRICULTURAL ENTERPRISES SUMY
REGION BY LEVEL OF INVESTMENT IN FIXED ASSETS

Group	Annual amount of investment in fixed assets, ths.UAH	Capital productivity	Profitability of business, %
1	≤ 100	0,44	13,3
2	101 - 499	0,53	17,5
3	≥ 500	0,61	24,8

However, 2012 showed that the State Program and Plan development in agriculture is performed not in full. Also, provided the amount of investment in cattle breeding at 1.3 billion. has invested about 60 million.

One positive example is the development of investment in the reconstruction of the milk complex, designed for 540 cows in village Boromya Trostyanets district of the Sumy region. Experience of agricultural enterprises "Mayak" argues that the introduction of modern innovative technologies, based on the work of foreign counterparts, help reduce costs and increase the productivity of animals. In 2012 farm has put in place first livestock complex at 273 head, thus optimizing animal feed, ration balancing, allowing to increase milk production by nearly 2000 tonnes.

Increased investment is needed today the successful operation of businesses as meat and dairy, as well as stability and future economic and social prosperity of the country. At present, investments in any form can be considered as one of the determining factors of competitiveness, as effectively mastering and using investment funds, embodying the investment projects actually generate more revenue and increase product quality.

One of the priorities of capital investment is primarily further increase capacity for the processing of agricultural products directly in places of production. The basis for stable operation of industry in the future is large-scale production. However, the sector cannot just go to the following scale. This requires a significant amount of funds for investment. For example, the estimated demand for means to build a modern dairy complex at 1.2 thousand animal heads is 93 million, or 77 thousand to 1 animal place.

Taking into account the annual operating costs at 18 million, revenue from product sales 29 million USD, profitability will be 60%, which will provide the return on investment in 8 years. These projects will be attractive to investors who associate their future activities with dairy business. [3]

We believe that the way out of this situation can be integrated to create a modern association with providing financial stability of its members, the presence of a strong

stock investor - the bank or powerful industrial enterprise. Last one closely involved in the processing chain and have a common interest in the results.

Increasing agricultural equipment basic production assets to economically justified level, improving their species composition and structure will update and modernize the material-technical base of enterprises (in conjunction with the implementation of scientific and technological progress), and accelerate the solution of important problems in the further intensification of production, with the using of advanced technologies.

This should be carried out principles:

- decentralization consistent investment process through the development of various forms of ownership;
- increasing the share of domestic (own) sources of savings to finance business investment projects;
- government support through centralized investment in an irreversible change of budget financing on competitive lending on the back and paid basis;
- expansion joint guarantee of public and commercial financing investment projects;
- conservation budget funding mainly for socially significant objects that have a non-profit character with their own sources of funding;
- allocation of scarce centralized capital investments and public finance investment projects for production purposes is strictly according to the state programs.

Thus, based on our research discovered that the main production assets of agricultural enterprises Sumy region is partly outdated and need replacing for efficient production process in agriculture. In addition, the system updates logistics should include the use of new technologies and new high technology. In turn, the development of intensification important is not only the process of securing funds, but their rational use.

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