

DIRECTIONS OF PUBLIC SUPPORT FOR SMALL BUSINESSES IN KAZAKHSTAN

**ҚАЗАҚСТАНДАҒЫ ШАРУАШЫЛЫҚ ЖҮРГІЗУДІҢ ШАҒЫН НЫСАНДАРЫН
МЕМЛЕКЕТТІК ҚОЛДАУ БАҒЫТТАРЫ**

**НАПРАВЛЕНИЯ ГОСПОДДЕРЖКИ МАЛЫХ ФОРМ ХОЗЯЙСТВОВАНИЯ
В КАЗАХСТАНЕ**

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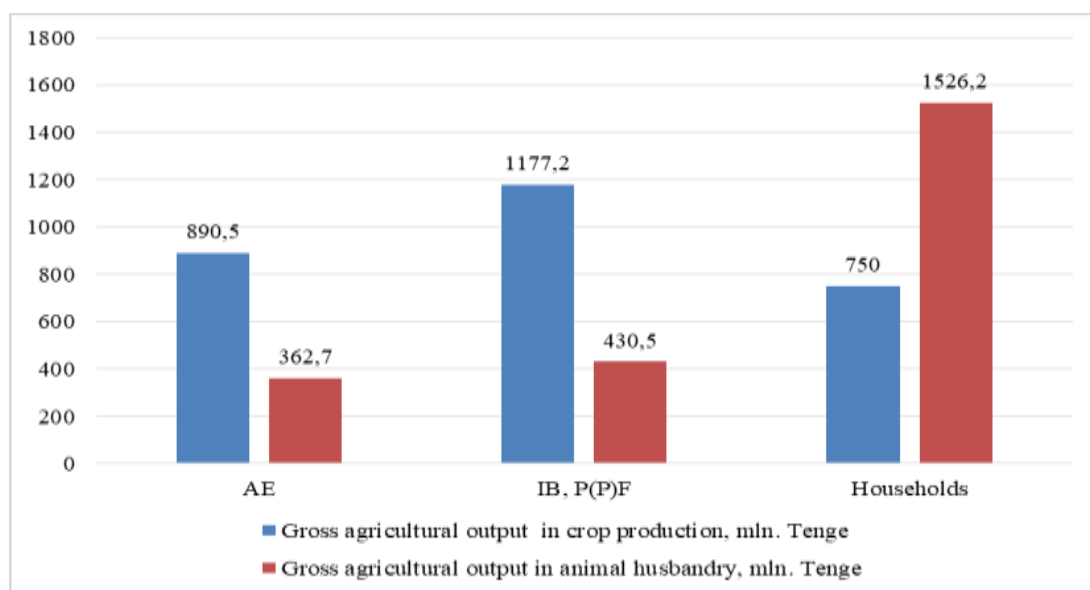
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Abstract. The relevance of the research topic lies in the importance of development of small agri-business entities for increasing production of agricultural products, increasing the level of employment and income of the rural population, solving social problems of the village. The system of public support measures for agricultural sector, developed by the Ministry of Agriculture of the Republic of Kazakhstan as part of the implementation of the State Program on AIC Development for 2017-2021, which includes subsidizing production costs, property insurance, preferential taxation, investment subsidies for construction of facilities or their modernization, subsidizing the repayment of the interest rate for concessional lending. The article analyzes the main technical and economic indicators: gross agricultural output by type of activity; structure of agricultural crops, their yield, incl. in small-scale commodity farms of the republic, including general harvest of grain and oilseeds. The authors have developed proposals for the use of a new financial instrument - an agricultural receipt, which allows investors (creditors) to finance agricultural production and sale of goods in small business structures; recommendations for exemption from income tax for a period of three years for taxpayers applying special tax regimes, improving lending to agricultural enterprises by commercial banks, mechanisms that allow in the future to reduce the amount of funds allocated from the state budget to support the industry. It is concluded that the further development

Аграрная политика: механизм реализации



Note: MNE RK. Gross agricultural output of the RK, 2019

Figure 1 – Gross agricultural output by type of activity, 2019

In 2019, in all categories of farms, 22 136 thous. ha were occupied by crops, including agricultural enterprises - 13 043 thous. ha (58.9%), small economies - 8 893 thous. ha (40.2%). In

the structure of sowing areas of small farms, cereal crops prevail- 5 566 thous. ha, or 62.3%, oilseeds- 1227 thous. ha (13.8%), fodder crops - 1 724 thous. ha (19%) (Table 1).

Table 1 – Structure of agricultural crops areas in the Republic of Kazakhstan, 2019

Crop type	Total	Including		
		Agricultural enterprises	Small farms	Households
The whole sown area, thous. ha	22 136	13 043	8 893	200
incl.				
Cereals, total	15 397	9 825	5 566	6
of them:				
Wheat	11 414	7 609	3 805	
Barley	2 995	1 649	1 346	
Oilseeds	2 861	1 633	1 227	1
Vegetables and melons	261	17	169	74
Potatoes	193	17	150	117
Fodder	3 277	1 541	1 724	12

Note: MNE RK, Gross harvest of agricultural crops in the RK, Volume 2, 2019

In 2019 the gross harvest of cereals by small businesses amounted to 6,180 thous. tons, or 36% of the total volume of all farms categories, oilseeds - 1,344, or 52%, potatoes - 1,443 thous. tons, or 37%, meat of all types in slaughter weight of 215 thous. tons, or 19%, milk - 1 183 tons, or 20% (table 2).

One of the important conditions for the progressive development of the AIC is the involvement of small businesses in agricultural cooperation; effective use of financial public support measures; creation of conditions for efficient use of land resources; increase in the

provision of equipment and chemical means; development of trade and logistics infrastructure; scientific- technological, personnel and information- marketing support.

The refusal from State regulation and decrease in the level of support, price disparity for agricultural and industrial products led to the destruction of large enterprises and social sphere of the village, decreased labor productivity, break in economic ties, weakening of material-technical basis, outflow of the rural population to other spheres of activity, which affected the level of food security of the country.

substitution and implementation of export potential. In order to increase the productivity of farm animals, provide measures to create a solid forage base, closely related to the zonal climatic conditions.

Cooperation facilitates production and sale of products - the main development of the system of production, sales, processing of products, material and technical supply, credit, service, information and marketing services.

To solve the problem of selling agricultural products at objective prices, it is envisaged to introduce a new financial instrument - agricultural receipt, which allows the investors (creditors) to finance small farms in production of agricultural products by selling them before their actual harvest (secured by the future harvest). At the same time, restrictive mechanisms are envisaged which are based on statistical data for the last 3-5 years on yield and costs. The launch of electronic agri receipts in accordance with new financial instruments for small businesses and the supposed issue of uncertified non-issue debt securities with their subsequent redemption by supply of agricultural products or payment of debt [8].

One of the stimulating forms of support is taxation of agricultural producers. Peasant (private) farms that previously worked under a special tax regime (STR) based on the payment of a single land tax, made calculation without using cash control registers (CCR), from January 2020 they are obliged to use CCR for calculations done by means of cash and (or) payment cards.

From 01.01.2020, amendments to the Tax Code came into force in the Republic of Kazakhstan in terms of changing the object of taxation for a taxpayer applying a special tax regime for peasant or private farms based on payment of a single land tax. The unified land tax was calculated earlier on the assessed value of land plots rented or owned by peasant farm and was not tied to the turnover from the sale of agricultural products. According to the changes made to the Tax Code, the sales turnover will be imposed to the unified land tax (ULT). For example, a farm that has received income from the sale of produced or processed raw materials will be subject to a single land tax at a rate of 0.5% per calendar year. This innovation will allow taxpayers who apply special tax regimes and the recognized as micro or small business object to receive exemption from income tax for a period of three years.

At the same time, it is foreseen that taxpayers who apply special tax regimes and are recognized as micro or small businesses are exempted from paying income tax for a period of three years. Also, taxpayers working under a special tax regime for peasant and private

farms reduce by 100% the amount of the single land tax calculated in accordance with Article 704 of the Tax Code [9]. Agricultural enterprises that export manufactured products will not be able to take advantage of the tax incentive.

Public support for the agro-industrial complex should consist not only in expanding subsidies and benefits provided to enterprises, but also through the development of agro-industrial insurance. Despite the existence of insurance with State participation, fewer agricultural enterprises use insurance instruments. This tool is a fairly common method in many countries and has shown positive results. Thus, the use of mutual insurance associations and insurance companies will increase the share of insured farms in conditions of limited own funds of agricultural entities.

In agricultural production, voluntary risk insurance in crop and livestock production is foreseen. The State will subsidize not insurance payments, but the purchase of insurance policies by farmers, which can be used as additional security when issuing loans, and obtaining loans from second-tier banks [10]. This reduces costs and makes insurance processes and receipt of insurance payments transparent. These changes will make it possible to build an effective agricultural insurance system, which ultimate goal is to increase the availability of financing for the sector by protecting production from risks.

Another area of public support for the AIC should be the modernization of the applied forms of public-private partnership. Thus, the size of private investment in the industry is currently small. This is primarily due to the high risk of the industry and long payback periods. Business is not interested in investing in the development of the sector in current conditions. Consequently, in order to maximize the attraction of financial resources to the AIC, as well as with the aim of developing innovation system, it is necessary to develop and implement such agro-industrial entities of cluster type, in which the risk of investors would be minimized, for example, in the form of innovation clusters. The use of this form of public-private partnership will attract more investment to the industry by reducing business risks.

The proposed mechanisms will allow to reduce in the future the amount of funds allocated from the State budget aimed to support the sector, attract private investment, promote the accumulation of own funds of agricultural producers, which will ultimately lead to the overall increase in the efficiency and competitiveness of the republic's agri-industrial production.

