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Improving the efficiency of land use in the agricultural sector of Ukraine

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Abstract. The growing interest of land users and owners in preserving and improving the fertility of agricultural land requires the inclusion in the state's agricultural policy of a mechanism that provides economic incentives for the targeted use of land resources, and a careful and effective attitude to them. This is very important, due to the fact that the attraction of land resources to agricultural production in the presence of morally and technically outdated material base of agricultural enterprises, outdated agricultural technologies and ignoring environmental requirements causes erosion and a decrease in the fertility of these land resources. In our opinion, the amount of rent for the use of the land plot to a certain extent should take into account the resource potential of the tenant of the land plot. At the same time, the state agrarian policy should provide, in our opinion, the formation of favorable conditions for the possibility of increasing the agricultural enterprises of their resource potential. The state agrarian policy should create equal conditions for the realization of its resource potential by all agricultural enterprises, regardless of their form of ownership, as well as provide the necessary conditions for free competition and cooperation between agricultural enterprises. This will not only increase the resource potential of agricultural enterprises and increase the degree of fertility of agricultural land, but also optimize the amount of rent for land and land tax. At the same time, this will make the agricultural sector of the economy more attractive for potential private investors.

1. Introduction

The deterioration of the resource and land potential of Ukraine is due to the degradation of agricultural land, wind and water erosion, waterlogging, desertification and soil depletion. This is in most cases due to the reduction in the number of small land users, their lack of technical and financial resources, as well as the termination of the economic activity of small farms.

In the opinion of [1] the reason for the deterioration of soil fertility may be the lack of financial stability of agricultural land users, the neglect of land users of anti-erosion, agrotechnical measures, as well as the use of agricultural land for purposes unrelated to agricultural production.

One of the main reasons for the decline in the land and resource potential of Ukraine is, in our opinion, the mass liquidation of collective agricultural enterprises that took place in the early 90s of



the last century and the subsequent distribution of the land of these enterprises to rural residents. According to the reformers, this should create conditions for more efficient and rational use of land used in agricultural production and the formation of an effective agro-industrial complex that is competitive in the domestic and foreign markets.

However, in practice, there was a reduction in acreage, a sharp decline in the number of livestock, moral and physical obsolescence of the production assets of agricultural enterprises, labor migration of rural residents to the city, as well as a deterioration in the demographic situation in rural areas.

In the opinion of [2] the development of the agricultural sector of the economy largely depends on the efficiency of the use of agricultural land resources.

According to [3] increasing the intensification of agricultural production with the use of ecological and high-performance agricultural technologies makes it possible to increase the volume of agricultural production and successfully compete in the agricultural market.

In the opinion of [4] agricultural holdings have a number of advantages over small-scale farming enterprises, which allow them to increase labor productivity (Figure 1):

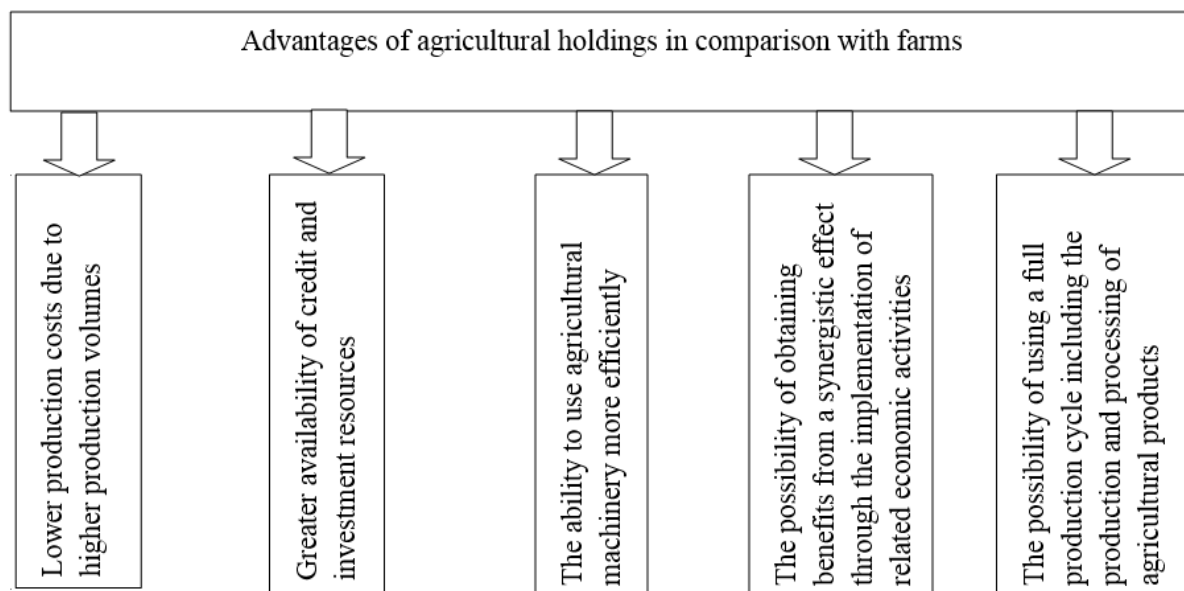


Figure 1. Advantages of agricultural holdings in comparison with farms.

According to [5] agricultural holdings have the opportunity to:

1) Widely use various IT-technologies when performing control of production processes, monitoring of agricultural crops

2) Apply energy-saving technologies to improve production efficiency.

At the same time, in our opinion, agricultural holdings create some problems in rural areas:

1) Having a monopoly position as an employer, they set a low salary;

2) Holding a monopoly position as a tenant, agricultural holdings force the owners of land plots to enter into lease agreements on terms that are unfavorable for these owners.

3) Due to the large volume of production activities, agricultural holdings are able to minimize tax revenues, and rural budgets suffer from this.

Thus, on the one hand, agricultural holdings are effective enterprises in rural areas, and on the other hand, they do not solve many problems of the village, such as: low standard of living, high unemployment, poor demographic situation, low level of labor potential. And given that most of the agricultural holdings are owned by foreign investors. Then these investors are primarily interested in making a profit and only last of all in the interests of rural residents. Thus, there is a need for state

regulation of land relations in Ukraine, on the one hand, to attract investors to the agricultural sector of the economy, and on the other hand, to improve the standard of living in rural areas.

2. Methods

In the process of implementing this scientific research, an analytical method was used, which made it possible to consider the studied scientific problems in their development and unity. Taking into account the tasks and goals of the research, we used the functional-structural method of scientific cognition.

This allowed us to study some issues related to improving the efficiency of land use in the agricultural sector of Ukraine.

3. Results

Lease relations are an important tool of land relations. They make it possible to reduce the cost and simplify the concentration of land resources in the most efficient land users. The amount of the rent is a compensation to the owner of the land plot for the investments made by him in this plot, and is also formed on the basis of the ratio of supply and demand in a particular area by mutual agreement of the tenant and the landlord.

According to [6] in the conditions of Ukraine, the functioning of the agricultural business is associated with certain features (Figure 2):

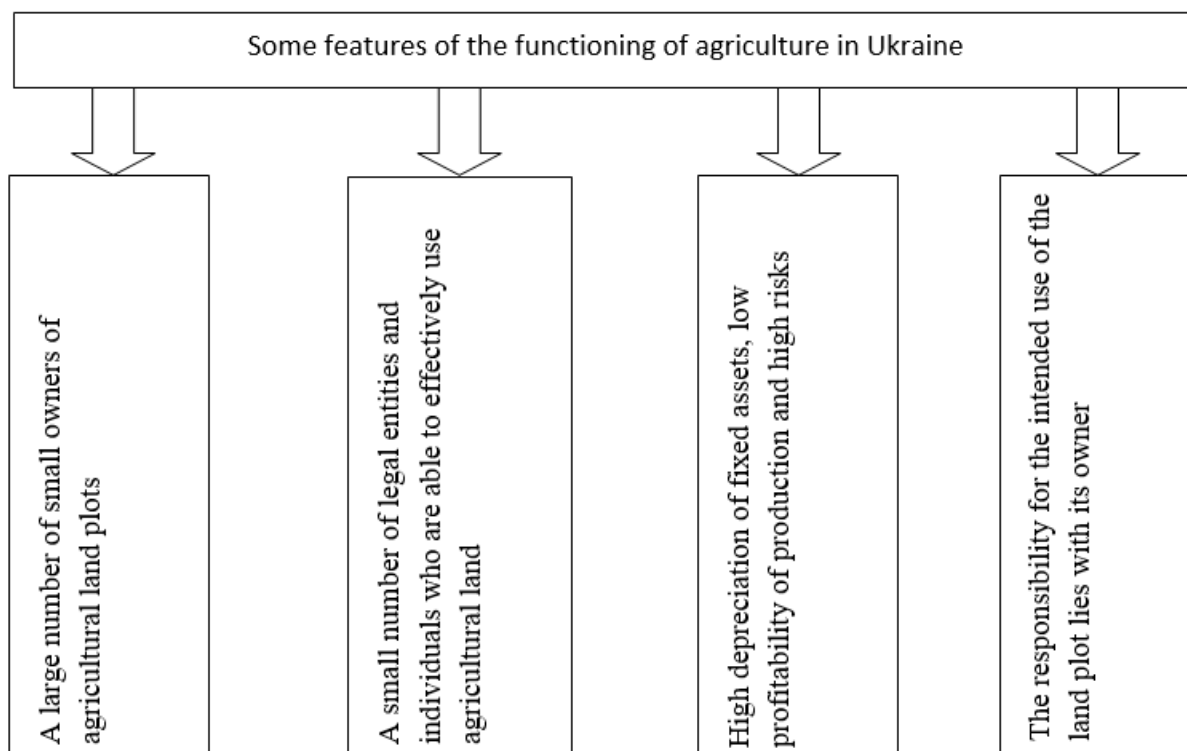


Figure 2. Some features of the functioning of agriculture in Ukraine.

Taking this into account, in our opinion, there is a need for state protection of owners of small agricultural land plots. This will make it possible to regulate land relations, achieve an increase in the income level of rural residents, but also increase interest in investing in agricultural land.

According to [7] rents can have a stimulating effect on the development of land relations and expand opportunities for investment in agriculture.

In the opinion of [8] The state is interested in increasing budget revenues from the payment of land taxes and rents for the use of state land, increasing the productivity of the agricultural sector of the economy, providing the population with high-quality food, reducing the unemployment rate among rural residents and improving the standard of living in rural areas.

Lease relations of land plots arise if their owners cannot independently use them for profit and transfer their land plots to legal entities and individuals who do not have enough land resources necessary for the effective implementation of business activities in the agricultural sector of the economy. The tenant of the land plot becomes its temporary owner, he is primarily interested in obtaining the maximum profit from the use of this land plot. In practice, this may mean growing monocultures that can provide maximum profit, but severely deplete soil fertility. Tenants, in most cases, are not attracted to less profitable livestock farming and therefore do not apply organic fertilizers.

In the opinion of [9] the amount of rent for the use of the land plot should be directly dependent on the amount of land tax paid by the owner of this land plot.

The amount of land tax depends on the value of the land plot. Effective assessment of agricultural land resources, in our opinion, contributes to the optimal use and improvement of its quality and productivity.

We believe that a multi-factor approach should be used to assess the value of a land plot, which takes into account:

- 1) The location of the land plot.
- 2) The possibility of using the land plot in agricultural production.
- 3) Availability of transport infrastructure near the land plot.
- 4) Natural and climatic conditions in the area.
- 5) The presence of market demand for the purchase, sale and lease of this site.

In our opinion, the amount of rent for the use of the land plot, to some extent, should take into account the resource potential of the tenant of the land plot.

According to [10] resource potential is a set of labor, intangible, financial, and material resources of the enterprise, as well as the ability of the enterprise to use these resources to achieve its goals in the medium and long term.

In the opinion of [11] the resource potential of an enterprise is determined by the resources available to the enterprise, and the ability to use these resources in its activities.

We adhere to the point of view that the resource potential is the production, financial and labor resources available to the enterprise in the optimal ratio necessary for the implementation of financial and economic activities.

In turn, the state agricultural policy should be aimed, in our opinion, to create favorable conditions for the possibility of increasing agricultural enterprises' resource potential.

The state agrarian policy should ensure equal conditions for the realization of its agricultural potential by all agricultural enterprises, regardless of the form of ownership, as well as promote the necessary conditions for cooperation and competition between agricultural enterprises.

The use of organic fertilizers is of great importance in maintaining the humus content in the soil. Agricultural enterprises use pus, straw, pus-based compost, etc. for this purpose.

Thus, in our opinion, the state agrarian policy should provide for state support for animal husbandry.

This, in our opinion, will not only increase the resource potential of agricultural enterprises and improve the fertility of agricultural land, but will also make it possible to optimize the amount of rent for land, land tax, while making agriculture more attractive to potential private investors.

4. Discussion

The state's agricultural policy should be focused on preserving and improving the fertility of agricultural land.

To do this, in our opinion, it is necessary:

1. Assistance in increasing the resource potential of agricultural enterprises.
2. Creating favorable conditions for the formation of the land market.
3. Development of transport infrastructure from rural areas
4. Tougher responsibility for the degradation and misuse of agricultural land.
5. Improvement of the legal framework in order to protect the interests of land owners and the state.

5. Conclusions

Increasing the interest of land users and owners in preserving and improving the fertility of agricultural land requires the inclusion in the state's agricultural policy of a mechanism that provides economic incentives for the targeted use of land resources and careful treatment of them.

This is important, because the attraction of agricultural production of land resources in the presence of morally and technically obsolete material base and outdated agricultural technologies in agricultural enterprises, as well as ignoring environmental requirements, cause erosion and reduce the fertility of these land resources.

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