Grant support for the development of peasant farms: the experience of the Trans-Baikal Territory and key problems

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Abstract. The article considers the current state of small and medium-sized businesses in rural areas of the Trans-Baikal Territory. In the region, the largest share of agricultural products produced falls on the personal subsidiary farms, while there is a destruction of large-scale commodity production, evidenced by a decrease in the number of agricultural enterprises and organizations. Presently, the Government of the Trans-Baikal Territory is interested in transforming personal subsidiary farms into the status of peasant farms, since they are able to ensure more efficient functioning of small forms of farms. Special attention is paid to the state support of small farms in the region. In the course of the study, the problems of the effectiveness of the use of state support for small forms of management were identified. The priority direction of state support is grant subsidization of peasant farms, while the distribution of grants in the context of municipal districts of the region is uneven. In general, the mechanism of grant support for peasant farms is effective only for areas of the region where animal husbandry traditionally constitutes the basis of agriculture. There are also problems associated with excessive requirements for obtaining grants and insufficient consulting assistance from potential grantees.

1. Introduction

The main direction of agrarian reform in the 1990’s was the revival of farming in rural areas. The rights of use were secured for agricultural lands; they became the common property of rural residents who received it during the agrarian reform, accompanied by a large-scale reorganization of collective farms and state farms, agricultural workers had the right to create peasant farms [1]. Thus, the institutional foundations of agricultural entrepreneurship were formed.

The state's attention to such a form of farming in the agro-industrial complex as peasant farms in our country has significantly increased in the last 5–6 years. The State has recognized the importance of small forms in rural settlements where there are no agricultural organizations or unprofitable agricultural enterprises are located and there is a need for active development of farms. In addition, subjects of small forms, which include peasant farms, personal subsidiary farms, consumer cooperative organizations and individual entrepreneurs, are able to solve socio-economic problems of rural territories associated with increasing incomes, the level of employment of the rural population and food supply.

In the Trans-Baikal Territory in 2019, the subjects of the small farms produced more than 90% of agricultural products (20.3 billion rubles in actual prices), of which the largest share falls on personal subsidiary farms – 79.70% (figure 1).
Personal subsidiary farming as a specific form of production under socialism originated in the late 1920’s in the process of collectivization of individual peasant farms, and was based on the state form of ownership based on the means of production, including land, and the personal labor of their owners and their family members. Since 1991, household plots of land used in personal subsidiary farming, as a result of the land reform, have been transferred to the ownership of citizens. In modern conditions, the role of personal subsidiary farms has changed significantly. For many rural residents, it has become the main area of employment, bringing a significant share of the income to a rural family [2]

At the present stage of agricultural development, the government is interested in transforming personal subsidiary farms into peasant farms, since they are able to ensure more efficient functioning of small forms. Peasant farms are an independent type of agricultural enterprise that have the main means of production, their own (partially hired) labor resources, financial and other means of farming. Peasant farms carry out agricultural activities, create additional jobs, and participate in solving the food problem [3]. Due to these reasons, budget investments in the development of peasant farms produce a huge economic and social effect that is incomparable with other spheres; this process has a completely different main goal than increasing the volume of agricultural products.

In the first half of the decade, the number of livestock in peasant farms in the region significantly increased, thanks to the effective measures of state support, in particular, the implementation of the departmental target program "Development of the traditional for the Trans-Baikal Territory livestock subindustry – sheep breeding". The main goal of the program was to increase the volume of production of products of the sub-sector, and a number of measures were provided for this. State support was mainly focused on private farms and farms, in which at that time more than 40.8% of the state’s total number of sheep were concentrated. Thus, the number of sheep and goats at peasant farms more than doubled (222.1%).

At the moment, new directions and mechanisms of state support for peasant farms are being developed, the role of which in the development of the farming sector has not yet been sufficiently studied, which determines the scientific and practical relevance of the research topic.

2. Data and methods
The paper uses economic and statistical research methods, official data of the Federal State Statistics Service for the Trans-Baikal Territory, posted on open Internet resources. The analysis of peasant

![Graph showing the dynamics of agricultural production by categories of farms in the Trans-Baikal Territory.](image-url)
farms and family livestock farms that have passed a competitive selection for grants to support a
beginner farm was carried out using data from the annual reports of the Ministry of Agriculture of the
Trans-Baikal Territory.

3. Results and discussion
The implementation of measures to improve macroeconomic indicators and prevent economic
downturns at the present stage is carried out by the state primarily through measures aimed at financial
recovery of the industry and supporting the incomes of farmers [4].

In the Trans-Baikal Territory, within the framework of the state program "Development of
agriculture and regulation of agricultural products, raw materials and food markets in the Trans-Baikal
Territory for 2014–2020", the subprogram "Support for small forms" is being implemented. The
structure of the subprogram is shown in figure 2. The main event in the structure of the subprogram is
grant support for the subjects of the small forms [5].

![Figure 2. Structure of the "Support of small forms" subprogram.](image)

Each form of grant support has its own differences, including the maximum grant amount, the
purpose of implementation, the period of disbursement of funds, job creation, and the share of
participation [6].

The amount of grant funding for novice farmers engaged in cattle breeding is 3 million rubles, for
other types of activities – 1.5 million rubles. The Ministry of Agriculture establishes clear rules for the
implementation of the grant: the acquisition of a land plot, the repair of warehouse and industrial
buildings, the purchase of agricultural machinery and animals, the development of project
documentation for construction, the construction of roads. The period of disbursement of funds is 18
months. However, the farmer must create one job for every two million rubles of subsidies [7].

In the 2014-2019 period the volume of grant support for small businesses in the region from the
federal and regional budgets amounted to 981.24 million rubles. 807.8 million rubles were allocated
from the federal budget and 173.4 million rubles from the regional budget, which is 2.89% of the
regional budget expenditures for the development of the national economy.

Currently, there are 4 forms of grant support for agricultural producers in Russia [8]. In the Trans-
Baikal Territory, according to the state program until 2017, 3 forms of grants were provided: the
"Novice farmer" grant; the "Development of family livestock farms" grant; the "Development of
agricultural cooperatives” grant. Since 2018, the "Agro Start-up" grant has been additionally provided in the region.

The maximum amount of the "Novice farmer" grant is: for cattle up to 3 million rubles, for other types of activities no more than 1.5 million rubles. The decision on the amount of the grant to a particular novice farmer is made by the selection commission, based on the business plan provided and the availability of the farmer’s own funds. In the form of grants for novice farmers, 396.15 million rubles were allocated in the 2014–2019 period, including 42.42 million rubles from the regional budget and 347.73 million rubles from the federal budget (table 1). The number of applicants during this period was 443, while 163 applicants became grantees.

For six years, there has been a positive trend towards an increase in the average amount of the "Novice Farmer" grant, which in 2019 increased by 642.6 thousand rubles (43.4%) per one farm.

**Table 1.** Information about the participants of the competitive selection, grants "Novice farmer" and "Development of family livestock farms".

| Indicators                                | Period 2014 | Period 2015 | Period 2016 | Period 2017 | Period 2018 | Period 2019 | Period 2014-2019 |
|-------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|
| The "Novice farmer" grant                |             |             |             |             |             |             |                  |
| Number of applicants, units.             | 35          | 72          | 95          | 88          | 75          | 78          | 443              |
| Number of grantees, units.               | 19          | 20          | 45          | 24          | 28          | 27          | 163              |
| The amount of the grant, million rubles. | 28.1        | 44.3        | 66.3        | 63.1        | 84.9        | 103.5       | 396.1            |
| Grant "Development of family livestock farms" |             |             |             |             |             |             |                  |
| Number of applicants, units.             | 9           | 21          | 36          | 18          | 8           | 78          | 170              |
| Number of grantees, units.               | 6           | 12          | 11          | 6           | 5           | 15          | 55               |
| The amount of the grant, million rubles. | 52.1        | 61.7        | 77.3        | 49.8        | 27.1        | 24.1        | 292.1            |

The implementation of the main event of the "Support of small forms of management" subprogram for the development of family livestock farms is aimed at increasing the number of family livestock farms created in peasant farms. As a part of the implementation of the family livestock farms development event in 2019, 202.38 million rubles were allocated from the federal budget as co-financing, 89.72 million rubles from the regional budget. The number of applications for support in the form of the family livestock farms development grant was 170. The average size of the grant for the family livestock farms by 2019 has significantly decreased due to the increase in the number of grantees.

It is important to note that participation in the "Development of family livestock farms" grant program requires the transition of personal subsidiary farms to the status of peasant farms with mandatory registration in the form of individual entrepreneurs or other organizational forms. And this measure to increase the legally formed segment of small business forms is one of the goals of the agrarian policy. However, in practice, this requirement becomes a significant obstacle for those who want to receive subsidies for the development of family farms, since many villagers avoid such registration due to the need to submit reports to the tax authorities and pay taxes. The status of personal subsidiary farms, which is a form of non-entrepreneurial activity, subject to certain conditions (the size of land plots for managing such a farm should not exceed 0.5 hectares, with the use of hired labor also prohibited), exempts its owners from taxation of income received. Moreover, people who conduct commercial personal subsidiary farms say that they do not register their actual farming due to the lack of equipment, the inability or fear of taking loans, high taxes, bureaucracy, reports [4].

The distribution of grant support in the context of municipal districts is uneven, 62.05% of the funds allocated to support small businesses, in the form of grant support are distributed among 5 municipal districts of the region: Aginsky (17.55%), Borzinsky (9.40%), Ononsky (16.78),
Mogoituysky (10.80%), Chita (7.52%) (figure 3). One of the main reasons for the uneven distribution of grant support is that in these municipal districts (with the exception of Chita), agriculture traditionally forms the basis of the economy. More than 40% of both collective agricultural enterprises and limited liability companies in the field of agriculture operate in the surrounding rural districts.

Figure 3. The number of applicants and grantees of the "Novice farmer" and "Development of family livestock farms" grants in the Trans-Baikal Territory in the 2014-2019 period.

Municipal districts with a small amount of grant support differ both in their economic and social situation, as well as in their natural conditions and resources. They do not belong to the traditional agricultural areas of the Trans-Baikal Territory. For example, the Kalarsky and Tungiro-Olekminsky districts are characterized by harsh climatic conditions, and the development of agriculture in these districts is difficult. The south-eastern part of the region has significant reserves of tungsten, iron, gold, molybdenum, etc., and the mining industry traditionally prevails here. However, based on the data of livestock production, over the past five years, peasant farms have significantly increased production volumes in the Oloyaninsky and Priargunsky districts, while the volume of support amounted to only 2.35% and 1.46%, which indicates the potential for agricultural development.

4. Conclusion
The implementation of measures to support small forms in rural areas is extremely important for the development of agriculture. As practice shows, they are able to give new strong impulses to the growth of agricultural production, contribute to solving the problems of social life in rural areas, contribute to effective import substitution and the growth of agricultural exports.

In the Trans-Baikal Territory, based on the structure of agricultural production by categories of farms, the production of personal subsidiary farms prevails. However, as a result, the share of private households is decreasing and the share of production of peasant farms is increasing. Peasant farms are an independent type of agricultural enterprise that has the main means of production, their own (partially hired) labor resources, financial and other means of farming. The economic efficiency of the production activity of peasant farms depends on the chosen specialization, which is an important and long-term factor.

The government of the Trans-Baikal Territory has proposed a number of measures for the development of small business in the agriculture of the region, through the implementation of a
subprogram to support small business forms. The volume of monetary allocations of the "Support of small forms" subprogram in the 2015-2019 period amounted to 13.02% of the total amount of funding for the state program, while over 41% of the total amount was allocated for the implementation of the "Ensuring the implementation of the state program of the Trans-Baikal Territory" subprogram [9]. The analysis shows that the structure of the subprogram includes a disproportionately large share of activities that do not directly affect the results of agricultural development [6, 10].

In general, the mechanism of grant support for small forms in the region is effective only for those areas of the region where animal husbandry traditionally constitutes the basis of agriculture. Most farms in the region believe that state support is not available. Among the main factors preventing its receipt is a lack of information about state support measures, a complex process of collecting documents for subsidies, the inexpediency of receiving support, a "narrow corridor of requirements" and others. It is worth paying attention to the low awareness of the population about state support measures in the form of grants. The main reason for refusing admission to participate in the grant support competition is the applicant's failure to submit a full package of documents for receiving support. Numerous rejections of grant applications are associated with an error in submitting documents, which indicates a lack of competence of agricultural producers who have no business experience.

Another negative factor in the development of small forms is the lack of access of citizens of the Trans-Baikal Territory to the mechanism of grant support for farmers who are engaged in crop production. The narrow specialization of peasant farms, of course, leads to an increase in production efficiency, but this will give a positive result only with a high level of production division within the framework of cooperation. For 5 years, 643 applications were submitted in the Trans-Baikal Territory for the "Novice farmer" and "Development of family livestock farms" grants, of which only 230 farmers received grant support. To solve the problems that have arisen, it is advisable for the government of the Trans-Baikal Territory to create a system of consulting assistance to farmers, as well as to reduce the bureaucratic component of the procedures of conducting competitions for grants.

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