

ACCOUNTING AND FINANCIAL PROBLEMS OF BANK LENDING TO AGRO-INDUSTRIAL ENTERPRISES IN UKRAINE

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Abstract. The *purpose* of the article is to study the problems of implementing the credit mechanism in the agrarian sector, the rationale for the need to increase the amount of lending to the agro-industrial complex and the analysis of existing studies of bank lending to agricultural enterprises. The issue of solving the problems of lending to the agro-industrial sector in the modern scientific literature is not addressed enough. In light of this, the above-mentioned issues require further comprehensive research in order to identify effective ways to solve the existing problems. *Problem statement.* The task of the research is to: study the current state of bank lending in the country, analyze the state of accounting and financial support for lending to agro-industrial enterprises and determine the prospects for the development of agricultural enterprises in Ukraine; analyze the shortcomings and formulate the main trends of these enterprises. As a result of the research to investigate the accounting and financial problems of lending to agricultural enterprises, to highlight in detail their main problems and features. *Methodology.* The analysis of the activities of agricultural enterprises and the peculiarities of its management. The issues of formation and functioning of farms, as well as document management and business administration in these farms are debatable. *Results.* According to the research, accounting and financial problems and possible prospects for lending in the agricultural sector of Ukraine were analyzed. As a result of the study, we have analyzed the state, problems and possible prospects of lending in the agrarian sphere of Ukraine. The features of credit relations of agro-industrial enterprises with commercial banks are revealed, the state and trends of development, as well as the modern conditions of bank lending to agricultural enterprises are analyzed. The need for the state support in providing this industry with affordable long-term lending resources and the introduction of preferential credit mechanisms for agricultural commodity producers is determined. *Practical implications.* Peculiarities of credit relations of agro-industrial enterprises with commercial banks are revealed, their state and development tendencies are analyzed, as well as modern conditions of bank crediting of agrarian enterprises. They develop the real economy, expand employment opportunities and promote competition. The necessity of intensifying the development of agro-industrial enterprises, which is an important task of the state, has been proved. The solution of accounting and financial problems of bank lending to agro-industrial enterprises in Ukraine should be based on the introduction of European experience, which will contribute to the creation of a modern market economy with social justice. Lending to agricultural enterprises by commercial banks is currently quite complicated, and sometimes even impossible. The reasons are low profitability, return on capital employed and liquidity of the property. At present, farmers are considering alternative options for the replenishment of working capital. Therefore, the avalisation of bills and agrarian receipts may be used as an alternative to bank lending to meet the needs for the crop protection agents, fertilizers and planting material. These methods make it possible to obtain a delay in payment for the acquired resources or financial resources for the acquisition of working capital in the provision of agricultural enterprises with future harvest. The formation of strategic directions of creditor activity of banking institutions of Ukraine is considered on the example of activity of JSB "UKRGASBANK". The article pays attention to the issues of credit insurance in order to protect the interests of banking institutions and improve the formation of directions for solving the problems of bank lending to

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agricultural enterprises. *Value/originality*. The need for state support in providing agricultural enterprises with affordable long-term loans and the introduction of mechanisms for targeted lending to agricultural producers, which is possible only through a balanced government policy of comprehensive support for this sector of the economy. The directions of the decision of problems of bank crediting of the agricultural enterprises are offered. The improvement of legislation on the agrarian policy, the regulation of lending operations, the rational distribution of funds, their effective use and timely repayment of debt, and the corresponding policy of the state could remedy the situation.

Key words: agricultural enterprises, bank lending, borrower, credit relations, commodity producer, lender, state support, accounting, finance, problems.

JEL Classification: R51, D01, F34, O11, M41, G18, Q14

1. Introduction

The agro-industrial sector is the base in the structure of the Ukrainian economy. Significant investment resources, which primarily concern the significant volume of lending, are essential for the effective operation of agricultural enterprises.

As a result of market transformations, a significant part of agricultural enterprises has lost their own financial resources, and the conditions of access to external resources have drastically deteriorated.

At the present stage of their development agricultural enterprises require increased investment of financial resources, which will contribute to the formation of competitive agricultural production and economic development.

Unfortunately, lending to agricultural enterprises by commercial banks is currently quite complicated, and sometimes impossible. The reasons are low profitability, return on capital employed and liquidity of the property.

The operation of agricultural enterprises is impossible without attracting lending resources, since agriculture is a credit-intensive industry. Agricultural enterprises need to attract long-term financial resources for the renovation of equipment, the construction of new facilities and the introduction of innovative technologies. But obtaining these loans is quite problematic due to a high level of riskiness of agribusiness, low creditworthiness of enterprises, low quality and liquidity of collateral, which enterprises are able to provide to banks, the lack of mortgage lending mechanisms in the region, as well as the imperfection of legislative mechanisms.

Analysis of the research and problem statement. Scientists-economists have studied the main part of the theoretical, methodological and applied aspects of the problem of providing agricultural commodity producers with bank financial resources, but the issue of the development of bank lending to agricultural formations still remains unresolved, and continues to grow worse. This range of issues is of a polemical character and requires further development in the direction of improving the mechanism of the arrangement of bank

investment lending to agricultural enterprises in the country.

The task of our study aims to: investigate the current state of bank lending in the country, analyze the state of accounting and financial support for lending to agro-industrial enterprises and determine the prospects for the development of agricultural enterprises in Ukraine; analyze the shortcomings and formulate the main trends of these enterprises. As a result of the research to investigate the accounting and financial problems of lending to agricultural enterprises, to highlight in detail their main problems and features

Despite significant scientific elaboration, the problem of accounting and financial functioning of agro-industrial enterprises remains open. A significant number of issues related to business lending in Ukraine need further research.

The problem of providing loans to the national economic complex is one of the most urgent ones at this stage of development of the national economy.

The economic complex of the country has the required prerequisites for the wide attraction of foreign investments and lending, namely: fertile black soil, developed transport infrastructure, favorable geographical location, availability of labor force, unsaturation of food and resource markets. But unfortunately, the state of lending to the agro-industrial sector is quite challenging.

This is due to the unsatisfactory financial condition of banks, low quality of lending resources of banks due to an increase in the number of delinquent loans, investment unattractiveness and increased risk of lending to the agro-industrial sector of the economy.

The situation is aggravated by the fact that in recent years there has been a series of bankruptcy of financial institutions that has undermined the confidence of potential investors in banks, which in turn has reduced the liquidity of financial institutions and their ability to lend to the economy. Table 1 shows the dynamics of the availability of commercial banks in Ukraine for the period 2008–2018.

The above table shows that for the period from 2008 to 2020, 101 financial institutions, especially

commercial banks with Ukrainian capital, were liquidated, since the number of banks with foreign capital remained virtually constant. This number of the cases when banks go bankrupt has had a significant impact on the credit capacity of existing banks. At present, banks focus on high-yield retail lending, and remain aloof from the processes of solving issues in the economy and its real sector that must be dealt with expeditiously.

At the moment, the conditions that have developed in the sphere of interaction of bank institutions with enterprises of the real sector require a set of measures to enhance the participation of banks in the formation of financial resources of enterprises to ensure the essential growth rates of the national economy.

One of the effective forms of management in rural areas, the important means of solving the food, economic and social problems of the society and rural areas are farms. These forms of economic activities also need assistance in the form of bank lending (Poliatykina, Kadatska 2018).

Under the circumstances, where the main share of bank assets is lending operations, the efficiency of banking business and its profitability are directly related to the performance of borrowers in the market of goods and services. In this regard, it is particularly important to further improve the operation of the banking system, to increase the role and importance of bank lending in the formation of financial resources of enterprises of the real sector of economy, the introduction of advanced lending methods, the study of the impact of lending products and levers on the state of domestic production.

Lending for agricultural enterprises, along with budget financing, is one of the most important external sources of investment activity of agricultural enterprises.

In the agrarian sector, lending resources play a crucial role: a seasonal gap between investment and receipt of funds, the continuity of reproduction processes, a significant need for working capital turn lending into the main source of replenishment of financial resources (Ruda, 2013).

The congruence of interests of both the lender and the borrower is important in establishing credit relations. Only under this condition loans will be provided by the bank and used effectively by the borrower.

2. Lending for alternative energy projects

On the example of the activity of JSB "UKRGASBANK" consider the formation of strategic areas of lending. JSB "UKRGASBANK" has established itself in the financial services market of Ukraine as a transparent, stable and reliable institution. As of

Table 1

Number of commercial banks in Ukraine from 2008 to 2020

Date	Number of operating banks	Operating banks with foreign capital	Including with 100% of foreign capital
as of January 01. 2008	175	47	17
as of January 01. 2009	184	53	17
as of January 01. 2010	182	51	18
as of January 01. 2011	176	55	20
as of January 01. 2012	176	53	22
as of January 01. 2013	176	53	22
as of January 01. 2014	180	49	19
as of January 01. 2015	163	51	19
as of January 01. 2016	117	41	17
as of January 01. 2017	96	38	17
as of January 01. 2018	82	38	18
as of January 01. 2020	74	36	16

Source: according to the National Bank of Ukraine, financial portal *Minfin.ua*

January 1, 2021, 278 operating points of sale of JSB "UKRGASBANK" were presented to 162 settlements of Ukraine. According to the results of 2020, among 74 banks, JSB "UKRGASBANK" occupies the fourth position in terms of assets, amounting to 142.7 million UAH.

The main strategy of JSB "UKRGASBANK" is to provide financial services to clients implementing projects aimed at, firstly, efficient use of resources and, secondly, reduction of harmful effects on the environment. JSB "UKRGASBANK" actively implements the concept of "environmental responsibility" of business, applies the principles of "green" financing of the economy.

Implementing the "Green Banking" strategy, the Bank has chosen to finance projects related to the efficient use of energy resources and the reduction of negative impact on the environment. Today, JSB "UKRGASBANK" is the only bank in Eastern Europe that has its own office, which serves for professional expert analysis of alternative energy and energy efficiency projects. The Bank finances eco-projects from renewable energy sources, as well as energy efficiency and ecology.

In order to achieve the strategic goals of JSB "UKRGASBANK", the Department of Environmental Reengineering and Implementation of Resource Conservation Projects was established in the Bank. This structure is engaged in the development and maintenance of all eco-projects.

The eco-projects of JSB "UKRGASBANK" include such investment projects as renewable energy projects; resource saving projects, namely: energy saving and energy management; some other sustainable development projects, namely: environmental protection, environmental transport,

public health and pandemic response, organic production, waste management.

JSB "UKRGASBANK" offers its customers quality service. The Bank is also actively implementing new technologies. During 2018–2020, a high-tech, modern, multifunctional system "ECO-BOOM 24/7" for legal entities and individual entrepreneurs was introduced, as well as a mobile application "EKO-BANK" for individuals. These applications have a high level of security and information protection. Also, customers have the opportunity not only quickly and securely, but also remotely, to manage their own bank accounts, being in any part of the world, in real time. As a result, the bank's customers can achieve maximum efficiency and mobility in their business activities. The introduction of state-of-the-art customer-oriented digital tools helps JSB "UKRGASBANK" to become a leader in the e-commerce market.

3. Problems of lending to agricultural enterprises

Under the market transformation in Ukraine, it is of critical importance that a rational proportion be maintained between the financial and real sectors of economy: the development of the financial sector should be consistent with and supported by the development of the real sector of economy. The proportional development of all economic subsystems would provide the best opportunities for restructuring the economy, the intensive development of the institution of entrepreneurship and the improvement of banking business, which in fact should contribute to the proper operation of this institution.

Unfortunately, this proportion is not tracked. According to various estimates, bank lending accounts for only 20% of the working capital of the agrarian sector, while the share of loans in developed countries amounts to 70%.

It has been believed that each business entity may acquire lending resources in the credit market at a market price. Price equilibrium should have been achieved through the mechanism of supply and demand.

But practice has shown that this approach is not viable. The actual relations in the credit market have turned out to be much more complicated, and such a universal model has not worked. The overwhelming number of agricultural commodity producers is unable to get lending resources even theoretically on such conditions at the credit market.

In the context of increasing the volume of agricultural production investment activity in the Ukrainian agriculture remains low.

Among the most influential factors hindering business in Ukraine are access to financing for agricultural enterprises (15.3%), corruption (14.0%)

and tax regulations (13.6%). The severe political and economic crisis, military actions, unstable, unpredictable and non-transparent state policy, insecurity of the rights of creditors and landowners, inefficiency of reforms related to taxation and land use, insufficient financing of agriculture and other factors objectively do not contribute to external fund raising (World Economic Forum 2013).

According to the official statistics, in 2019 the industry attracted 8.6% of capital investments from total investments in the economy of Ukraine. In the context of the export orientation of agriculture, it has lacked financial resources that affects the technical equipment of production, the volume of applied fertilizers, the use of plant protection agents and, in general, the compliance with the standards of the technological process.

According to the National bank of Ukraine data, loan balances on bank accounts as of the end of February 2020 amounted to almost 842 billion UAH, 40.6% of which are loans granted in national currency, 59.4% – in foreign currency. From them only 50.5 billion UAH (6.0%) are credit funds provided to the enterprises of agricultural, forest and fish industries (as of the end of December 2019 – 48.4 billion UAH, or 6.1%).

In the current conditions, only a few banks keep on lending to farmers. Despite the fact that banks have liquid funds, they are in no haste to invest in too risky agrarian sector (Holovnyy zhurnal z pytan ahrobiznesu, 2016).

The analysis of these bank websites and prompt information makes it possible to identify lending programs offered by banks in the field of financing:

- to replenish working capital – the program is aimed at financing working capital, namely purchasing fertilizers, repairing equipment and paying wages and salaries (overdraft, credit facility, term loan);
- to implement investment projects – the program is aimed at financing investment projects for the construction of fixed assets, such as elevators, warehouses, etc., as well as purchasing equipment for the arrangement of these facilities;
- to purchase agricultural machinery – the program is aimed at purchasing agricultural machinery and equipment.

Banks assess the creditworthiness of borrowers with due diligence. Therefore, no lending is provided to agricultural enterprises without collateral. The best collateral for most banks is liquid assets. However, warehouse certificates and other documents of title to agricultural products may be provided as collateral.

Investment lending to agricultural enterprises is based on the same principles as lending to enterprises of other sectors of economy, but has significant features (Aranchiy, 2011):

Table 2

Loans granted to non-financial corporations by types of economic activity and maturity (balances as of the end of February 2020)

Type of economic activity	Total		Including by terms			By types of currency	
	Million UAH	%	Up to 1 year	Up to 5 years	Over 5 years	National	Foreign
Total amount provided	841,973	100.0	419,442	308,405	114,126	341,574	500,399
Enterprises of agricultural, forest and fish industries	50,469	6.0	22,658	21,582	6,229	28,814	21,655
Total overdue	187,576	100.0	85,082	76,673	25,821	34,808	152,768
Enterprises of agricultural, forest and fish industries	6,675	3,6	4,085	2,270	320	1,933	4,742

Source: according to data of the National Bank of Ukraine

- clear periodization of the production process that eliminates interruptions in it and causes the need to ensure the provision of loans to the commodity producers of the agrarian sector within clearly defined time limits and in full;
- slow capital turnover requires an increase in the terms of attracting lending resources;
- non-equivalence of exchange and low level of profitability of agricultural production require a reduction in loan charge;
- low level of technical equipment of production at a high level of equipment wear and outdated technology use requires a significant amount of credit security;
- increased level of risk in the industry, which requires an adequate level of insurance protection.

Bank lending in the agro-industrial complex of Ukraine is provided mainly in several key areas and extremely unprofitable for domestic farmers. There are several major lending programs: loans to replenish working capital aimed at financing working capital, namely purchasing fertilizers and livestock, repairing equipment and paying wages and salaries, lending for the implementation of investment projects aimed at financing investment projects for the construction of fixed assets, such as elevators, warehouses, etc., as well as purchasing equipment for the arrangement of these assets; leasing loans, or loans for the purchase of agricultural machinery. At the same time, all these lending programs are implemented mainly at 25-30% per annum, if they are introduced at all.

Since 2014, agricultural producers with loans in foreign currency have had to return any tripled amount in UAH equivalent. It is the UAH devaluation of 2014 that has had an extremely negative impact on a plenty of Ukrainian farmers driven by the state in a very difficult situation. The growth of the official dollar exchange rate has increased the debt burden. While large agricultural holdings are largely export-oriented, other producers have to settle for the remnants of the domestic market. The problem in this case is also that many enterprises are focused on the domestic consumer market. Taking into account

the reduction in purchasing power of all Ukrainians without exception, many producers have actually lost domestic markets. And, as we understand, it is virtually impossible for many small and medium-sized agricultural producers to enter large retail chains (Ukrainskiy vybor, 2016).

4. Directions for solving the problems of bank lending to agricultural enterprises

The analysis of the resource base of many enterprises shows that it is impossible to achieve economic growth without investments, support of financial institutions and the inflow of funds into the economy.

Having studied the structure of sources of financing of capital investments, it can be noted that enterprises finance their development mainly from their own funds, the share of which for the period 2010–2020 amounts to 56-60 %. Bank loans with a share of 14-18 % take second place (Rud, 2013).

Thus, there is some contradiction: on the one hand, there is a positive trend towards an increase in the total volume of lending, and on the other – the majority of enterprises need further attraction of financial resources.

Special attention should be paid to the issues of state policy in the manufacturing sector of the economy, which is aimed at solving the most pressing problems of commodity producers. In the context of property reforming of crisis state of economic activity one of the main ways to achieve stabilization is the state support with the involvement of non-traditional forms and schemes of lending to production activities (Poliatykina, 2018).

Having considered the process of granting loans to business entities in more detail, it becomes clear that the number of loans provided by banks increases only in absolute terms. In most cases, lending is provided to enterprises in certain sectors, other businesses still need lending resources.

Insurance of bank lending operations. Additional attention should be paid to the issues of scientific research on the development of a methodological

approach to the organization of insurance activities and the development of proposals on ways to improve it. The insurance market of Ukraine is characterized by its insufficient development, structure imperfection, a tendency towards the conclusion of short-term contracts, the weak development of reinsurance, the instability of financial condition of many insurance companies that leads to untimely fulfillment of obligations to insurers. This is especially true in the matters of credit risk insurance (Poliatykina, 2018).

The NBU discount rate or refinancing rate is the interest rate charged by the National Bank of Ukraine when refinancing commercial banks. It is a monetary instrument, with the help of which the National Bank sets a benchmark for entities of the monetary market in terms of the cost of attracted and placed monetary resources.

It is obvious that the policy of lending to the agro-industrial complex of Ukraine requires a radical revision. But the government is unconscious of this fact and further worsens the situation with the provision of loans to farmers by increasing the NBU discount rate in 2018. However, the next accounting period was favorable for the development of lending to agro-industrial enterprises. The NBU discount rate began to decline. It was happening at a rapid pace, reaching 6.00 percent in the summer of 2021 (Borisova, Samoshkina, 2010).

The growth of credit investments for commercial banks increases the profitability of active operations

in the form of interest for the use of loans and enables business entities to finance production costs for the purpose of continuity of the reproduction process, as an incentive for the effective use of bank loans as a source of investment resources (Vdovenko, 2011).

5. European experience of bank lending

The experience of the European Union (EU) shows that concessional lending is one of the priority levers to support agricultural production. Thus, soft loans to farms, of which almost 40% need bank lending, are provided by agricultural cooperative banks. To protect the internal agricultural market, EU countries take certain measures aimed at setting protective prices and non-tariff barriers, introducing customs quotas, duties and compensatory levies. An important area of financial regulation of agriculture in EU member states is to determine the size of direct state subsidies to national producers to ensure the greening of agricultural production and sustainable development of rural areas. The experience of EU countries shows that in the first years of the transition from conventional to organic farming, the share in total areas increased to 4% on average, 8% in Austria and Italy, 10% in Switzerland and almost 12% in Sweden (Mensick, 2011).

State support for agricultural production in Spain is provided through the mechanism of agricultural risk insurance. According to the law on insurance, the

Table 3

Amount discount rate of the National Bank of Ukraine

Period	Discount rate, %	
from April 14. 2017 to May 25. 2017	13.00	-1.00
from May 26. 2017 to October 26. 2017	12.50	-0.50
from October 27. 2017 to December 14. 2017	13.50	+1.00
from December 15. 2017 to January 25. 2018	14.50	+1.00
from January 26. 2018 to March 01. 2018	16.00	+1.50
from March 02. 2018 to July 12. 2018	17.00	+1.00
from July 13. 2018 to September 06. 2018	17.50	+0.50
from September 07. 2018 to April 25. 2019	18.00	+0.50
from April 26. 2019 to July 18. 2019	17.50	-0.50
from July 19. 2019 to September 05. 2019	17.00	-0.50
from September 06. 2019 to October 24. 2019	16.50	-0.50
from October 25. 2019 to December 12. 2019	15.50	-1.00
from December 13. 2019 to January 30. 2020	13.50	-2.00
from January 31. 2020 to March 12. 2020	11.00	-1.50
from March 13. 2020 to April 23. 2020	10.00	-1.00
from April 24. 2020 to June 11. 2020	8.00	-2.00
from June 12. 2020 to March 04. 2021	6.00	-2.00
from March 05. 2021 to April 15. 2021	6.50	+0.50
from April 16. 2021 to July 22. 2021	7.50	+1.00
from July 23. 2021 to September 09. 2021	8.00	+0.50
from September 10. 2021 to December 09. 2021	8.50	+0.50
from December 10. 2021 till now	9.00	+0.50

Source: according to the data of the National Bank of Ukraine

country has a mixed insurance system. This system includes: insurance of winter crops and insurance of crops in case of natural disasters (floods, fires, frosts, droughts, destruction of products by pests, etc.); crop insurance for demanding and unstable to weather conditions crops (poppy, grapes, tobacco) (Leone, Panetta, Porretta, 2013).

In Italy, the main element of support for agricultural producers is the system of credit cooperation.

In Greece, tax incentives are applied, according to which agricultural producers are generally exempt from taxation.

In Denmark, the state provides guarantees to agricultural producers for their loans and soft loans to young farmers who have acquired their own farms.

In France, the mechanism of soft loans is based on the principle of bonus – compensation to the creditor from the state budget of the difference between the contractual interest rate and the soft loan rate. The size of the soft loan rate is fixed, legally defined and differentiated depending on the type of loan: for the arrangement of the farm – 2.7-4.0%, modernization – 2.7-5.0%, livestock development – 5-6%, production of some crop products – 6-10%, land loans – 5.2%, financing of cooperatives for the sharing of equipment – 3.7-5.0%. Partial compensation was provided to Romanian agricultural enterprises after repaying the soft loan within the stipulated period of 70% of the lender's interest rate (Balog, 2018).

In Austria, there is no fixed rate for soft loans for agricultural borrowers. Soft investment loans to Austrian farmers are differentiated depending on the type of loan on two levels of compensation surcharges – 50 and 36% of the current interest rate of the lending bank.

For German farmers, soft loans are provided in the form of loans with the rate of 1% per annum, or by reducing the loan interest rate of existing loans by 4-7%. That is, for German farmers, either the soft loan rate or the amount of partial compensation is fixed.

EU countries are constantly working to reduce the tax burden on agricultural producers. Yes, EU farmers receive significant tax benefits. In particular, pension contributions, life insurance contributions, and interest on life-building loans are taken into account when calculating income tax (Key, Litkowski, Williamson, 2018).

6. Conclusions

On the basis of the above, it should be noted that agriculture is a credit-intensive industry, and its proper operation without lending resources, in particular investment, is almost impossible in modern conditions.

Although investment lending to agricultural enterprises is becoming more popular and spreading

significantly, the mechanism for granting loans to such enterprises still requires significant improvements. Therefore, it is important to develop appropriate mechanisms of lending to this industry, taking into account industry specifics. This will make it possible to effectively invest the formed resources both at the macro and bank levels.

Both the financial and non-financial support of the state is important for the development and provision of lending to agricultural enterprises by commercial banks. The non-financial support is a kind of tool to minimize risks in investment lending by banks to agricultural enterprises, for which the state does not provide loans or other direct assistance on its own.

In order to improve the process of investment lending to the agricultural sector, it is important to involve agricultural producers, banks and the state in this process.

Agricultural producers must do everything possible to ensure that their activities be efficient and profitable. The significant advantages for increasing the availability of investment resources of agricultural commodity producers are the regional and sectoral diversification of activities, the use of crop rotation, powerful agricultural machinery and modern technologies.

Banks, in turn, should try to expand cooperation with agricultural commodity producers and support them in every possible way, taking into account all aspects of the investment lending process. The necessary conditions for the activation of bank lending to agricultural enterprises is the training of specialists in banking and methodological support for more accurate and effective evaluation of investment projects and potential borrowers. Therefore, it is important for Ukrainian realities to stimulate the development of rural areas and the operation of agricultural enterprises. The use of the investment lending mechanism makes it possible to develop both agricultural enterprises and the territories, in which they operate.

The implementation of the proposed measures in the field of financial and credit policy will result in the improvement in the financial support for agricultural commodity producers, in particular, the level of satisfaction of their needs for lending resources.

Now, the lack of an effective mechanism of collateral hinders the development of bank lending to agricultural enterprises, but if we consider the prospects of the agro-industrial complex of Ukraine, its constant growth and increase the pace of its development, the appropriate lending will attract significant financial resources and become a powerful lever for the development of this sector.

At present, farmers are considering alternative options for the replenishment of working capital.

Therefore, the avalisation of bills and agrarian receipts may be used as an alternative to bank lending to meet the needs for the crop protection agents, fertilizers and planting material.

These methods make it possible to obtain a delay in payment for the acquired resources or financial resources for the acquisition of working capital in the provision of agricultural enterprises with future harvest (the use of financial agricultural receipts).

The conducted analysis shows that the investment climate for the agro-industrial complex is favorable, but the risks for investors remain high. The improvement of legislation on the agrarian policy, the regulation of lending operations, the rational distribution of funds, their effective use and timely repayment of debt, and the corresponding policy of the state could remedy the situation.

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