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**DEVELOPMENT OF LAND RENTAL RELATIONS
IN AGRICULTURE**

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INTRODUCTION

Actuality of theme.As a result of the land reform, market-type agricultural formations were created in the village, the land use of which is based on the lease of land plots and land shares (shares) from citizens, obtained during the division of collectively owned lands. At this stage, leased land relations contribute to the adaptation of rural commodity producers to the conditions of the market economy and the solution of socio-economic issues. However, the protracted nature of the transition period and the lack of similar transformations in world practice complicate their development and create a number of problems in shaping the well-being of the rural population and the country's food supply.

In these conditions, the improvement of leased land relations is an important task of agrarian policy. Subjects of lease relations must fully exercise all the powers included in the triad of "ownership, use and disposal" of land plots. Their further development is connected with the formation of a competitive environment, the free exercise of the specified powers by the subjects of the lease agreement, the development of collateral transactions with the aim of attracting medium and long-term loans.

A necessary condition for the effective development of land leases is appropriate regulatory and legal support. With the adoption by the Verkhovna Rada of Ukraine of the new version of the Land Code (2001) and the introduction of amendments and additions to the Law of Ukraine "On Land Lease" a legal field was created for the further development of leased land relations. However, the market environment requires the formation of an appropriate economic mechanism for the regulation of leased land relations.

The relevance of the chosen topic of the dissertation research, its scientific and practical significance is determined by the need to study the process of development of leased land relations, the problems that arise in this case, and the search for ways to solve them.

Theoretical aspects of the development of leased land relations were studied by

domestic and foreign scientists. Considerable attention was paid to this topic by well-known agrarian economist scientists: P.I. Hayuduky, D.S. Dobryak, I.I. Lukinov, P.T. Sabluk, V.Ya. Mesel-Veseliak, O.M. Onishchenko, V.M. Trehobchuk, L. Ya. Novakovskiy, V.G. Andriychuk, V.V. Yurchyshyn, M.Y. Malik, M.M. Fedorov, S.M. Pletenetska, V.Z. Mazloev, V.D. Yarovy, and others.

At the same time, the issue of the development of leased land relations in the direction of forming a competitive environment, working out the mutually beneficial rules of the game between the subjects of the lease contract, need further research: establishing the optimal amount of rent, forms of its payment, lease terms, implementation of their powers by the subjects, in particular, the introduction of a pledge lease rights. In addition, there are a number of debatable issues that require additional research. Collectively, this led to the choice of the topic, definition of the goal, tasks and structure of the dissertation work.

Connection of work with scientific programs, plans, topics. The dissertation work was carried out in accordance with the research work of the Department of Land Relations of the National Research Center "Institute of Agrarian Economics" of the Ukrainian Academy of Agrarian Sciences on the topic - "Develop methodological and organizational and economic bases of transformation of land relations to market conditions" (state registration number 0102U000265).

The purpose and objectives of the research. The purpose of the study is to substantiate and develop proposals for improving leased land relations in agriculture.

To achieve the goal, the following tasks were set:

- to investigate structural changes that took place in forms of land ownership and their impact on the efficiency of its use;
- to analyze the current state of the development of leased land relations in the Zhytomyr region and to study the influence of the main factors and regional features on the process of their formation;
- justify the optimal size and form of rent payment;
- evaluate the socio-economic orientation of leased land relations;

- reveal the essence and develop methodical approaches regarding the introduction of a pledge of the right to lease agricultural land for tenants to receive medium- and long-term loans;

- to develop proposals for the improvement of leased land relations, to justify directions for their further development.

The object of research there are agricultural enterprises of the Zhytomyr region.

The subject of research there are theoretical, legal and practical aspects of the development of leased land relations in agriculture.

Research methods. The methodological basis of the dissertation research is the dialectical method of learning economic phenomena and the position of economic theory with consideration of the problem in the historical and economic aspect. The following methods were used in the research process: abstract-logical (theoretical generalizations and formation of conclusions), statistical and economic (analysis of the current state of leased land relations, processes of transformation of land ownership), monographic (monitoring of leased land in the region), sociological (questionnaires among landlords and tenants), calculation-constructive and comparison (comparing the activities of newly created enterprises), correlation-regression (estimating the influence of individual factors on the formation of rent), other generally accepted statistical methods.

The main sources of information were relevant legal documents, official materials of the State Statistics Committee of Ukraine, the State Committee on Land Resources of Ukraine, data from annual reports of agricultural enterprises, materials of a sociological survey of 324 respondents, selective monographic surveys of agricultural enterprises of the Zhytomyr region, special literary sources, etc.

Scientific novelty of the obtained results consists in the fact that, based on a comprehensive study of the development of leased land relations, directions for their improvement in agriculture have been substantiated. The essence of the scientific novelty of the conducted research is:

For the first time:

- theoretically substantiated and proposed a mechanism for pledging the right to

lease agricultural land for tenants to receive medium- and long-term loans, the essence of this mechanism and the possibility of its implementation were revealed;

- factors of a production and non-production nature that affect the size of the rent, as well as natural, organizational and economic reasons that restrain the development of leased land relations, were identified;

Suggested:

- ratio between monetary, in-kind and labor (providing services to the landlord) the forms of rent for land, which are expedient to use when concluding lease agreements, revealed the advantages and disadvantages of paying rent depending on the harvest and the monetary value of the land;

- methodical approaches to definition the impact of the transformation of arable land into other agricultural land on the value of its monetary value, which is used to calculate the rent.

Received further development:

- substantiation of priority measures for the formation of a competitive rental environment, strengthening responsibility for non-compliance by the parties with contractual obligations, improving the legal awareness of lessors regarding their rights, establishing effective state control over the rational use of land, improving relations between the subjects of lease relationships;

- substantiation of directions for further development of leased land relations through:

- improvement of lease legislation aimed at forming a complex system of their regulation;

- increasing the efficiency of the use of leased land by extending the terms of lease agreements, encouraging owners and tenants to preserve and improve soil fertility.

Practical significance of the obtained results. The conclusions and proposals contained in the dissertation have important practical significance for the improvement of leased land relations as one of the components of agrarian reform. The recommendations proposed by the dissertation regarding the establishment of optimal rents and the harmonization of relations between the subjects of the lease agreement

found practical application in the improvement of lease relations in newly created agrarian formations (reference of the Main Department of Agriculture and Food of the Zhytomyr Regional State Administration No. 2203/4 dated July 1, 2005. , certificate of the Brusyliv District State Administration of the Zhytomyr Region No. 801 dated 12.05.05).

Proposals regarding the directions of agrarian policy regarding the further development of leased land relations in matters of protecting the rights of owners of land plots and land shares (shares), establishment of public control over the effective use of land ownership, attraction of medium and long-term investments in agricultural production were considered and accepted for implementation. They will be taken into account when developing methodological recommendations for drawing up projects for the organization of the territories of privately leased agricultural enterprises (reference of the Zhytomyr Main Department of Land Resources No. 635/02 dated 05.04.2005, reference of the Agricultural Reform Center under the Zhytomyr Regional State Administration No. 2202/4 dated 01.07. 2005).

The application of the results of the dissertation research in the practical work of "Agrofirma Brusyliv" LLC of the Brusyliv District of Zhytomyr Oblast increases the validity of rent calculations, contributes to increasing the efficiency of the use of leased land (reference "Agrofirma Brusyliv" LLC No. 501 dated 07/04/2005).

Personal contribution of the acquirer.Scientific results were obtained by the author personally. In particular, for the first time, a mechanism for pledging the right to rent land was proposed for attracting medium- and long-term loans by tenants, factors affecting the amount of rent for land plots and land shares (shares) were determined.

Approbation of research results.The main provisions of the dissertation research were reported and discussed at the International Scientific and Practical Conference "Reformation of Accounting, Reporting and Auditing in the Agricultural Industry of Ukraine: State and Prospects" (Kyiv, NSC "Institute of Agrarian Economics", November 13-14, 2003), Scientific - the practical conference of young scientists "Stabilization of land use and modern agricultural technologies" (Kyiv-

Chabany, Institute of Agriculture of the Ukrainian Academy of Sciences, November 24-26, 2003), in the work of the round table "Management of land resources in the conditions of a market economy" (Lviv, LDAU, May 21, 2004), the International Scientific and Practical Conference "Improving the Economic Mechanism of the Functioning of Agricultural Enterprises in Conditions of Uncertainty" (Kyiv, KNEU, May 19-20, 2004), the International Economic Forum "Theory and practice of the development of the corporate sector of the economy of Ukraine in the context of the goals of the millennium and world globalization" (Kyiv, May 27-28, 2004).

Publications. On the topic of the dissertation, 14 scientific works with a volume of 3.72 editions were published. sheet, of which 5 are in scientific specialized publications.

Scope and structure of the dissertation. The work is presented on 175 pages of computer text, consists of an introduction, three sections, conclusions, a list of used literary sources, which includes 187 titles, appendices, illustrated with 25 tables and 19 figures.

CHAPTER 1

THEORETICAL BASICS OF LAND RENTAL RELATIONS

1.1. The essence of the category of leased land relations and historical stages of their development

As a result of the land reform and the introduction of market principles of management, leased land relations took a dominant position in agriculture. In the new conditions, land lease became the most common way of their use.

According to Article 1 of the Law of Ukraine "On Land Leasing", "Land leasing is a contract based on a fixed-term paid ownership and use of a land plot, necessary for the lessee to carry out business and other activities" [57, p. 36-42].

The lease mechanism involves the presence of two subjects: the landowner (lessor) and the land user (lessee). The object of their economic agreement is land. The lessor can be a private person (or a group of people) or state (local) authorities. The lessee gets a monopoly right to use the land as a business object.

The characteristic features of land lease are: the existence of a contract between the lessor and the lessee; transfer to the tenant of the rights of ownership and use of the land plot; payment for ownership and use of land (in the form of rent); term of ownership and use of the land plot. The absence of at least one of the specified signs in certain land use relations does not allow to qualify them as land-lease relations and to apply to them legislative norms on land lease.

Thus, the lease, while retaining the right of disposal for the owner, provides for the transfer of economic powers of ownership, use and management of the land to the lessee, as a result of which the latter has an economic interest in its effective use.

For the right to use the land, the tenant pays the landowner part of the profit received from the management of the farm in the form of rent. It primarily includes land rent, depreciation and interest on capital invested in land (main means of production).

Land rent is a payment that the tenant makes to the landlord for the use of the land plot. The size, form and terms of its payment are established by agreement of the parties in the lease agreement. The amount of rent for land is calculated taking into account inflation indices, unless otherwise stipulated in the lease agreement. The state legislates its lower limit, which on privately owned lands must not be less than 1.5%, and on state and communal lands must not exceed 10% of the normative monetary value [57, p.36-42; 58 p. 238].

Rent can be paid in cash, in kind, and in kind. The factors that determine the level and change in the amount of rent include the profitability of agricultural production, soil fertility, and the location of land plots; prices for agricultural products and their forecasted level; production costs; government programs for the development of agriculture; ratio of demand and supply for land; the level and dynamics of bank interest, changes in legislation and business conditions stipulated by the contract.

Thus, land rent is payment for the use of the main factor of agricultural production. The terms of the land lease are determined by an agreement concluded for a period agreed upon by the parties. It is automatically extended if there was no refusal by the lessor or lessee [97, c. 444].

There are different classifications of land lease: free lease and lease contract; pure rent and mixed; peasant (zdolshchyna, polushchyna) and entrepreneurial (capitalist).

There are many definitions of the concept of rent and opinions regarding its place in the system of economic relations. P.I. Hayuduky and A.M. Stelmashchuk characterize the lease as a fixed-term, fee-based ownership and use of land, other natural resources, as well as property necessary for the lessee to independently carry out economic or other activities based on a contract [22, p. 79-80].

According to S.M. According to Pletenetska, the lease relationship is, on the one hand, the acquisition of land ownership and use rights for a certain period, and on the other hand, it is a form of entrepreneurial activity [124, p. 163].

A.S. Danylenko believes that land lease is a complex economic and legal mechanism that unites parcels of land fragmented between different owners for consolidated and rational use [30, p. 61].

We adhere to the opinion of L.Yu. Melnyka, P.M. Makarenko, I.H. Kyrylenka, that land lease is a type of land use, when the land owner transfers his allotment for a certain time to another person (lessee) for managing the economy [97, p. 444].

The history of the development of leased land relations has deep roots. The first mentions of rent appeared in Mezhirichchi in the 24th-22nd centuries BC. Land leases developed significantly in Rome, Mesopotamia, Egypt, and Babylon.

Exploitation of land holdings in the form of the transfer of land for rent in small plots was in ancient times the most economically beneficial way of their use. Renting large tracts of land could be profitable only under the conditions of using cheap slave labor and high prices for agricultural products grown on the plantation. Therefore, in monarchies, small rent on state domains usually prevailed when large-scale production with slave labor was an exception and was used mainly in the family estates of the Roman emperors [15, p. 127].

In Mesopotamia, the royal domains, as well as the large estates of Babylonian temples, and the lands of the merchant patricians, especially in Babylon, were not leased as small plots, but were cultivated with the help of purchased slaves. Therefore, the exploitation of land holdings on the part of the Babylonian patricians, who did not manage the economy independently, developed in the direction of small leases, with a fixed rent (without the right of the tenant to demand a reduction of the rent in case of unforeseen situations) and rent from a share of the production. At the same time, in both cases, the law stated that the tenant undertakes the duty to effectively cultivate the land. The lease term in the vast majority of cases was short-term 1-3 years [15].

The first sprouts of leased land relations on the territory of Ukraine arose during the times of Princely Rus. The economic situation of the ancient Russian peasant was characterized by two features: he did not have the right to own land on the basis of the rights of the owner, and he ran a farm separate from the landowner. At the same time, a special type of peasants-isorniki, who rented land exclusively, was formed. Rent was manifested mainly in the form of kind, or more precisely, food rent. Its working and monetary forms were not widespread and became widely implemented only from the beginning of the 16th century. Panshchyna was initially freely contractual, and later

coercive, which was based on the personal will of the peasant, and became the predominant form of land relations [182].

The imperial era was marked by the division of Ukraine between the Russian and Austrian empires. At the time when Emperor Joseph II abolished serfdom in the Right Bank Ukraine with his reforms (1781), in the Left Bank - Catherine II's tsarist manifesto of February 18, 1762 fixed the peasants for almost a century [101].

In the conditions of serfdom, land lease was one of the most important means of money mobilization by landlords. The owners of large latifundia often did not manage the farm themselves, but, dividing the estates into farmsteads, leased them to other landowners-owners. Along with rent, transfer of possession was widely used. For example, in 1796, out of 187 villages of Uzberzhya (on the Dniester), there were only 56 villages in direct possession of the magnate S. Lyubomirsky, and 131 villages, or 70% of the properties, were in mortgage possession [93]. In Kyiv province in 1847, out of 1,266 estates, 156, or more than 12%, were leased. Leasing of estates in the Podilsk and Volhynia provinces has gained considerable popularity [28, p. 51].

The breakdown of the feudal-serf system and the development of the capitalist mode of production in the second half of the 18th century. and the first half of the XIX century. was accompanied by a significant redistribution of the land fund. Landlords concentrated in their hands more than 70% of all land, of which only 1/3, and in Southern Ukraine up to 1/5, was used by peasants.

The reform of 1861 gave a new impetus to the development of leased land relations. In the conditions of a significant lack of land and an increase in demand for land, rent was almost the only means that guaranteed peasants a basic living wage and funds to pay state duties. In addition, it became an effective means of liquidation of small land, which gave it a mass character. The landlords provided their farms with the necessary labor force with the help of the lease mechanism. Along with this, it was often not even a lease, but a sublease through "tenths of hands" and as a result - a super cabal, usurious rent [101 p. 7]. In some areas, the rent reached 18 krb per tenth. While a cow cost 5 roubles. For one tithe of land taken for sowing, the peasant had to cultivate

and harvest three tithes of the lord's land and, in addition, to go to work in the landlord economy at the first request for a fee set by the landlord [117, p. 59].

The main tenants of the land were: first, rural communities, in which, as a result of the reform, meadows and pasture lands were cut off in non-Black Earth provinces, and in fertile ones they received insignificant allotments due to massive cuts; secondly, the so-called societies, which consisted of two to six households, and thirdly, single-person households. Landlords, the state, and the treasury acted as lessors during this period.

The development of commodity-money relations, their penetration into the peasant economy contributed to the separation of the wealthy elite. While the size of the leased land in the main part of the peasants was from $\frac{1}{2}$ to 1 deshaty, wealthy peasants rented dozens of deshatys of land. The rent was different depending on the specific conditions of the county [28, p. 296].

At the beginning of the 19th century in the Poltava province, land was leased on the following terms: for half or a third of the harvest, provided the owner provides grain for sowing; for money, for the 7th, 6th, and sometimes the 5th sheaf of the harvested and transported bread crop. In addition, the tenant had to work during the harvest in the owner's field for a specified number of days [28, p. 287].

At the beginning of the 20th century, during the Stolypin agrarian reform, leased land relations played an important role in the formation of private peasant land ownership and the formation of farm-type peasant farms on this basis. This made it possible to bring agriculture to the level of advanced countries of the world.

In 1913, the production of rye in the Russian Empire was 52.8% of its world gross harvest, barley - 37.6%, wheat - 25.4%, oats - 26.3%. Ukraine's share in Russia's total grain exports was 43.3%, including 90% of wheat exports [117, p. 80]. Grain yield has increased by 14% in 3 years, and in some regions by 25%. In the period from 1909 to 1913, the production of cereals exceeded their production in the United States, Argentina, and Canada by 28%.

During 1901-1917, granulated sugar production in Ukraine accounted for 78-85%, and refined sugar - 73-75% of its total production in the Russian Empire. Meat

consumption per capita in the cities of the empire in 1913. was 88 kg. In 1912, animal oils worth 68 million krb were exported to England, which was twice the value of the annual production of Siberian gold [117, p. 79].

6,287,000 acres of land were covered by leased land relations, 43.2% of peasant farms operated on lease terms. Land was most actively leased in the South of Ukraine - 2.4 million desiatins, on the Left Bank - 1.3 million, and on the Right Bank - 414.1 thousand desiatins [117, p. 77].

Depending on the nature of land ownership, allotment, non-allotment and lease of state lands were distinguished. In the vast majority (52%), it was a short-term lease with a lease term of 1 year. The rest of these lands were leased more often for 3-6 years, less often for 9-12 years. According to the forms of rent from all leased land (according to the census of 1901), 83.3% of non-allotment land was leased for money, 1.9% for work, 5.5% for a share of the harvest ($1/2 - 1/4$) and 9.4% – in mixed form. Among tenants, 32.0% of leased land belonged to individual owners, 34.5% to artil (social) land, and 33.5% to communal land.

The average rent for a tithe of land in European Russia was in the late 80s of the 19th century. - 7.29 rubles, in the early 1900s - 6.81 rubles, and in 1912-1914 - 13.06 rubles. The ratio of the rent and the sale price of the land in those years was 17.9%, 8.4% and 11.1%, respectively [54, p. 7].

The revolutionary events of 1917 and the First World War had a detrimental effect on the development of leased land relations and agriculture as a whole. Thus, by the Decree "On Land" of 1917, the lease of land was prohibited. Production of gross agricultural products in the country in 1920 compared to 1916 decreased by 33%. Agriculture was practically suffocated by food shortages.

Under the influence of the peasant riots of 1918-1920, the authorities in 1922 were forced to return to the complexity of the economy and restore land leases, initially for 6 years, and in 1925 - up to 12 years. The Soviet land legislation of that time allowed the lease of land as a temporary assignment of land use rights. The introduction of lease relations became one of the factors that contributed to the rapid restoration of cultivated

areas, the increase of agricultural production and the creation of conditions for conducting business activities.

From 1921 to 1927, the production of agricultural products in Ukraine doubled. If the gross production of grain in 1921 was 227 million poods, in 1922 it was about 637 million, then in 1926 it was 1057 million poods, i.e. 3.8 times more compared to 1921 [117, p. 152]. The rental fund in the USSR from 1923 to 1926 increased more than 3.35 times from 3.25 million hectares in 1923 to 10.9 million hectares in 1926. 41.6% of peasant yards participated in leased land relations [182].

In the twenties of the XX century. In 1923, the rental fund in the USSR amounted to about 3 million desiatins, in 1924 to 4.5 million desiatins, and in 1925 to about 7 million desiatins. [4].

Land leasing brought the actual land use into line with the production capabilities of peasant households, increased employment, absorbed surplus labor, helped the peasant poor to survive economic difficulties, thanks to the income from land leasing, gave the opportunity to poor households to start developing their land [8]. Renting land strengthened peasant farms.

In Ukraine, there were two types of lease: short-term (1-2 years) and long-term (from 3 to 6 years) [117, p. 148]. Basically, the lease was short-term - for one year. In 1925, only 10.8%, and in 1927, 17% of lease agreements were concluded for the entire period of crop rotation. According to survey data, in 1926, of all land leased: 89.3% in the RSFSR, 78.3% in the Ukrainian SSR, 76.6% in Transcaucasia, and 87.4% in the USSR as a whole was leased to one year. Other land was leased for 2-3 years (4.8% for 2 years and 7.2% for 3 years) and only a small part (0.6%) for more than three years [4].

Table data. 1.1 show that the vast majority of leased land in 1925 was located in the Steppe (86.6%).

In the period from 1925 to 1929, there was an increase in rent in almost all regions, in particular, on the Left Bank by - 7.9%, on the Right Bank - by 2.8%, and on Polissia - by 1.5% [69, p. 120].

Table 1.1

The structure of the leased land fund of Ukraine in the 20s of the XX century, in %*

Indicator	1925	1929
Steppe	86.6	74.6
Left Bank	7.2	14.9
Right Bank	4.4	7.2
Forested	1.8	3.3

*Kalinichenko V.V. Peasant economy of Ukraine during the NEP period: historical and economic research. - X.: Osnova, 1997. - 400 p.

As can be seen from the data (Table 1.2), the main landlords were the poor, which was explained by their lack of production capabilities to cultivate their entire allotment. By leasing part of their land, the poor were given the opportunity to cultivate the other part. The middle-class people (mainly the poorest of their strata) transferred land for the same reasons, and the kulaks - as a rule, with the aim of leasing the worse land and renting the better.

Table 1.2

Socio-property composition of participants in lease relationships in Ukraine.*

Indexes	Socio-economic groups of peasants		
	Poor	Average people	Cuckoos
Of all farms that leased land, %	87.6	11.3	1.1
Of the entire area of land that was leased, %	85.2	13.2	1.6
Of all households renting land, %	32.5	57.3	10.2
Of the entire leased area, land was leased, %	22.0	56.5	21.5

*Rent of land in the agricultural sector of the USSR during the NEP period: Information material No. 01-9/354. Sistema DOR VNIITZA APK, M., 1988. – 21 p.

If the main lessors of land were the poor, then a large part of the land, it seems, was leased by the middle peasants due to their surplus of means of production and labor. For them, the lease was a means of bringing the actual land use into line with the available production possibilities (Table 1.3).

There were different forms of rent: in money or in kind, rent for cultivation, for

part of the harvest, for payment of food tax [117, p. 148]. The most common form of rent payment was cash and equity. In the process of reconstruction of the national economy and the expansion of commodity-money relations, the monetary form of payment for land rent became the leading one.

Table 1.3

Reasons for concluding lease agreements in 1926, %*

Lease of land in connection with		Transfer of land for rent	
excess funds	95.9	due to lack of means of production	82.0
neglect of the land plot	0.4	due to labor shortage	9.0
the proximity of the rental plot	1.7	due to the outflow of labor	0.7
better quality of land	1.3	due to the remoteness of the land plot	1.0
other reasons	0.7	other reasons	7.3

*Rent of land in the agricultural sector of the USSR during the NEP period: Information material No. 01-9/354. System of DOR VNIITZY APC, M., 1988. - p. 11

The natural form of payment was of two types: 1. payment in the form of a specified number of products; 2. a share of the harvest (sheaf). The form of employment meant the performance by the lessee of the specified amount of work, provided for in the lease agreement, for the lessor of the land [8].

By comparing the data for 1924 and 1925, it is possible to notice changes in the structure of the rent, especially the share of payment in products has significantly decreased (Fig. 1.1). However, due to insufficient development of market relations in the village, the role of rent in the form of a share of the harvest in 1925 remained significant. The monetary form of rent was the most pronounced form of relations between the lessor and the lessee.

In the 1920s, there was a trend of rent growth, which was determined not only by the level of soil fertility, but to a greater extent by the level of land supply of the peasants in this area, that is, by the demand and supply of land.

When renting for a share of the harvest, the relationship between the lessee and the lessor had a less clear form, since the amount of the rent was dependent on the amount of the harvest and therefore could fluctuate quite significantly. This form of lease had several modifications. A freehold in its pure form, when the lessor received

a certain share of the harvest in the form of finished products, without participating in the production process. This type of lease was rare. The more widespread was the *skipshchyna*, in which the lessor participated in the production process: sowing was carried out with his seeds.

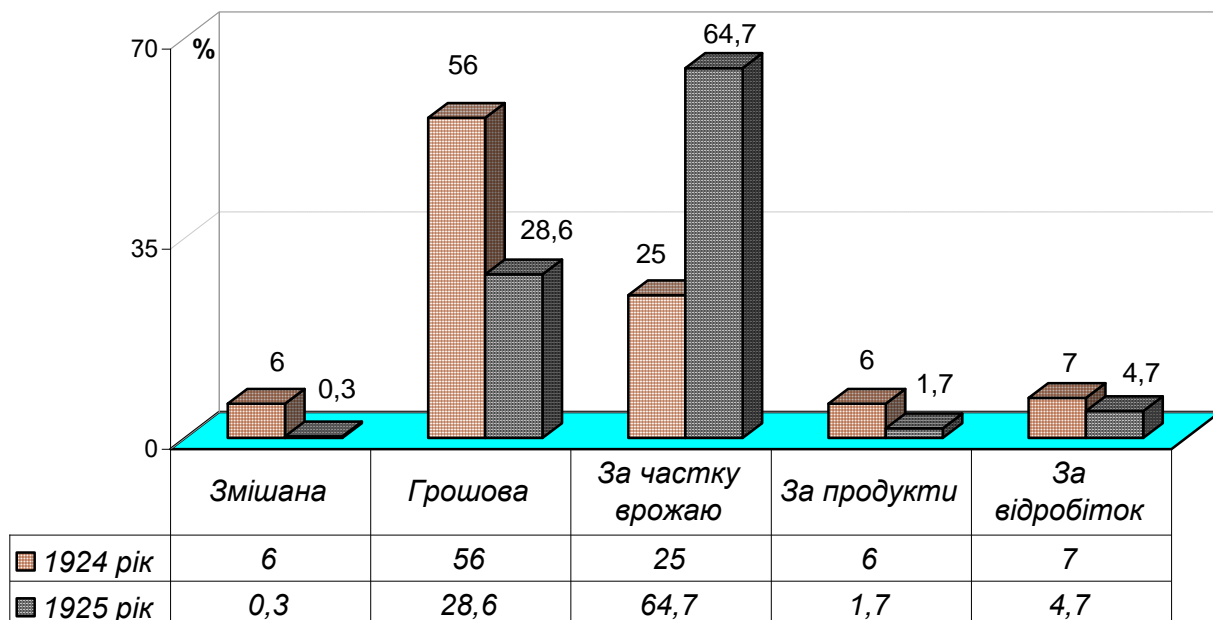


Fig. 1.1 Structure of rent for land in 1924-1925, % [4].

One of the characteristic features of rent in the form of a share of the harvest was the involvement of the lessor's labor force in the joint cultivation of the leased land and harvesting. The lack of means of production was the main reason for the transfer of land to rent by the poor. Long-term lease prevailed (41.6% of the leased area) due to the fact that in most cases such agreements in form represented the transfer of land for lease, and in terms of content - the hiring by the poor of the means of production they did not have, with payment for them in land and in specified periods with his work. The typical amount of harvest share deductions in favor of the lessor was 1/2 (half). Less common was the deduction of 1/3 of the harvest, extremely rarely - 1/4, 1/5, and on lands with increased fertility - 2/3 of the harvest [8, p.17].

Leasing land for a certain amount of products was considered one of the least profitable forms of leasing for the lessor, and had a small distribution (7.4% of the leased area).

The employment form of the lease was distinguished by the extreme diversity of the terms of the lease agreements. In most cases, stronger farms with excess means of production agreed to work out. Land was leased to them by poor households deprived of means of production. In a smaller number of cases, working leases were practiced by poor households for leased land by their labor force. Survey materials of the 20s of the 20th century testified that labor productivity was lower with all types of employment lease compared to other forms of lease.

Analysis of statistical material on land leases shows that short-term leases prevailed in the USSR in the 1920s (87.4% of land was leased for the first year). The short term of the lease did not give the tenant incentives to carefully use the leased plots. Therefore, at the current stage of the development of lease relations, it is expedient to encourage long-term leases, which interest the tenant not only in preserving, but also in increasing the fertility of the land, restoring the almost lost peasant sense of ownership in the rural laborer. The experience of renting land in the 20s shows that of all forms of rent, the most clear is the payment in the form of a pre-negotiated fixed sum of money. This form gives the greatest space for the economic initiative of the tenant, leaving him all the profit from the growth of labor productivity and additional investments in the leased land.

The labor lease of land was abolished by the law "On measures to strengthen the socialist restructuring of agriculture in the areas of continuous collectivization and to combat kulkism" dated February 1, 1930. The lease of agricultural land in the USSR is completely prohibited by the resolution of the CEC and the RNA of the USSR "On the Prohibition of Land Leasing" for agricultural purposes", dated June 4, 1937 [8, p. 18-19].

During the time of Soviet power (from 1937 to 1990), the lease of agricultural land on the territory of the USSR was prohibited. In the theory of scientific communism, a negative attitude towards land lease was established. It consisted in the fact that the main landlord was a large landowner of the feudal type, and the tenants were peasants and rural capitalists. It was believed that the lease restores backward agrarian relations, and accordingly, the emergence and appropriation of absolute land

rent by large landowners was associated with it [13, p. 15].

The revival of land leases in Ukraine took place only in the 1980s with the adoption of the Law "On Property" - in the form of intra-household leases. The horticulture units of collective farms and state farms were granted the right to temporarily use the land plot. At the same time, the tenants were deprived of the right to free disposal of the produced products and income from their sale.

Leasing of land in Ukraine was legally regulated by the Land Code of the Ukrainian SSR, which was adopted on December 18, 1990.

The resolution of the Verkhovna Rada of the Ukrainian SSR "On land reform" dated December 18, 1990 announced that all lands of Ukraine are subject to land reform starting from March 15, 1991. This resolution in the first edition did not contain provisions on the introduction of private ownership of land. Instead, it was supposed to give land to citizens in lifetime inherited possession and to enterprises in permanent possession [127, p.259].

The Land Code of Ukraine dated March 13, 1992 defined three forms of land ownership - state, collective and private and introduced the right to lease land. Councils of people's deputies and land owners are recognized as lessors of land [62, p. 78].

According to the new edition of the code, citizens of Ukraine, enterprises, institutions and organizations, public associations, religious organizations, joint enterprises, international associations and organizations with the participation of Ukrainian and foreign legal entities and citizens, enterprises wholly owned by foreigners can be tenants of land. investors, as well as foreign states, international organizations, foreign legal entities and natural persons without citizenship.

Land could be leased for short-term use - up to three years and long-term - up to fifty [16]. Agricultural cooperatives, collective agricultural enterprises and agricultural joint-stock companies were recognized as subjects of the right of collective ownership of land (Article 5 of ZKU 92).

The Land Code provided for the possibility of acquisition of collective ownership of land by citizens, however, the subject of ownership was recognized as a legal entity - an agricultural enterprise created in the appropriate organizational and legal form.

The enterprise itself was recognized as the owner by the Law of Ukraine "On Collective Agricultural Enterprise" (Article 10): "The land may belong to the enterprise under the right of collective ownership...". The disposal of land plots that were in collective ownership had to be carried out by the decision of the general meeting of the collective of co-owners (Article 5 ZKU 92).

In order to interest tenants in careful treatment of land, its rational use and protection, the Land Code provides for their preferential right to receive leased land plots in their ownership (we are talking, of course, about land plots leased from state-owned lands). As for the lands that are in collective ownership and temporarily not used, they can be leased without changing the purpose for a period of up to three years.

In accordance with the Decrees of the President of Ukraine "On urgent measures to accelerate land reform in the field of agricultural production" dated November 10, 1994 and "On the procedure for subdividing lands transferred into collective ownership to agricultural enterprises and organizations" dated August 8, 1995, the subdividing of agricultural land was carried out with the issuance members of collective agricultural enterprises and pensioners from among them certificates for the right to a land share (share), which indicated the size of the land share in conditional cadastral hectares and its monetary value. The right to a land share (share), certified by a certificate, became the object of sale, gift, mine, inheritance and pledge.

The average size of a land share (share) in Ukraine as of January 1, 2005 is 4 hectares and ranges from 1.1-1.4 hectares in Ivano-Frankivsk, Zakarpattia, and Chernivtsi regions to 7.3-8.7 hectares in Zaporizhzhia and Luhansk regions.

Legislation established restrictions on the lease of land shares. Citizens who have the right to a land share (share) can lease the corresponding land plot only for agricultural use. When land shares are leased, their location in the structure of agricultural land is approved by the general meeting of members of the agricultural enterprise or the meeting of authorized representatives. Legal entities can be lessees of land for commercial agricultural production only if their founding documents provide for the implementation of this type of activity.

The specified legal restrictions created privileged conditions for collective agricultural enterprises regarding land lease. Under such restrictions, they monopolized the land rental market. As of 01.01.2005, the dominant part of land lease contracts (84.4%) was concluded with farms where the land (share) was received or their legal successors. The share of farms was only 4.8%, other economic entities – 13.1%.

The decree of the President of Ukraine "On the lease of land" of April 23, 1997 provided for the lease of land plots as well as the lease of land shares. Two or more persons who have certificates certifying their right to a land share (share) may, at their wish, rent out a joint land plot through a person authorized by them [167]. This made it possible to speed up the reform of agricultural enterprises. Already at the end of 1999, more than 2.9 thousand of them were reformed.

The next step in the formation of leased land relations was the Law "On Land Lease" of October 22, 1998. It defined the general principles of acquisition, implementation and termination of the right to lease a land plot, expanded the concept of land lease. If in the Land Code it was defined as temporary use of a plot of land, then in the said Law, land lease is the paid ownership and use of a plot of land necessary for the lessee to carry out business and other activities (Article 3). This expands the possibilities of the tenant regarding the directions and forms of carrying out his economic activity. The objects of lease are land plots owned by citizens and legal entities of Ukraine, territorial communities of villages, towns, cities (communal property), the state. Land plots with plantations can also be leased objects, buildings, structures, reservoirs. Sublease of land is regulated.

The Law of Ukraine "On Land Lease" and the Resolution of the Cabinet of Ministers of Ukraine "On the Procedure for State Registration of Land Lease Agreements" of December 25, 1998 did not regulate the lease of land shares (shares) certified by certificates for the right to a land share (share), which led to the restriction of land lease relations in the village and the slowing down of the creation of market-type agricultural formations.

A turning point in the development of land leasing was the Decree of the President of Ukraine "On urgent measures to accelerate the reform of the agrarian

sector of the economy" dated December 3, 1999 [164]. The decree regulates the issue of renting land plots (shares). The certificate for the right to a land share (share) is recognized as a legal document certifying the right to own, use and dispose of the said share.

Between December 1999 and April 2000, collective agricultural enterprises were reformed on the basis of private ownership of land and property. All members of enterprises are provided with the right to freely exit from them with land shares (shares) and property shares and to create new agricultural formations on this basis: private (private rental) enterprises, peasant (farm) farms, economic societies, agricultural cooperatives, and other entities business entities based on private property. This right is guaranteed by the second part of Art. 14 of the Constitution of Ukraine, could not be limited by the decision of the general meeting of members of collective agricultural enterprises or any other decisions.

Compulsory conclusion of lease contracts for land share (share) by enterprises that use land for agricultural needs was introduced, the procedure for their registration was simplified. It is settled that the amount of rent, determined in accordance with the legislation, is not less than 1% of the value of the leased land share (share). Citizens are given the opportunity to expand their personal farms without creating a legal entity at the expense of their land shares.

The cost of producing the documents necessary for obtaining a state act on the right of private ownership of land has been reduced to five tax-free minimum incomes of citizens. Since 2000, agricultural enterprises have reflected in their balance sheets the value of land owned by them, the area of leased land in accounting, rent in the cost price of agricultural products.

The Land Code of 2001 consolidated the provisions of this Presidential Decree and contributed to further positive developments [63].

The pressing issues of land lease were regulated by the Law of Ukraine "On Amendments to the Law of Ukraine "On Land Lease" dated October 2, 2003 [57]. The possibilities of sublease and the obligations and rights of subjects of lease relations in matters of rational use of land have been expanded, lessors of land plots have been

recognized as authorized owners, and the list of requirements regarding the lease agreement has been supplemented.

However, the rule on the obligation of preliminary agreement at the sessions of the relevant councils regarding the lease of land plots in state ownership was not confirmed in the new version.

It is important to supplement the list of essential terms of the land lease agreement with the provision on the conditions and terms of the transfer of the land plot to the tenant, as well as the definition of documents that are an integral part of the lease agreement, namely:

1. plan or scheme of the land plot to be leased;
2. cadastral plan of the land plot showing restrictions (encumbrances) in its use and established land servitudes;
3. an act of determining the boundaries of a land plot in kind (on site);
4. an act of acceptance and transfer of the leased object;
5. the land plot allocation project in the cases stipulated by this Law;
6. an agreement to reimburse the lessee for costs for the protection and improvement of the leased object (if this is provided for in the contract).

The procedure for registering land lease contracts has been changed. Currently, it is regulated by law, and not by a regulatory act of the Cabinet of Ministers of Ukraine.

It is provided that upon the agreement of the parties, the land plot sublease agreement is notarized, whereas before - at the request of one of the parties. And the lease agreement is notarized at the request of one of the parties, regardless of the term of the agreement.

The upper limit of the fee for the lease of state and communal land is set at the level of 10%, with a mandatory revision once every three years. At the same time, the Law no longer provides for the previously established lower limit of the collected rent.

The rules for subleasing land plots have been changed. Yes, the leased land plot or its part can be subleased by the lessee without changing the intended purpose, if this is stipulated in the lease agreement or with the written consent of the lessor. If within

one month the lessor does not send a written notification of his consent or objection, the leased land plot or its part may be subleased.

It is prohibited to sublease land plots on which integral property complexes of enterprises, institutions and organizations of state or communal ownership are located, as well as those based on property belonging to ARC and their structural divisions.

Based on the fact that land lease is a contract-based right to temporary paid ownership and use of a land plot for agricultural and other purposes, it is quite clear that the main document that regulates lease relations within the legal field is the land lease agreement between the lessor and the lessee . It must accumulate in itself all conditions of legal relations that arise in the process of using the object of lease, that is, the land plot.

The essential terms of the land lease agreement are:

object of lease (location and size of the land plot);

validity period of the lease agreement;

rent with an indication of its amount, indexation, forms of payment, terms, procedure for its introduction and review, and responsibility for its non-payment;

conditions of use and purpose of the land plot that is leased;

conditions for maintaining the condition of the leased object;

terms and conditions of transfer of the land plot to the tenant;

conditions for returning the land plot to the lessor;

existing restrictions (encumbrances) regarding the use of the land plot;

identification of the party that bears the risk of accidental damage or destruction of the leased object or its part;

responsibilities of the parties.

The absence of one of the essential conditions in the land lease agreement is grounds for refusing state registration of the lease agreement, as well as for declaring the agreement invalid.

The law establishes additional obligations of the lessor:

to reimburse the lessee for capital costs associated with improving the condition of the leased object, which was carried out by the lessee with the consent of the lessor;

to warn the tenant about the special properties and shortcomings of the land plot, which in the process of its use may cause ecologically dangerous consequences for the environment or cause deterioration of the condition of the leased object itself.

New rights of the lessor were also established, namely:

in the event that the lessee deteriorates the useful properties of the leased land plot due to a change in its condition, the lessor has the right to compensation for damages;

in the case of termination of the land lease agreement at the initiative of the lessee, the lessor has the right to receive rent for agricultural land for six months, and for non-agricultural land for one year, if no offers are received from other persons to enter into a lease agreement for the same land within the specified period plots on the same terms, except for cases where the termination of the contract was caused by non-fulfillment or improper fulfillment of contractual obligations by the lessor.

In relation to the lessee, the Law established the obligation to provide a copy of the contract to the relevant body of the state tax administration within five days after the state registration of the lease agreement for the land plot of state or communal property.

What is new is also the fixing of the tenant's right and the determination of the appropriate procedure for compensating the tenant for damages caused to him as a result of the landlord's failure to fulfill the conditions specified in the land lease agreement. In the event of early termination of the land lease agreement at the initiative of the lessor of the land plot, the right to lease which was acquired as a result of an auction or competition, the lessor must compensate the lessee not only for the costs of its acquisition, but also for the losses incurred by the lessee as a result of the early termination of the lease agreement, unless otherwise stipulated in the lease agreement.

In the new edition, the content of the tenant's preferential right to take ownership of the leased land plot is deciphered, the procedure for distributing the risks of accidental destruction or damage to the leased object is defined (as a general rule, the risk is borne by the lessor), and the procedure for determining the term of the lease agreement is specified.

The new Land Code enables citizens to exercise the right to own land, provides legal regulation of land relations through the lease of land plots, provides for the introduction of agricultural land into economic circulation and the pledge of land plots.

In it, in addition to the regulation of land ownership, legal norms regarding land servitude, land use and the main tasks of land management, land protection, etc. are more fully formulated.

It is important to regulate the expansion of land plots in the private ownership of citizens for personal farming, to optimize the size of farms and market-type economic formations at the expense of land lease.

1.2. The role of land lease in reforming land relations

Land lease plays an important role in the system of land relations. In the conditions of the primary accumulation of capital, it is the most effective mechanism on the way to the formation of new agricultural formations and their rapid adaptation to the conditions of the market economy.

Foreign and domestic experience shows that leased land use contributes to the development of entrepreneurial activity in agriculture. The rental mechanism is an effective motivational factor that provides a stable profit to the lessor and encourages the lessee to improve the efficiency of land use.

The development of leased land relations in the agricultural economy of Ukraine is conditioned by the presence of a large number of small landowners, most of whom are unable or consider it economically impractical to cultivate their land shares on their own. Secondly, it is necessary to form agricultural enterprises of optimal size from the point of view of the most effective combination of land, labor and capital [120, p. 191].

Land lease became one of the levers of bringing production relations in the village (land relations) into compliance with the level of development of productive forces [22, p. 45].

According to Academician P.T. Clearly, the development of the system of leased land relations in agriculture is one of the most urgent tasks facing economic and agrarian science [141, p. 24]. This is the main way of restructuring property relations, since lease relations allow the most complete implementation of the idea of actively encouraging people to creative work [140, p. 78].

M.M. Fedorov believes that the main thing in lease relations should be considered the motivating motives of the contracting parties, both parties are interested in obtaining the greatest profit from the lease of land: the lessor - to receive the highest possible rent, while maintaining the quality of the land plot; tenant - to receive the maximum harvest for a long period" [173, p. 102].

According to the researches of M.Y. Malika "the rental mechanism allows to soften the path of transition to market principles of management." According to the definition of S.M. Pletenetska farming on lease terms is an important feature of the market economy [91].

M.V. Zubets [66, p. 19], L.A. Novakovsky [107, p. 5], M.Y. Malik, P.M. Fedienko [92, p. 23] believe that renting land is beneficial both for peasants (especially pensioners - the least socially protected category of people), who have the opportunity to strengthen their financial position due to receiving payment for the lease of their land share, and for tenants (enterprises of various forms of management, including farmers).

According to the recognition of a number of authors M.M. Fedorov [173, p. 100], A. Berlacha [13, p. 15], rent acts as one of the effective regulators of land relations in the absence of a free land market. At the same time, for some economic entities it is a means of preservation, and for others it is the formation of land massifs of optimal size [76, p. 62].

The development of lease relationships is one of the possible ways of forming optimal sizes of new market-type entrepreneurial structures, which preserve the integrity of land and property complexes, and also form effective owners [124, p. 191].

Leasing contributes to the economic circulation of plots whose formal or real owners, for one reason or another, cannot or do not want to use agricultural land for its intended purpose.

Leasing land, instead of buying it, provides the lessee with significant savings in initial costs, allows for faster adaptation to fluctuations in the market situation, and shows the best entrepreneurial traits. Leased land use is used in all forms of management and is characterized by flexibility in the size of the business and higher turnover of capital, creates objective prerequisites for the concentration of productive land in the hands of the most active part of the rural population [135, p. 26; 124, p. 191; 183, p. 213].

The lessee receives from the owner the right to own and use the land, as well as the possibility of its pledge, with the consent of the lessor for the purpose of attracting investment resources. According to studies, the title of owner-master of land does not contribute to higher efficiency of its use compared to renting [183, p. 213]. Therefore, the main purpose and progressive role of rent is to overcome the inhibiting role of property in the effective development of the economy [85, p.15].

According to Debrov V.V. [46, p. 135] lease serves as a form of realization of property rights of peasants - share owners and is one of the elements of their social protection. In conditions of unemployment, inflation, non-payment of pensions, rent is an additional source of income for many pensioners and peasants who are temporarily out of work [81, p. 44]. Land lease of state and communal property becomes an important source of replenishment of local budgets.

The legislative introduction of land lease in our country played a positive role in the creation of new market-type agricultural formations, especially farms. According to the researches of V.M. Vlasyuk, O.A. Royenko. [16, p. 27], Debrova V.V. [46, p. 135] rent became the most important factor of expanded production in farms. It is the basis for creating farms of a rational size that ensure high marketability of products at the lowest production costs [90, p. 73].

Foreign and domestic experience shows that the inclusion of land relations in the market economy is directly related to the legal regulation of land turnover, primarily

the lease of agricultural land. Leased land use contributes to the development of entrepreneurial activity in agriculture, ensuring the rational use of land [117].

An important aspect of the theoretical analysis of the essence and role of rent is its connection with entrepreneurship. According to a number of authors, there is no market economy without entrepreneurship, and there is no market economy without rent [85, p. 15].

According to S. M. Pletenetska, modern rental relations are relations based on entrepreneurship. The entrepreneurial function of leasing includes a set of characteristics, in particular, changing the structure of production, personnel support, effective management, material and technical supply, finding profitable sales channels for products, attracting investments for expanded production, economic freedom in choosing partners and making decisions, social protection of employees, obligations payment of rent, etc. [124, p. 171].

In the conditions of the transition period, the lease is a flexible tool in the formation of a new structure of agricultural production, the formation of efficient owners, and the implementation of social and economic programs. The lease mechanism allows: to form optimal dimensions of land use, to use land efficiently.

Renting land contributes to the effective use of the material and technical base, reducing the cost of production; ensures the transition of land to an efficient owner; lays the foundation for the development of entrepreneurial activity in agriculture; is an additional source of material support for peasant families and replenishment of the revenue part of the budgets of the relevant levels.

Land rent plays an important role in the development of rent. It is a tool of competitive competition for the right to lease land, raising the level of social protection of workers of agricultural enterprises and their pensioners, influencing the formation of the market price of land.

However, despite the positive manifestations of leased land relations, their socio-economic potential is still not fully realized. The main reason for the lack of effective leases on the land market and the presence of negative processes in the agrarian sector

of the economy is the imperfection of legislation and the protracted nature of the transition period [116, p. 294].

On the basis of the analysis of literary sources and studies of lease relations directly in agricultural enterprises, problematic issues of the development of land leases have been identified, namely:

- allocation of land shares in kind (in the area);
- renegotiation of lease agreements in connection with the change of the lease object (coordination of terms, rent, location);
- rational use, preservation and reproduction of soil fertility.

Their solution is related to the organization, regulation and other aspects of the lease and depends on the formation of a full-fledged competitive environment among potential land tenants, proper design and optimization of the terms of lease agreements. The relevance of the latter is due to the occurrence of non-unique conflict situations between the subjects of lease relations due to non-fulfillment of contractual obligations by one of the parties. First of all, this applies to cases of violations by tenants of the terms of settlement of rent payments.

The form of the land lease agreement needs improvement, especially with regard to the lease of land shares (shares) and compliance with legislation when concluding it. Thus, the lack of real responsibility of the tenant for timely settlement with landlords leads to delays in settlements, and in some cases to non-payment of rent.

There is also an increase in the number of land lease contracts by legal entities: machine-tractor stations, bread factories, etc., which, according to their founding documents, are not engaged in agricultural activities and, according to the Law "On Land Lease", cannot lease agricultural land.

The legally established regime of economic security of land use and preservation of soil fertility is not implemented in practice, which often leads to predatory use of agricultural land and a decrease in soil quality.

The lack of competition on the land rental market and the unprofitable nature of the activities of the vast majority of farms lead to minimum rents. Currently, most landowners have no choice but to lease their land to the farm where they received it. In

this regard, they are ready to agree to any conditions offered by the tenant. Currently, the actual level of rent is determined by tenants, and the rights of owners are unprotected.

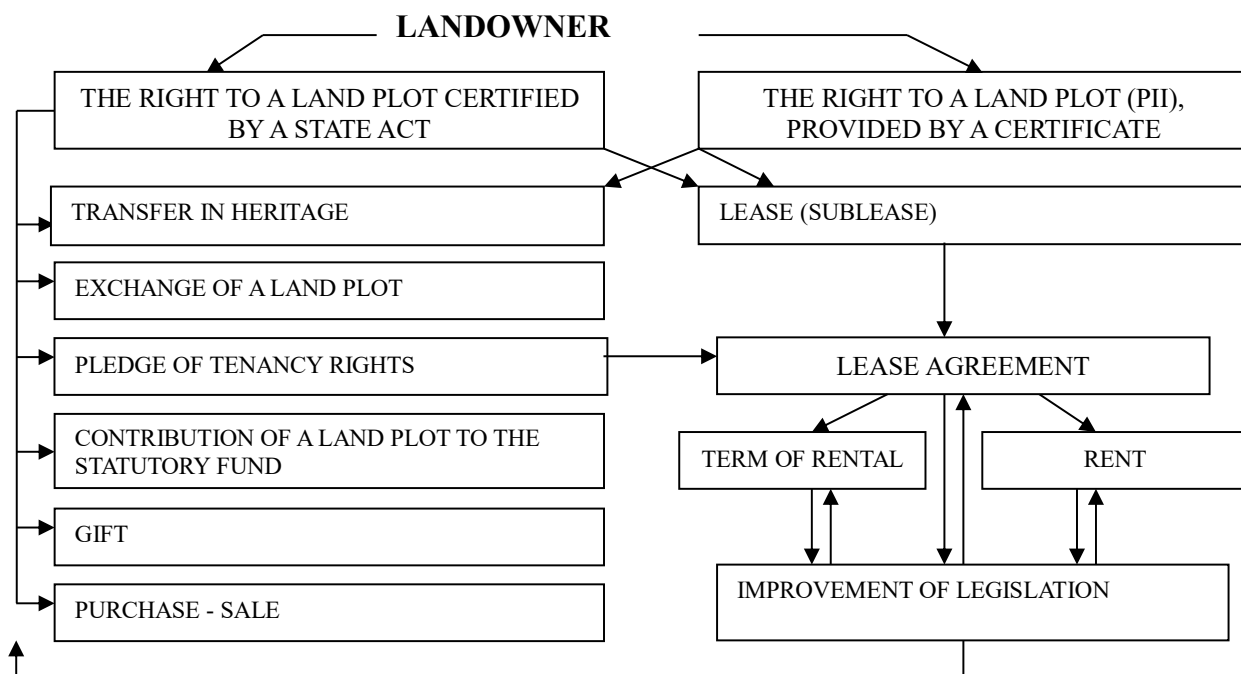
In our opinion, the subjects of lease relations should fully implement all the powers included in the triad of "ownership, use and disposal of land plots". Lease relationships must be filled with valid content, taking into account world experience and the specifics of business conditions.

New economic structures do not yet have legally formed and technically formalized land ownership and land use, which does not give them the opportunity to plan economic activities on the lands they own and rent, when at the same time the lessors are citizens, legal entities and local councils. It is not possible to determine the real basis of payment for the land, as well as to apply the mortgage lending mechanism [23, p. 64; 108, p. 109].

Now in the village there are owners of land shares (shares) certified by certificates, and owners of land plots certified by state acts on the right of private ownership of land*. They can dispose of them in different ways: manage them themselves, rent them out or alienate them. However, ownership of a plot of land, certified by a state act, provides citizens and tenants with wider opportunities(scheme 1).

* According to the resolution of the Cabinet of Ministers of Ukraine No. 449 dated 04.02.2002, the title was changed to "state act on ownership of a land plot"

As practice shows, continuous issuance of state documents is a rather complex



Scheme 1. Powers of subjects of leased land relations

issue that requires well-considered decisions. Farm managers are faced with the question of how to work in such a way as to preserve crop rotation and the integrity of the land area.

A number of leading scientists warn that the continuous allocation of land shares in kind (in the area) and the issuance of state acts on the right of private ownership of a plot of land will cause the re-registration of lease agreements in connection with a change in the status of the owner and may lead to a violation of the integrity of land massifs, a slowdown stabilization and development of newly created economic formations [176, p. 360].

All over the world, renting is a widespread form of business activity. The advantage of this form of land use is primarily caused by the lack of sufficient funds for the newly created farms to acquire the land they need.

In countries with a developed market economy, there are two types of agricultural land markets - lease and purchase and sale of land. However, less than 3% of land is cultivated on the latter. This situation is typical for both America and Western Europe. Most of the agricultural land was traded on the rental market. The same situation is typical for Ukraine. The reasons for this are: firstly, the slow development of the market for buying and selling land, connected with the legislative introduction in Ukraine of a six-year moratorium on the alienation of agricultural land from the time of acquisition of land ownership; secondly, the development of the land market is slowing down due to the low solvency of the rural population, and the number of people who have the financial ability to buy land from the owners is very small; Third, in developed countries, most people have agricultural land either to manage it themselves or to lease it [103, p. 289].

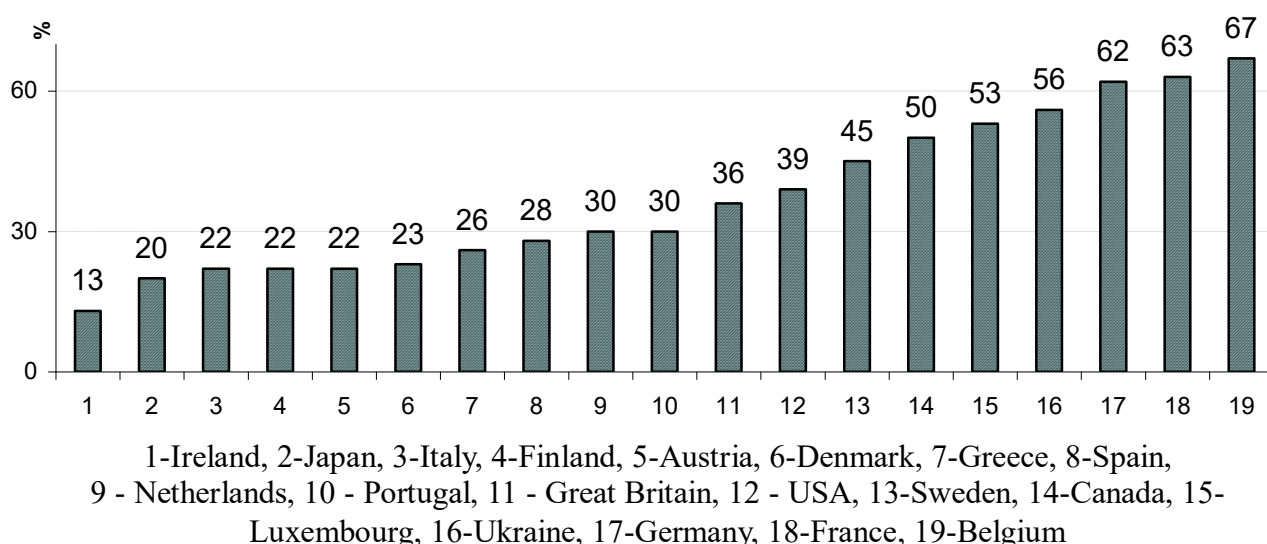


Fig. 1.2 The specific weight of leased land in the agriculture of different countries of the world in the 1990s of the XXI century, %

Unlike the countries of Eastern Europe (Hungary, the Czech Republic, Slovakia), where the transformation of the agricultural sector was carried out through the successive restructuring of former cooperatives and state farms into market-type enterprises, Ukraine is following the path of slow adaptation of agricultural enterprises to the conditions of the market economy. As a result, the transition period was too long. Agriculture is in an economic crisis and is a source of accumulation of funds for other

areas of the economy. The vast majority of farms operate at a loss and are unable to fully calculate wages and rent.

The evolutionary nature of land reform in the Czech Republic and Slovakia was accompanied by the wide use of lease mechanisms, which account for more than 50% of land use. Land leasing has also become widespread in the Russian Federation.

In Poland in 1997, 76.2% of state land was leased. The average lease term was 12 years. As a rule, large agricultural enterprises have been formed on these lands, of which 1,748 have an average land area of 500 or more hectares, and 483 have more than 1,000 hectares.

In Hungary, about 60% of productive land in 1988 was cultivated by tenants, with a clearly expressed tendency to increase [66].

According to literature sources, in countries with a market economy, the share of leased land in the total land fund fluctuates significantly. So, in the countries of Western Europe, it is on average: in Belgium - 70%, Great Britain - 42, Holland - 38, Germany - 34, Italy - 20, Denmark - 15% [74, p. 49].

In developing countries, it is rented: in Iran, 60%, in Panama - almost 75%, in Guatemala and Argentina - about 40%.

In developed countries, in particular, the USA, 43% of land is cultivated under lease conditions, in France - 52% [64, p. 117]. In China, leased land use accounts for 95% of the cultivated area.

In Belarus and Central Asia, the majority of agricultural land continues to be state property. The right to use this land is granted only in the form of a long-term lease.

In the developed countries of the world, renting is practiced on the basis of labor participation; lease for livestock farming; rent on the basis of share participation in the harvest; lease based on participation in net income and lease based on the principle of fixed payments.

Tenancy based on labor participation or as it is also called in the USA, "father-son" tenancy. The parties work as colleagues. The profit is distributed in proportion to the labor contribution of everyone. The owner is freed from the daily work of the farm,

but at the same time exercises control over its production activities. The tenant, as a rule, is a young specialist (heir), who in the future will become a farmer, invests only labor in production and participates in management. This type of lease allows the tenant to develop their management skills under the guidance of an experienced farmer with minimal capital risk.

Leasing land for livestock farming is based on the partnership of the parties, in which the profit and contribution of each partner to the business is distributed proportionally. Typical for this type of lease is the ratio of capital, livestock, fodder, equipment, costs for seeds, etc., in the size of 1:1. For the owner, this type of lease is the most profitable compared to other types, especially if the tenant is a highly educated specialist.

Tenancy based on share participation in the harvest is most common in countries with high land prices. The parties share between themselves both the profit and the costs of crop production. Under such conditions, the risk is shared, and the revenue of each party fluctuates depending on market and production conditions.

The owner receives a share of the grain harvest (from $1/3$ to $1/2$, depending on the quality of the land) and payment for the tenant's use of buildings and pastures, if applicable. Usually, his participation is limited to management functions. For him, this form is more profitable compared to renting for cash, because it allows him to spend less time on management and, in conditions of price instability, he can receive more in the form of a share of the crop than a share of the profit from the sale of the crop.

The lessee risks less capital than with a fixed cash lease. In addition to the share of crop production, he receives all the profit from livestock farming.

A net income sharing lease has features of both a fixed rent and a crop sharing lease. The level of payments is not fixed, and is derived from the obtained crop. The owner receives the monetary equivalent of his annual participation in the grown crop. He does not work on the farm, but leases land, buildings, machines, and carries out long-term work on improving the properties of the soil. The tenant is responsible for the costs of the necessary equipment and labor. The cost ratio of both sides determines the share of profit or harvest paid by the tenant. It is usually 50/50 on grain farms,

30/70 on dairy farms and 40/60 on mixed farms. Depending on the type of farm, the tenant pays 50, 30 or 40% of the profit from the sale of final products as rent, respectively. Since long-term investment is not taken into account, the tenant has little incentive to increase the owner's profits.

Renting on the basis of a fixed payment is most similar to rental agreements common in Ukraine. Under such contracts, the tenant assumes all management risks, and the landowner receives a guaranteed profit. In the United States, the landowner may demand 20-30% of the harvest, while in Ukraine usually 10-20% is paid, but the principle is the same. In Great Britain and Australia, a fixed cash rent is paid by the tenant to the owner of the plot under the contract on a set day and month. This lease is not related to the grown and sold crop, and does not require the owner's participation in production. It is the least flexible, as it does not take into account the harvest and the profit of the farmer [16].

In Japan, the maximum level of rent is set by the state. For irrigated areas - no more than 25%, for non-irrigated fields - no more than 15% of the value of the harvested crop. However, in practice, an amendment to the Law on Land is increasingly being used, according to which the level of rent is set by agreement of the parties [16].

In France, there are two types of rent for agricultural land: a lease with a predetermined fixed rent that does not depend on the size of the crop, and a half share - with a rent in the form of a specified share of the crop.

In East Germany, the amount of rent is determined by agreement of the parties. Its recommended size is set by the BVVG, based on the value of the land and bank interest [1, p. 19].

In Austria, the amount of rent is differentiated. It is calculated on the basis of the market value of land, the projected productivity of land in a specific area and the cost assessment of measures for their improvement.

In many countries of the world, the state regulates rental relations, but it should be noted that the state's involvement is not the same. Thus, in Germany, Great Britain, Greece and Luxembourg, the principle of agreement of the parties prevails, and in

France, Belgium, the Netherlands, Italy, Spain and Portugal, the state actively intervenes in the regulation of lease relations in terms of land transfer [88 p. 50].

The laws of these countries set minimum lease terms. At the same time, they differ depending on the object of the lease: whether it is state land or a farm. For example, in Italy, a minimum contract term of 6 years is established for land leases in some mountainous areas, and 15 years for farm leases as a whole. In the Netherlands, depending on the region of the country, the minimum contract terms are 6 and 12 years, in Luxembourg - 6 and 9 years. In Portugal, for tenants who use hired labor, the lease term is 10 years, and if they do not use it, it is limited to 2 years [58, p. 50].

If the United States does not have a single federal law on leases, then in France the legislation regulates almost all aspects of leases in great detail [183, p. 227]. French legislation regulates four options for lease terms: 9, 18, 25 years and until the end of employment. Long-term rentals (18 years or more) are encouraged by tax incentives. After the lease contract expires, it can be extended for nine years. The contract may be terminated if the lessee uses the land irrationally and not for its purpose, violates the obligation to deduct rent, refuses to improve production in accordance with the conclusion of the advisory commission on agricultural leases. In the event of the death of the tenant, the validity of the contract can be extended, in favor of one of the spouses, children or parents,

In Austria, the minimum lease term in most cases is 5 years, but for viticulture and horticulture, it increases to 15 years. In China, the average lease term is 30-50 years, and for the development of virgin lands and fallows - 50-70 years, with the possibility of a concession lease rights to another.

In East Germany in 1995, 87.2% of land was leased for up to 25 years. The average lease term was 12 years. Long-term lease contributed to the stabilization of agricultural production [1, p. 21].

The improvement of legislation in the developed countries of the world takes place, first of all, in the direction of consolidating and expanding the rights of tenants as direct producers of agricultural products [183, p. 227].

In Ukraine, as of January 1, 2005, the terms of contracts are different: 37.4% have a term of 1-3 years, 51.8% - for 4-5, 8.4% - for 6-10, and only 2.4% for more than 10 years

Establishing the lease term is essential for the development of leased land relations. Currently, the issue of determining the optimal terms of validity of land lease contracts in Ukraine is debatable.

At the initial stage of the development of lease relations, until citizens realize that the land shares (shares) belong to them by the rights of the owner, until the economic relations are settled, the term of the lease of land, land shares (shares) according to M.V. Zubtsa, P.T. Sabluka, V.Ya. Mesel-Veselyak must be appointed for no more than 3 years [134, p. 61]. According to I. Yeshenko, it should be 1-2 years [56, p. 63], V.V. Yurchyshyn suggests 1-3 years with its subsequent extension [185, p. 12], S.M. Pletenetska [123, p. 72] and Konrad Fritsch [79, p. 112] recommend 5-6 years.

The vast majority of supporters of short-term rent stand in the position of protecting the rights of tenants. Thus, I. Yeshenko, S. M. Pletenetska, and Konrad Fritsch believe that concluding long-term leases in a monopolistic environment deprives landowners of a choice in the future, since they may lose a certain part of their income when new leaders appear. According to Leonard Rolfes, "the owner of the land should very cautiously enter into a long-term lease under the current conditions, otherwise it is quite possible that the owner of such a plot in five years will receive a significantly lower rent than other landlords" [86, p. 31].

M.M. Fedorov believes that a long-term lease of at least ten years would be desirable in the interests of agricultural production. Then it would be possible to count on the desire of the tenant not only to take from the land, but also to work on its improvement and protection [173, p. 102].

State policy should be aimed at creating conditions for long-term lease of agricultural land [132, p. 69].

In our opinion, the lease term should correspond to the rotation period of the main crop rotation in each particular farm. The state, in accordance with the law, should encourage owners and tenants to extend the lease term. This will help increase the

efficiency of land use, allow the tenant to plan business activities, expand the possibilities of mortgage lending operations, in particular, the pledge of land lease rights.

A longer lease term makes it possible to carry out land management, to introduce a rational crop rotation, to stimulate the investment of funds to increase soil fertility, to improve land, and to increase the intensification of agricultural production. At the same time, it is considered that it is not beneficial for the owners of land shares (shares), as their opportunities to dispose of the land are narrowed.

One of the most important essential conditions in the lease agreement, which regulate leased land relations, is the rent for the land. In civilized countries, where land lease is a traditional way of exploiting land in agricultural production, rent is equated with rent, i.e. the land owner (lessor) should receive a reward in the amount of land rent for granting the tenant the right to apply his capital to his land. Of course, if we are talking about the lease of only a plot of land, and not the economy as a whole (farm), because the rent, in addition to the land rent, may also include a fee for the use of other real estate [134, p. 52].

The analysis shows that in Sweden the rent is 5-8% of the value of the land, which is equivalent to 7-9% of the value of the products sold by the farmer during the year or 40% of his gross income [91, p. 173; 134, p. 53]. In 1988, in the USA, it was paid at the level of 0.6 to 10.5% for arable land and from 0.9 to 10.9% for pastures of their market price [134, p. 53]. In 2001, the price of 1 hectare of arable land in 48 states (including land and buildings) was \$3,803.8, and pasture was \$1,351.09, the rent, respectively, was \$175.4 and \$22.72. In 2001, compared to 1997, the price of 1 ha of arable land increased by 21.3%, pastures by 17.4%, and the rent increased by 6-8% [184, p. 39]. In 2002, the median rent in the Midwestern states was \$220. USA for 1 ha [86, p. 30].

In Germany, the Netherlands, Scotland and Wales, the rent is 1-3% of the market value of the land [84, p. 48, 125, p. 34]. In the Federal Republic of Germany, the rent for 1 hectare of agricultural land reaches 1,000 or more marks with a land price of

15,000-20,000 marks [184, p. 38]. In Poland, for the lease of state lands, the amount of the rent is 3% of the value of the land.

In Eastern Germany, the average level of rent to the land price is 1.5-4% [183, p. 217]. In 1994-1996, it was paid at the level of 5 marks per bale-hectare, for the period of 1999-2001 - 4-8 marks. Based on 1 hectare of agricultural land with an average land quality of 80 points, the rent was approximately 500-600 marks. In addition to rent, the tenant pays land tax, insurance and allowances used for land reclamation [1, p. 20]. The amount of the rent depends on the quality of the land and the lease term: for 12 years - 500 marks/ha, for 6 years - 450 marks/ha, for 1 year - 400 marks with a land quality of 100 points [1, p.88].

The amount of rent for land in Denmark is calculated based on the price of a hundredweight of wheat or barley on the world market. Depending on the quality of the leased land, the fee for its use ranges from 15.8 to 19.9% of the value of the expected harvest of the mentioned crops. In France at the end of the 80s, the average rent for 1 hectare of arable land was equal to 600 francs or 600 kg of wheat [134, p. 53]. In the countries of the European Union, on average, for 1 ha of leased land, the rent is 8 cents of wheat or its market value for the current year [134, p. 56; 111, p. 114].

In Austria, the amount of rent is differentiated. Thus, in 1991, in the areas of the Middle Danube Plain, where the most productive lands are located, the rent for 1 hectare exceeded 1,400 shillings (over 130 dollars), in the mountainous alpine areas it amounted to 350-600 shillings (30-55 dollars).

In Ukraine, the rent for the use of agricultural land was introduced in 1998 in the amount of 0.5% of the monetary value of the land. By the decree of the President of Ukraine dated December 3, 1999, it was increased to 1%. In February 2002, according to the Decree of the President of Ukraine, differentiated rates were introduced. Payment for land belonging to employees of agricultural enterprises, including farm, should be at least 1.5% of the monetary value of the land. For shares of pensioners and non-members of enterprises, at least 2%. Currently, for all subjects of lease relations, its lower limit is regulated at the level of 1.5%, by the Decree of the President of Ukraine dated February 2, 2002 No. 92 "On additional measures for the social protection of

peasants - owners of land plots and land shares (shares) " as amended by Decree No. 830 of September 13, 2002 "

In our opinion, the minimum limit of rent defined in the Decree is insufficient. Land rent is much higher in foreign countries. According to some researchers, an increase in the minimum marginal fee for land rent will contribute to the redistribution of land in favor of efficient land users [142, p. 352]. For this, it is necessary to create competition among tenants, which will be the first step in the process of redistribution of land in order to increase its productivity. Danylenko A.S. believes that the improvement of the lease is a prestigious direction of the development of land relations and for this purpose, a further gradual, adequate to the economic situation, rent increase is needed [30, p. 62].

Taking into account world and domestic experience, a number of scientists, in particular M.V. Zubets, P.T. Sabluk, V.Ya. Mesel-Veseliak, M.M. Fedorov propose to set the amount of rent for 1 ha of leased land within 2-3% of the monetary value of arable land, but not more than half of the estimated rental income [134, p. 56], the same opinion is held by S.P. Azizov, P.K. Kaninskyi, V.M. Skupy [111, p. 114]. V.V. Yurchyshyn, V.M. Skupy and S.M. Pletenetska, who believe that it is appropriate to take 3-5% of the value of the leased plot as the equivalent of the rent [186, p. 57; 122, p. 22].

We believe that the amount of the rent should increase in accordance with the change in the economic situation. Rent should be adjusted in direct proportion to the development of business activity in agriculture. At this stage, more attention should be paid to the parties' compliance with their contractual obligations regarding the payment of rent. As of January 1, 2005, only 89.5% of its payments have been made in Ukraine, and 71% in Zhytomyr region. In our opinion, the restructuring of the rent debt due to force majeure should be provided for at the legislative level.

It is considered necessary: a) by decision of local executive authorities and local self-government bodies with the participation of representatives of landlords and tenants, it is expedient to revise the amount of rent once every 2-3 years;

b) to create advisory services at district state administrations that will provide consultations to interested parties regarding the state of demand and supply for land leases, conduct contests for the right to lease land plots, give advice on the level of fair rent, etc.

The issue of applying methodical approaches to determining the amount of land rent remains debatable. According to the researchers of this problem, the following are the main methods of determining the amount of rent: the normative method, which depends on the expected profitability of production on the leased plot; method of market rental rates (method of supply and demand for leased land); the method of calculating the rent from the monetary value of the land; the method of equity participation in net income, the method based on the achieved level of crop productivity, etc. [45, p.38-39; 180, p. 66].

The monetary valuation of land may well be the basis for calculating the amount of rent for land. Moreover, the amount of the latter should exceed the amount of the land tax, since it is levied both on landowners and land users. That is, the amount of land tax must be one of the components of the rent for the land, if according to the lease agreement the land tax is paid by the tenant [134 p. 56].

According to Selivanov L.A. when calculating the rent, it is necessary to include not only the land tax, but also the interest on the capital previously invested in this land plot, in order to improve its fertility [143, p. 43].

According to Shpychak O.M. and Andriychuk V.G. with the development of leased land relations and the improvement of the efficiency of agricultural production, the rent will be calculated based on a combination of factors: the profitability of the land, its fertility and location, and, what is very important, the ratio between demand and supply for land as an object of rent [184, p. 40].

I.V. Koshkalda [81, p. 44], P.V. Petrov, N.V. Nazarenko [121, p. 25], believe that in the future, the amount of rent should be determined depending on the market value of the leased plot, which will be formed under the influence of supply and demand.

According to A. Chernyaev and E. Zvorotin, the supply and demand method should be used when leasing land for the cultivation of highly profitable crops. The

method of equity participation in net income can be considered as a monetary form of land rent with equity participation of the landowner and tenant both in income and in production risk [180, p. 68].

The author's team headed by M.G. Lobasom, A.V. Macedonian, D.E. Belyaev [109, p.166-167] and Greg Kruse [26, p.64] suggest determining the amount of rent for land depending on the level of profitability of production on the leased plot. However, in our opinion, this may lead to the minimization of its payment due to subscriptions. We adhere to the opinion of V.D. Yarovoi, that with the strengthening of the financial condition of tenant farms and the stabilization of the macroeconomic environment, it is advisable to gradually move to the establishment of rent in forms that make its amount dependent on the results of management [187, p. 13].

Mohylova M.M. believes that the basic rent for land at the time of signing the lease should be determined by the market, that is, by supply and demand, and at the time of payment should be adjusted in accordance with the conditions for establishing a flexible rent using coefficients.

L.O. Shepotko, I.V. Prokopa, S.O. Gudzinsky emphasize that there cannot be a universal approach to determining the amount of rent for all cases. Each farm is characterized by a set of production factors unique to it, such as soils, water regime, climate, location of relevant sales markets, etc. Although in the future, the amount of land rent (or part of it) should be the basis for determining the amount of rent, when establishing lease relationships with owners of land shares, it is advisable to legislate to promote the establishment of a fixed rent with annual review by the contracting parties depending on changes in the macroeconomic situation [183, p. . 217].

There is a great need for financial resources in the agriculture of Ukraine. Access to loans is limited because the potential investor has no guarantees of refund. The introduction of partial compensation does not solve all the problems of crediting agriculture and is a temporary measure.

Attracting long-term credit resources at low interest rates in agricultural production is a decisive factor in the further development of the industry. That is why until 1990 the share of loans in sources of working capital was 35-40%. Almost the

same share of them in the sources of financing of production activities and among farmers in the USA and Germany, which indicates the objectivity of such a large amount of loans for increasing agricultural production [44, p. 41]. In particular, in Eastern Germany, the interest rate for a 20-year loan is 5-6% per annum [1, p. 81].

As a result of the land reform, market-type economic structures were created on the basis of collective agricultural enterprises. Most of them do not have the funds to purchase machinery, seeds, fertilizers, plant protection products, and fuel. Because of this, large areas of arable land are used inefficiently. Based on the fact that the vast majority of these enterprises - producers of goods are lessees of land, the most likely solution to this problem at the current stage is the pledge of the right to lease agricultural land, which will allow obtaining medium- and long-term loans [176, p. 358]. In this regard, it is necessary to legislate and develop a mechanism for the pledge of the right to lease land, to promote the development of the infrastructure of the financial market in the village, ensure the protection of the rights of creditors and borrowers at the legislative level. Along with this, there is the problem of an objective assessment of the collateral, which would protect the financial institution from providing funds to an insolvent individual or legal entity. Development of a mechanism for ensuring creditors' requirements can reduce the risks of non-repayment of loans, will help reduce the interest rate of payment for the loan, increase its volume and term of granting [47, p. 57]. An important problem is land valuation, which would satisfy the requirements of mortgage lending. This requires the improvement of the methodology of the monetary assessment of land, taking into account modern management conditions [176, p. 360]. Development of a mechanism for ensuring creditors' requirements can reduce the risks of non-repayment of loans, will help reduce the interest rate of payment for the loan, increase its volume and term of granting [47, p. 57]. An important problem is land valuation, which would satisfy the requirements of mortgage lending. This requires the improvement of the methodology of the monetary assessment of land, taking into account modern management conditions [176, p. 360]. Development of a mechanism for ensuring creditors' requirements can reduce the risks of non-repayment of loans, will help reduce the interest rate of payment

for the loan, increase its volume and term of granting [47, p. 57]. An important problem is land valuation, which would satisfy the requirements of mortgage lending. This requires the improvement of the methodology of the monetary assessment of land, taking into account modern management conditions [176, p. 360].

With the development of leased land relations, the role of registration of land plots is growing, which guarantees the stability and inviolability of property objects to owners, ensures the effective functioning of the land market, encourages investment in land use, etc. The need to create a land registration system in the state is obvious, but in order to create such a system, its legislative and normative and methodical support is necessary [73, p. 217; 30, p. 71; 108, p. 109]. In addition, it is necessary to introduce a unified land parcel identification system and unified user interfaces in Ukraine.

The credit and banking system should be improved in the direction of the creation of the State Land (Mortgage) Bank as a center for financial and credit provision of agricultural production; Fund for credit support of the agricultural sector: to attract credit resources to agriculture on competitive terms; providing manufacturers with guarantees for obtaining loans from commercial banks; partial coverage of interest rates during lending by banks of individual target programs.

Owners of land shares (shares) and land plots can create associations - land companies. Their main task is to find tenants, conclude lease agreements, monitor the fulfillment of the terms of the agreement by tenants, carry out work on the allocation of land shares in kind, provide consulting services, etc. Cooperation with the company allows the tenant to lease large land masses, simplifies the system of relations with landlords.

Legal regulation of leased land relations is one of the most important issues of the organization of production in modern conditions, when it is necessary to preserve the property complexes of newly created enterprises that have not yet been completely destroyed and to achieve better results due to the combination of the advantages of private ownership of land and other means of production and a collective form of labor organization.

For this, it is necessary to form a complex system of legal regulation of land relations, with their strict observance in the conditions of production. We see the further development of leased land relations in:

- creation of a competitive market for the right to lease land, which will ensure the transfer of land plots to an efficient owner;

- introduction of economic stimulation of land owners and land users for rational use and protection of land;

- mandatory application of land tenders (auctions) for leased land, which will stimulate competition among tenants and the corresponding increase in rent;

- gradual, adequate to the economic situation rent increase;

- increase in lease terms, which will contribute to land management of agrarian formations;

- scientific substantiation and legislative regulation of the mechanism of pledge of the right to lease land, namely: creation of land associations (companies) of owners of land shares as subjects of the market of the right to lease land, which will deal with the search for tenants, conclusion of lease agreements, monitoring of compliance by tenants with the terms of the agreement, carrying out work on the allocation of land shares in kind, etc.; adoption of the Law "On the Lease Right Market", "On the State Land (Mortgage) Bank"; speeding up the creation and implementation of the National system of state registration of ownership rights to leased land.

Taking into account the deep historical roots of lease relations and the socio-economic features of Ukraine, leased land use will be the main component of the land market of our country. And a positive solution to the problematic aspects of leased land use will contribute not only to the improvement of the social and economic conditions of life of the people, but also to its cultural and spiritual renewal.

1.3. Methodological approaches to the study of the formation of leased land relations

The development of leased land relations is an important task of agrarian policy. Subjects of lease relations must fully exercise all powers included in the triad of "ownership, use and disposal of land". Lease relationships must be filled with valid content, taking into account world experience and the specifics of business conditions.

The study of the development of leased land relations was carried out with the help of a general scientific method of cognition - dialectical. Its use is due to the following factors:

- the development of lease relations in the agrarian sector of the economy is considered in close connection and mutual conditioning of all regularities;

- phenomena and processes are considered from the standpoint of constant movement and changeability, which allows to study the problems of formation and development of leased land relations;

- all phenomena in the economy of agriculture are considered from the standpoint of the inevitability of the transformation of quantitative changes into qualitative ones. Thus, the increase in the number of leased lands that are in collective, and later - in private ownership, led to a change in the qualitative composition of the agricultural sector, namely: the creation of new market-type agricultural formations; there is a tendency to increase the amount of rent, to extend the lease term, to allocate land plots in kind, certified by state acts on the right of private ownership, and as a result, the gradual concentration of land massifs among the most active owners.

The reform of land relations made it possible to: introduce leased land relations and receive regular income for the peasants in the form of rent; to increase the area of land ownership by joining the land share to the homestead plot; exercise your rights to a land plot by way of donation, inheritance, lease, pledge, contribution to the statutory fund, sale.

This method focuses on the constant search for reserves of economic growth. Evidence of this is the development of proposals regarding the improvement of the

regulatory legal framework, the introduction of mechanisms for the pledge of the right to lease land, the exercise by owners and tenants of the powers laid down in the triad of "ownership, use and disposal" of land plots and land shares by shares, the development of a competitive market for the right to lease land.

The methodological basis of the study was economic theory, scientific developments on the dynamics of the development of components of the agricultural sector, as well as the results of the development and peculiarities of the formation of various forms of ownership and market relations in the countryside. At the same time, legislative and other normative acts were taken into account, in particular: decrees of the President of Ukraine, resolutions of the Government and Verkhovna Rada of Ukraine on improving the economic, technological and social mechanism of management in the agricultural sector. Normative data of an agrotechnical and economic nature, scientific works of Ukrainian and foreign scientists were used.

During the performance of the assigned tasks, a complex of economic research methods was used: abstract-logical (theoretical generalization and formation of conclusions), statistical and economic (analysis of the current state of leased land relations, processes of transformation of land ownership), monographic (implementation of monitoring of leased land in the region, study of best practices), sociological (a questionnaire was conducted among landlords and tenants), calculation-constructive and comparison (comparing the activities of newly created enterprises), correlation-regression (establishing the influence of selected factors on the function when analyzing the amount of rent), and other generally accepted statistical methods.

The main sources of information were relevant regulatory and legal documents, official materials of the State Statistics Committee of Ukraine, the State Committee on Land Resources of Ukraine, data from annual reports of agricultural enterprises, materials of a sociological survey of 324 respondents, selective monographic surveys of agricultural enterprises of the Zhytomyr region, special literary sources, etc.

In order to obtain comprehensive information about the development of leased land relations in agriculture, the sociological method of scientific research was used by conducting a questionnaire survey. The survey was conducted by individual and group

method for two categories of persons - tenants and owners in enterprises of Zhytomyr region of various forms of ownership.

The relevant methodological side of the research was to ensure the reliability and reliability of the obtained data, the novelty and truth of the final conclusions of the research. A special role in solving these tasks in sociological research belongs to the organization of the sample. For this, two questionnaires were developed. When creating them, special attention was paid to the content and simplicity of asking questions, instructional instructions on the filling technique, and graphic design.

The respondents of this survey were 98 heads of newly created agricultural formations and 226 peasants who owned land shares (shares) and land plots. The analysis of the results of the sociological research made it possible to obtain thorough information about the state of leased land relations at the current stage and to make scientifically based decisions regarding the prospects for their further development, to determine the structure of the rent from the position of the tenant and the owner.

In the research process, the method of hypotheses was used, which made it possible to form scientifically based assumptions put forward to explain the mechanisms of the development of leased land relations and the regularities of the connection between a set of factors that influence their formation. The peculiarity of a hypothesis is that it always has a certain degree of probability. With the transformation of probability into certainty, which occurs on the basis of practical testing of scientific assumptions, a hypothesis becomes a scientific theory or law.

Research hypothesis, especially at the stage of analysis of previous empirical data, theoretical ideas about an object or connections between sets of phenomena, plays an extremely important guiding and organizational role. The main theoretical and cognitive goal of the research is connected with the research hypothesis - confirmation or denial of the proposed hypotheses.

The formation of hypotheses in sociological research is subject to a number of requirements: the hypotheses must correspond to the original principles of the general sociological theory, be interconnected and constitute a system of evidence for the proposed explanation; be available for verification in the course of this sociological

research; should not contradict facts known and verified by theory and practice, and should not contradict each other. Although they can be alternative, i.e. mutually exclusive.

It was analyzed using the economic and statistical method development of leased land relations in historical retrospect and at the present stage. The economic efficiency of the use of leased land in agricultural production has been studied.

Production results were expressed as gross, marketable products, gross and net income. Costs were expressed by indicators of living labor, aggregate costs of living and embodied labor, the sum of current production costs. The economic efficiency of agricultural production was determined by gross output and profit per unit of area and unit of total costs of living and embodied labor.

With the help of the statistical method, a generalization of practical experience was carried out to ensure the principle of simultaneity and the same periodicity of observation, the principle of a rational combination of forms, types and methods of observation. The most rational ways of presenting the results of statistical observation used in the dissertation are statistical tables and graphs. The main advantage of the tabular form of presentation is that it is used to compare and analyze the results of statistical observation. It provided visibility, facilitated perception and the possibility of complex interrelation during analysis. The graphic method - made it possible to obtain images that are more accessible for perception, to identify trends and regularities in the development of leased land relations, to visually show their development in space and time,

Analysis is a method of research, the essence and practical significance of which in the process of dissertation research consists in the imaginary and practical dissection (detailing) of the objects of analysis into constituent elements (parts of the object, its features, properties, relations). Each of the selected constituent parts of the development of leased land relations is analyzed separately within the framework of a single whole, in the unity and interconnection of its parts.

The most comprehensive idea of changes in economic activity is provided by a general economic (general system) analysis, which analyzes the economy of new

agricultural formations in the Zhytomyr region that operate under lease conditions. Analytical material is presented in an overview of tables, charts, graphs, schemes. They visualize processes and phenomena and facilitate their knowledge.

A monographic method was used to study and analyze literary sources, regulatory documents, and experience of managing under lease conditions. With its help, the experience of the advanced farms of the Zhytomyr region, which run farms on lease terms, was studied. In particular, the introduction of advanced technologies and methods of production process organization in the limited liability company "Agrofirma Brusyliv" of the Brusyliv district, the private agricultural company "Yerchyki" of the Popilnya district of the Zhytomyr region.

The application of this method made it possible to study the organizational issues of land use under lease conditions, to reveal the essence of patterns revealed by comparative analysis and statistical methods, to identify development prospects and to outline the correct ways of organization and implementation of best practices in farms, divisions and the industry. With its help, the main causes of shortcomings and omissions in the development mechanism of leased land relations are revealed, namely the protracted nature of reform, the contradictory content of many normative legal acts regarding the regulation of leased land relations, and ways to eliminate these shortcomings are outlined.

Based on the experience gained, proposals were developed that can be used as an example to improve the work of new agricultural formations.

With the help of an abstract-logical method, the essence of leased land relations is revealed, the organizational scheme of land lease at the current stage is scientifically substantiated, practical conclusions and theoretical generalizations are formed, typical features and patterns of the development of leased land relations are revealed. This method allows you to understand generally accepted thoughts, forms, concepts, judgments, conclusions regarding rent. This contributed to a thorough understanding of the objective logic of the development of leased land relations on the scale of a specific enterprise, country, and world.

The obtained theoretical and practical conclusions are used for forecasting and improvement of the lease mechanism of management.

Currently, the issue of the possibility of pledging the right to lease land has not been resolved. Given the dominant role of leased land relations, the pledge of the right to lease should become a key link in the "owner-lessee-bank" triad, and will be a guarantor of loan repayment and ensure an increase in the profits of the subjects of this agreement. This will allow tenants to receive medium- and long-term loans, and land owners, even in case of non-return of the loan, to keep the property.

This issue is mentioned in the works of O.M. Onyshchenko, L.O. Shepotko, I.V. Prokopy, S.O. Gudzynskyi, G.K. Radchenko, S.M. Pletenetska, I.A. Kolesnyk, however, does not yet have a specific mechanism for its implementation.

First of all, it is necessary to adopt the Law of Ukraine "On Pledge of Land Lease Rights", and to make additions to the Land Code of Ukraine, the laws of Ukraine - "On Land Lease", "On Mortgage", - to develop mechanisms for the pledge and assignment of the right to lease land shares (shares) and land plots for obtaining loans, providing in the lease agreement the possibility of trust transfer of the corresponding rights to the tenant by the owners of land shares (shares) and land plots.

The main methodological and methodical principles of the development of the mechanism of economic regulation of leased land relations should be:

- creation of conditions for citizens to effectively exercise their rights to land shares (shares) and land plots;
- development of a mechanism for pledging the right to lease land;
- introduction of state regulation (restriction) of land turnover and legislative regulation of the land market;
- introduction of economic stimulation of land owners and land users for rational use and protection of land;
- introduction of economic sanctions for violations of legislation on the use and protection of leased lands;

▪mandatory use of land tenders (auctions) for leased land, which will stimulate competition among tenants and a corresponding increase in rent.

The development and adoption of the specified normative acts will be a significant addition to the created legal base, which will contribute to the further improvement of leased land relations, restructuring of agricultural enterprises in the direction of organizing more efficient market-type production, and the formation of a real owner on the land.

Conclusion to chapter 1

As a result of the implementation of the land reform, leased land relations took a dominant position in agriculture.

Renting land is a complex and multifaceted phenomenon. Over the centuries, it has shown itself as a progressive form of economy. During the Stolypin agrarian reform, leased land relations made it possible to bring agriculture to the level of the advanced countries of the world.

During the period of the new economic policy, land lease brought the actual land use into line with the production capabilities of peasant households; increased employment; absorbed surplus workers; helped the peasant poor to survive economic difficulties, thanks to the income from the transfer of land for rent; made it possible for poor households to start developing their land.

In the conditions of the transition period, the lease is a flexible tool in the formation of a new structure of agricultural production, the formation of effective landlords, and the implementation of social and economic programs. The lease mechanism allows you to form the optimal dimensions of land use, to use the land effectively.

Leasing land contributes to more efficient use of the material and technical base; ensures the transition of land to an efficient owner; lays the foundation for the development of entrepreneurial activity in agriculture; is an additional source of

material support for peasant families and replenishment of the revenue part of the budgets of the relevant levels.

The rent plays several important economic and social functions, is a tool for expressing competition between tenants, increases the level of social protection of employees of agricultural enterprises and pensioners from among them, affects the formation of the land market and determines the level of its market price.

Research has established that at the current stage of the development of lease relations, it is expedient to encourage long-term leases, which interest the tenant not only in preserving, but also in increasing the fertility of the land, restoring the almost lost peasant sense of the owner in the rural laborer.

In our opinion, the main reason for the lack of effective leases on the land market and the presence of negative processes in the agrarian sector of the economy is the imperfection of legislation and the protracted nature of the transition period.

The main problematic issues of land lease today are: allotment of land shares in kind (in the area), renegotiation of lease agreements in connection with the change of the lease object (coordination of terms, rent, location), rational use, preservation and reproduction of fertility soils

Further successful development of leased land relations is expected under the following conditions: creation of a competitive market for the right to lease land; introduction of economic stimulation of land owners and land users for rational use and protection of land; mandatory use of land tenders (auctions) for leased land, which will stimulate competition among tenants and the corresponding increase in rent; gradual, adequate increase in the rent for the economic situation; formation of the land rental market, which will ensure the transfer of land plots to an efficient owner; an increase in lease terms, which will contribute to the land management of agrarian formations; scientific substantiation and legislative regulation of the mechanism of pledge of the right to lease land; creation of land associations of lessors as a sub

SECTION 2

LAND RENTAL RELATIONS AT THE PRESENT STAGE

2.1. Ownership of land as a basis for the formation of leased land relations

Throughout the long history of the development of society, fundamental changes in economic life begin with transformations in property relations.

Property is a multifaceted category, primarily economic (basic), but at the same time legal (superstructure). In the economic sense, property covers the entire economic process from beginning to end. The legal aspect of ownership is manifested after the settlement of property relations between various entities by appropriate legal acts, as a result of which they are granted the right of ownership.

"Ownership is the ownership of the means and products of production to certain persons - individuals or collectives - in certain historical conditions that reflect a specific type of property relationship. At the same time, it is also economic relations between people regarding ownership, division and redistribution of property objects" [55, p. 376].

From another point of view, property as a social process is the appropriation by people of life's goods, labor, information, money, securities, etc., attitude to life's goods as their own [55, p. 376]. According to Academician I.I. Lukinov, socio-economic progress is unthinkable without progressive shifts in the system of property relations [87, p. 18].

The form of realization of property is the totality and interaction of such categories as use, possession, disposition. These powers have their origins in Roman private law, where they were first formulated, and during the centuries-old history of the formation of the legal system, they received the name "triads" among lawyers.

The triadic formula of the owner's powers in domestic legislation is enshrined in the Law of Ukraine "On Property" (Article 2). This issue has become particularly relevant in agriculture since the declaration of Ukraine's independence and the formation of a state with a developed market economy on its territory.

The new Land Code of Ukraine states: "The right to own land is the right to own, use and dispose of land" (Article 78, Part 1).

Ownership of land (property of land) – ownership of a land plot by a natural or legal person, territorial community or state. According to Art. 125 of the Civil Code, the ownership right to a land plot arises after establishing the boundaries of this plot in kind (on the ground), receiving a state deed of ownership by its owner and its state registration. It is forbidden to use a land plot until its borders are established in the area, a state act is obtained and it is registered [75, p. 9].

Ownership relations are characterized by the presence of objects of appropriation in the subject. They are permanent and are formed in the process of reforms. The relations of use are manifested in the process of production or personal consumption of objects. Realization of ownership in the form of an order means that the owner determines the future fate of the object (exchange, consumption, destruction, lease) in relation to non-owners. These powers are interrelated and only in a complex make up the legal content of the right of ownership.

The Constitution of Ukraine enshrines three forms of land ownership: private, communal and state. According to the Constitution of Ukraine, the civil legislation of Ukraine and the Land Code of Ukraine, private property is the property of individuals or legal entities; communal property is the property of local and territorial communities, on behalf of which village, town, district and regional councils act; state property is state property on behalf of which, in accordance with their powers, district

and regional state administrations, the Cabinet of Ministers of Ukraine, the Verkhovna Rada of Ukraine act [75, p. 61].

Throughout the long history of the development of society, there were different points of view regarding the advantages of each of the forms.

The ancient Greek philosopher and scientist Aristotle supported private property. In his opinion, property should be common only in a relative sense, and in general - private [10, p. 412].

Agriculture should be transferred to a private basis. Private ownership of land is necessary to ensure rationality and conflict-free use, ownership and disposal of it.

According to P.I. Haydutskyi and A.M. Stelmaschuk's private property is the main factor in the acceleration of scientific and technical progress, the real basis of effective management.

The main structural components of the property are:

- the way and nature of the combination of factors of production - personal and material, which expresses the internal close connection of ownership;

- appropriation of the results of economic activity, which is the main internal content of this process;

the object of property rights - in accordance with Article 79 of the Land Code of Ukraine - are land plots with established boundaries, a certain location, with defined rights in relation to them.

Subjects of property rights - according to Article 80 of the Land Code of Ukraine are: legal entities and natural persons - on privately owned land; territorial communities - on communally owned land; the state - on state-owned land.

The purpose of property relations is to satisfy the owner's needs and interests. There are different forms of property realization. In agriculture, land rent or income (entrepreneurial, commercial, etc.), lease, cooperation is the form of land ownership.

Under the terms of a lease, property relations are complicated, because a new entity appears - the tenant, and the owner of the property becomes the lessor. In the process of transfer to lease, there is a separation of rights. Moreover, the lessor retains

the right to dispose of the property, and the right to own and use it is transferred to the lessee.

During the time of the command-administrative system in Ukraine, there was only state ownership of land. According to the Law of the Ukrainian Soviet Socialist Republic "On Property" dated February 7, 1991 No. 697-XII, property in the Ukrainian SSR took the following forms: individual (personal and private labor), collective, state.

The planned distribution system and exclusively state ownership of land proved unable to ensure the normal functioning of agricultural enterprises in the conditions of the transition to the market. In all agricultural enterprises, without exception, the land was not owned, but shared. Other means of production were also socialized through the introduction of the so-called collective farm-cooperative ownership. This led to the alienation of the peasant from the land, led to a decrease in the motivation of labor, its productivity, and ultimately to the decline of production.

Land, as the main factor of agricultural production, for many decades was the property of the people and was not subject to valuation.

The land reform of 1991 laid the foundation for the formation of new land relations in agriculture. Its main task was to change forms of land ownership. Land ownership and leased land relations have taken one of the leading places in the system of agrarian reform and are the economic basis of agriculture.

In the new edition of the Law "On Property" dated 07.07.92 No. 2544-XII, the Law of Ukraine "On Forms of Land Ownership" and the Land Code of 1992, the right to land ownership is fixed in its three forms: state, collective and private, in as a result, the state monopoly on land was abolished and private ownership of it was legally introduced. The processes of denationalization and privatization of land have begun. Citizens were given the opportunity to take land into private ownership for farming, personal auxiliary and homestead farms.

The reform was carried out in stages: at the first stage, lands were denationalized and transferred to the ownership of collective agricultural enterprises; on the second, agricultural land was divided between members of the enterprise and pensioners from among them, and certificates for the right to a land share (share) were issued without

allocating them in kind; on the third, new market-type agricultural formations based on private ownership of land were created.

The strategy and practice of land reform focuses on three interrelated factors: the formation of an effective master-owner; creation of a favorable economic environment ("rules of the game"); active search and mobilization of internal reserves for production growth.

In the process of land reform, land was redistributed according to forms of ownership. In accordance with the Decree of the President of Ukraine "On Urgent Measures to Accelerate Land Reform in the Field of Agricultural Production" dated November 10, 1994, lands were denationalized in Zhytomyr Region and transferred to collective agricultural enterprises and citizens during 1991-1996. As a result, the area of agricultural land in state ownership in 1996 was 30.3%, in collective - 61.2% and in private - 8.5% (Fig. 2.1).

As a result of the division of lands of collective agricultural enterprises and the issuance of certificates for the right to a land share (share) to members of these enterprises and pensioners from among them, the collective form of ownership actually ceased to exist. More than 290,000 peasants received ownership of 1,082,600 hectares of agricultural land free of charge. However, the lease of such shares was not foreseen, which prevented the creation of new economic structures in the village.

Collective form of ownership became a transitional form on the way from state to private form. Collective agricultural enterprises combined private ownership of land and a collective form of labor organization.

Decree of the President of Ukraine dated December 3, 1999 No. 529 "On urgent measures to accelerate the reform of the agrarian sector of the economy" was decisive in the activation of leased land relations. As a result, in 2000, compared to 1999, the area of leased land increased to 881,000 ha or 90 times. Its dynamic fluctuations in the direction of decrease in 2001 and 2003 are explained by the expiration of lease agreements concluded in 1998-2000 and the economic self-determination of peasants (Table 2.1).

Table 2.1

Development of leased land relations in agriculture *

Indexes	Years					
	1998	1999	2000	2001	2002	2003
Area of land leased under contracts, thousand ha						
Ukraine	808	1019	22007	21581	22052	21059
Zhytomyr region	6.3	9.0	881.2	870.7	869.8	754.3
Specific weight of leased land, to the area of all agricultural land, %						
Ukraine	1.9	2.4	52.6	51.7	52.7	55.6
Zhytomyr region	0.5	0.7	75.9	76.3	80.2	79.6
Lease contracts concluded, thousand						
Ukraine	279.3	345.4	5502.1	5433.1	5509.5	5232.0
Zhytomyr region	0.342	0.520	242.4	241.0	241.6	217.9

* According to the Derzhkomzem of Ukraine

The decree introduced the lease of land shares (shares), increased the minimum rent for land, and also created conditions for economic self-determination of peasants. Thus, the majority of agreements are concluded with farms from which the land share was obtained and farms, only 12% - with other business entities.

The vast majority of owners of land shares took part in the formation of limited liability companies (41.7%), agricultural cooperatives (23.2%) and private (private rental) enterprises (20.2%).

The decree stipulates that in newly created enterprises, the value of the land owned by them is reflected in the balance sheets, the area of the leased land - in the accounting, and the rent - in the cost price of agricultural products. All members of enterprises are guaranteed the right to freely leave them with land shares (shares) and create new agricultural formations on this basis.

A complex management system was formed in the village, personal peasant and farm farms were expanded and strengthened, and the freedom of economic self-determination of the peasants was ensured. The owners of land plots and land shares (shares) have the legal right to lease them, donate them, transfer them to inheritance, alienate them, carry out mortgage transactions.

The right of communal ownership of land is the right of a territorial community to own, use and dispose of a plot of land.

The right to own land is guaranteed by the Constitution of Ukraine. According to Articles 13 and 14 of the Constitution of Ukraine, "Land... is the property of the Ukrainian people and the main national wealth, which is under the special protection of the state." Every citizen has the right to use property rights. Land ownership is guaranteed". "Forcible alienation of the object of private property rights can be applied only as an exception for the reasons of public necessity, under the condition of full compensation of their value. The use of property cannot harm the rights, freedoms and dignity of citizens, public interests, worsen the ecological situation and natural qualities of the land" (Article 41).

With the adoption of the new version of the Land Code of Ukraine, there was confidence in the creation of a reliable legal, organizational and economic environment for citizens to exercise land ownership rights, mastering the mechanism of economic and legal regulation of land relations through the lease of land shares (shares) and land plots, introduction of the procedure for involvement the cost of land to production capital by all subjects of entrepreneurial activity; gradual introduction of agricultural lands into the economic turnover.

According to the Land Code of Ukraine, citizens and legal entities of Ukraine, territorial communities and the state can become owners of land (Articles 81-84). Foreign citizens and stateless persons cannot be the owners of agricultural lands, and in case of receiving them as an inheritance, they must alienate them within a year (Articles 81, 82). The predominant means of acquiring land ownership is the acquisition of land under civil law agreements (purchase and sale, donation, mine, etc.).

According to Clause 13 of the Transitional Provisions, for the period up to January 1, 2015, the acquisition of ownership of agricultural land is allowed only up to 100 hectares. However, this area can be increased in case of inheritance of land plots. Until January 1, 2007, it is prohibited to transfer the right to a land share (share) to the statutory funds of economic companies. According to Clause 15 of the Transitional Provisions of the Land Code, citizens and legal entities who own plots of land for

farming and other marketable agricultural production, as well as citizens of Ukraine who are owners of land shares (units) do not have the right to sell until January 1, 2007 or in another way to alienate the land plots and land shares (shares) belonging to them, except for their inheritance and when land is seized for public needs.

The nature of the lease is directly related to property relations. After all, the transfer for an appropriate fee for a certain period of the rights of ownership and use of land or other means of production is the realization of the right of ownership.

Structural changes in forms of land ownership in the Zhytomyr region (Fig. 2.1) indicate that during 1990-2003 there was a gradual transfer of agricultural land from state to collective and private ownership.

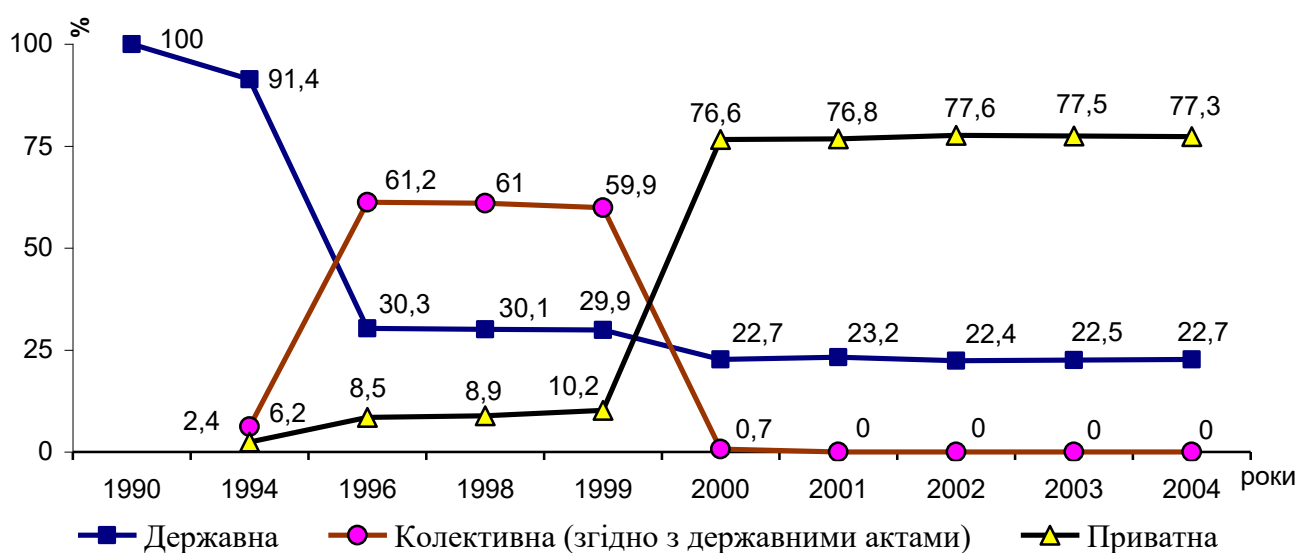


Fig. 2.1. Change in forms of ownership of agricultural land in the Zhytomyr region

In 2003, 77.5% of agricultural land in Zhytomyr region was privately owned. The share of state ownership decreased to 22.5 percent. These areas are used mainly for scientific activities, for educational purposes, as well as for seed production, breeding, cultivation of medicinal plants, production of specific types of agricultural products. The collective form of ownership has lost its validity.

As can be seen from fig. 2.1 and table. 2.1 the development of leased land relations took place in proportion to the growth of the area of private land ownership.

Since the land reform in Zhytomyr region, significant structural changes in land ownership have taken place. During this period, the lands of 749 collective and other non-state agricultural enterprises were expropriated, which is 100% of the total number of subjects of collective ownership. As a result, 307.6 thousand citizens got ownership of 1 million 88 thousand hectares of agricultural land. The average size of the land share (share) is 3.6 hectares.

The size of the created reserve fund and reserve land amounted to 143,000 hectares (13.2% of the area of denationalized lands), and on average, each agricultural enterprise accounts for 184.5 hectares.

As of January 1, 2004, all owners and land users had 1,591.2 hectares of agricultural land, of which 1,142.2 hectares (72%) belonged to commodity producers and 318.7 hectares (20%) to citizens.

Analysis of table data. 2.2 shows that in 2003, compared to 1990, the land area owned and used by citizens increased 4.5 times and amounted to 652.4 thousand hectares.

Table 2.2.

Distribution of agricultural land by landowners and land users in Zhytomyr region *

Years	State enterprises	Cooperatives	Business associations	Farm farms gifts	Collective agricultural enterprises	Land in the possession and use of citizens
1990	250.5	-	-	-	1218.7	145.9
1991	230.3	0.1	-	0.2	1092.6	207.9
1992	211.1	3.6	7.0	3.3	1000.5	247.5
1993	299.3	3.7	10.3	4.9	1015.4	243.6
1994	228.8	1.4	10.1	5.4	1040.6	253.8
1995	147.2	3.4	21.6	5.8	1064.4	273.4
1996	74.2	5.1	37.5	6.2	1135.0	282.5
1997	56.9	5.1	63.8	6.6	1144.6	287.5
1998	34.1	4.2	87.6	7.1	1115.0	302.7
1999	34.6	4.2	90.9	7.3	1113.3	304.1
2000	30.1	145.1	556.7	58.2	0.1	322.2
2001	31.2	102.3	537.9	64.1	0.6	370.5
2002	31.4	83.0	497.2	63.9	0.6	453.6
2003	31.0	66.3	407.4	54.5	0.6	652.4

*Statistical collection. The availability of land and its distribution by land users, owners of land and land // State Statistics Committee of Ukraine. - K. - 2003. - 71 p.

During the restructuring of collective agricultural enterprises, 418 citizens allocated their land shares in kind and joined them to personal peasant farms. Homestead fund of personal peasant farms increased by 21%. The social workers of the village significantly increased the amount of land use.

Farms significantly expanded land use due to the lease of land plots and land shares (shares) of fellow villagers. If in 1998 they used 7.1 thousand hectares of land, then in 2003 – 63.9 thousand hectares.

The current state of land reform consists in the concentration of actions at the level of agricultural enterprises in the direction of the approval and implementation of land ownership rights by citizens, the lease of land plots and land shares (shares), the introduction of agricultural land into the economic turnover.

In these conditions, the improvement of leased land relations should become an important task of agrarian policy. Subjects of lease relations must fully exercise all the powers included in the triad of "ownership, use and disposal of land plots". Lease relationships must be filled with valid content, taking into account world experience and the specifics of business conditions.

In the process of formation of economic structures, the right to land will move in the direction of its concentration in the hands of an efficient owner. In each village, depending on the composition of the family, the psychology of the villagers, and their financial capabilities, the owners of land plots and land shares (shares) will dispose of the rights to the land granted to them in different ways: they will conduct agricultural production themselves, lease it or alienate it.

2.2. Leased land relations in agricultural formations

As a result of the implementation of the land reform in the agriculture of the Zhytomyr region, radical changes took place, which became a prerequisite for the

introduction of effective management systems, the driver of production in which is interest based on private property and the desire to increase it.

As of December 1, 1999, there were 677 agricultural enterprises in the region, of which 605 collective agricultural enterprises were subject to reform. After organizational measures to reform collective agricultural enterprises, as of January 1, 2004, 812 farms with various organizational and legal forms of management were created in the region, among which 325 (40%) were business associations, 281 (35%) were private (private rental) enterprises, 90 (11%) - farms, 60 (7.4%) - cooperatives, 37 (4.4%) - joint-stock companies and 19 (2.2%) other forms (Fig. 2.3).

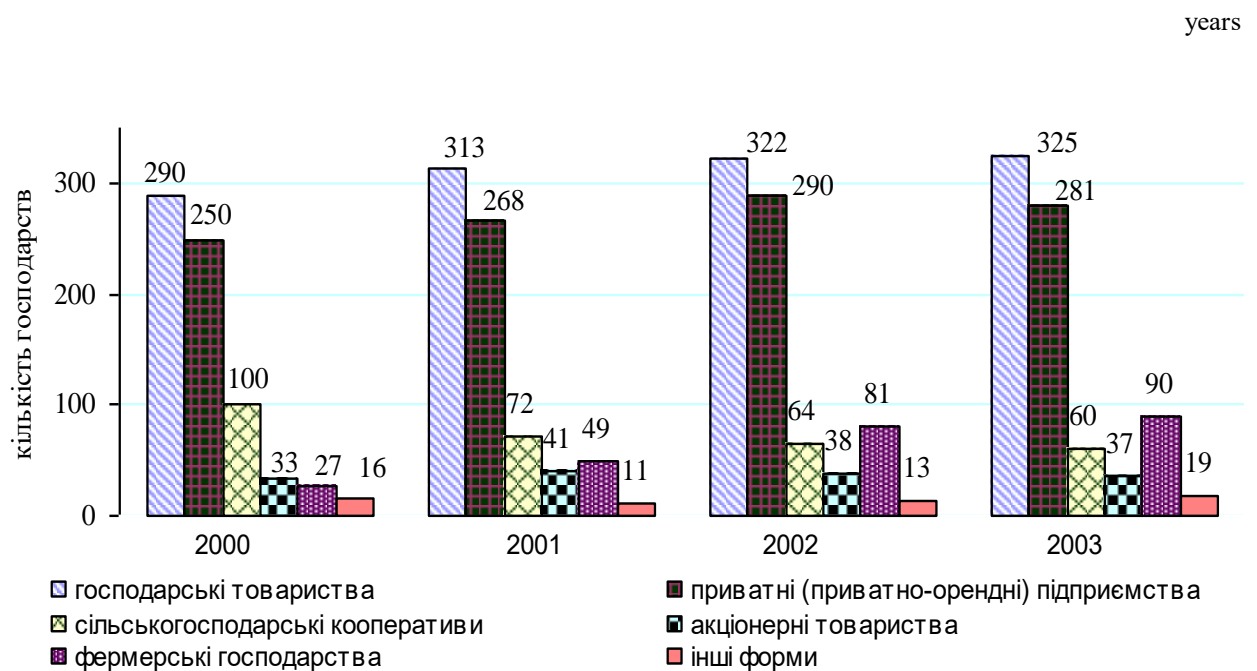


Fig. 2.3 Dynamics of formation of organizational and legal forms of management in Zhytomyr region for the period from 2000 to 2003.

The creation and development of new forms of management in the countryside and the improvement of leased land relations in them are interdependent and mutually determined processes.

During the implementation of the agrarian reform, there were quantitative and qualitative changes in the forms of management. In 2003, their number increased by 9% compared to 2000. The private form of ownership proved its viability and took a dominant position. Compared to 2000, the share of farms increased by 3.3 times, 40 agricultural cooperatives were transformed into other organizational and legal forms.

Private (private rental) enterprises dominate in Novohrad-Volynskyi (33), Baranivskyi (24), Popilnyanskyi (22) districts; business associations - in Dzerzhinsky (32), Berdychivsky and Korostensky (28); farms - in Ruzhinsky (11) district; joint stock companies - in Chernyakhivskyi (6) district (Appendix A). These agricultural formations, in our opinion, are the most acceptable form of management.

The transformation of forms of management will continue until the new leader, together with the peasants, finds the most acceptable form of enterprise, and the owners of land shares (shares) and land plots find a leader to whom they can lease their property on the most favorable terms.

The introduction of leased land relations promotes the movement of land to a better owner. Stronger farms absorb weaker ones, while from year to year they increase production volumes, become more profitable and respond more quickly to changes in market conditions due to a more efficient ownership structure. Thus, in the Popilnya district, the private agricultural enterprise named "Tsyurupa" leased the land of 7 neighboring farms, and the private agricultural firm "Yerchyki" leased the land of three villages.

In 2003, 307.6 thousand peasants of the Zhytomyr region acquired the right to a land share (share), of which 297.9 received certificates for the right to a land share (share). Among the regions of the region, the largest number of peasants who own land shares (shares) is concentrated in Novohrad-Volynskyi - 22,625 people, Ovrutskyi - 19,765, Ruzhynskyi - 18,068 and Chudnivskyi - 17,302 districts, the smallest in Naroditskyi - 5,150 and Brusylivskyi - 7,474 people (Appendix B).

As evidenced by the analysis of the data in fig. 2.4 in 2003, only 73% of owners rented out their land, which is 11.6% less than in 2000. The fewest lease agreements were concluded in the northern regions of the region, which suffered as a result of the accident at the Chernobyl nuclear power plant. Thus, in Narodytskyi district their share of the total number of owners of land shares (shares) is only 44%, in Malynskiyi -

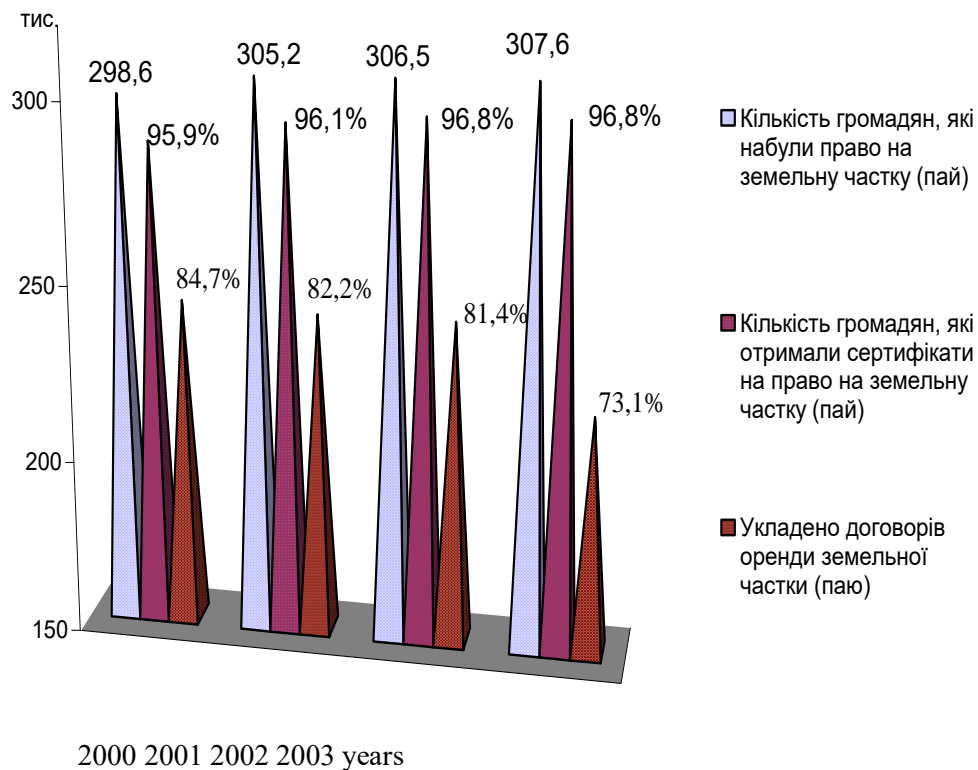


Fig. 2.4 Movement of the right to a land share (share) certified by a certificate in the Zhvtomvr region
50.3%, Korostenskiyi - 54%, while in Popilnyanskiyi - 90%, Chervonoarmiiskiyi - 85% and Ovrutskiyi - 87% %.

As of January 1, 2004, 79,600 or 26.7% of state deeds for the right to private ownership of land were actually drawn up and issued in exchange for certificates. Currently, this is one of the lowest indicators in Ukraine. To a large extent, this is due to financial problems. The largest number of state acts were issued in Dzerzhynsk (68%), Andrushivsk (61%) and Luginsky (48%) districts, the least in Korostyshivsk (1.5%) and Olevsky (3.4%) (Appendix E). To speed up this process, in August 2003, the Project to Support Land Privatization in Ukraine began operating in Zhytomyr

Region. A five-party agreement on cooperation in the preparation and issuance of state acts on the right of private ownership of land plots was concluded.

The vast majority of owners (95.5%) leased their land shares (shares) to the farms from which they received them (Fig. 2.5). Moreover, compared to 2000, their share among all tenants increased by 4.2%, while the share of farms among tenants decreased by 2% (Fig. 2.5). 100% former farms lease land in 12 districts (Baranivskiy, Korostenskiy, Lubarskiy, Malinskiy, Narodytiski, Olevskiy, Radomyshl'skiy, etc.). Farming is developing the most in the Ruzhinsky district, where these owners rent almost 25% of land, and their share, compared to 2000, has increased by 6% (Appendix B).

The owners of land shares, having jointly chosen the organizational and legal form of management and being its founders, can elect a manager at their meetings or invite a specialist to this position on a contractual basis [160, p. 305].

The lessee of the land should be an investor who will invest in it and pay a decent salary and rent. The state should regulate the appropriate legal support for newly

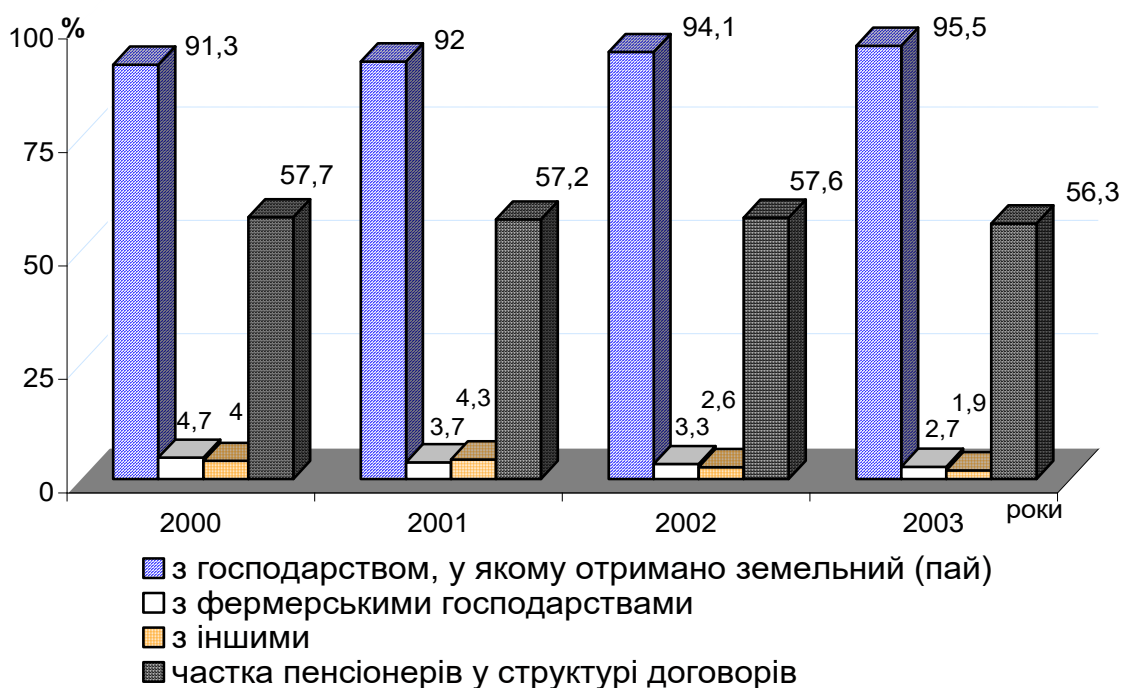


Fig. 2.5 Specific weight of concluded lease agreements by subjects, % created farms and expand the financial and economic possibilities of their functioning through the organization of credit and material and technical support.

Pensioners make up a significant share (57%) of landlords (Fig. 2.5). The largest share of them (81.1%) is in the Ovrutsky District, 73% in the Radomyshlsky and 70% in the Malinsky Districts, the smallest is in the Lubarsky (34%) and Novohrad-Volynskyi and Baranivskyi (37%) districts (Appendix B).

As a rule, lease agreements for land plots and land shares (shares) are concluded for a short period of time. This shows that the peasants are in no hurry to choose a permanent tenant and be satisfied with the level of rent that is offered to them today. In conditions when a competitive demand for land is just emerging, this phenomenon is completely justified and logical. The lessor is waiting for better offers. But from the point of view of organizing stable production, increasing the economic fertility of soils, short-term rent is an obstacle for capital investments in long-term land improvement.

In the Zhytomyr region, the terms of validity of contracts are different: 42.1% of them are for 1-3 years; 49.4% – by 4-5; 6.6% - for 6-10 and 1.9% - for more than 10 years. During 2000-2003, there is a tendency to increase the lease term. Thus, in 2003, compared to 2000, the share of contracts with a term of 1-3 years decreased by 12.4%, while contracts with a term of 4-5 years increased by 7.2% and amounted to 49.4%, respectively. The share of long-term leases, for a period of 6-10 years, increased by 4.4%, and for more than 10 years - by 0.8% (Fig. 2.6).

In the section of regions of the region, long-term lease dominates in economically strong farms. Thus, 27% of land in Popilnya district, 11% in Ruzhynskyi district is transferred for a period of 6-10 years. Land is leased for a period of 10 years or more in the Radomyshlsky, Brusylivskyi (9% each) and Lubarskyi (5.5%) districts. Economically weak enterprises are dominated by short-term leases - for 1-3 years in Narodytskyi (100%), Chernyakhivskyi (90.2%), Romanivskyi (80%) and for 4-5 years, land is 100% leased in Ovrutskyi and Luhynskyi districts (Appendix G).

According to Figure 2.7, it is possible to follow the movement of the right to a land share (share): 94% of it occurs due to the transfer of land shares (shares) as an inheritance, and only 5.8% of owners donated their land. For the period from 2000 to 2003, only 4 cases of land exchange and 62 facts of sale of the right to a land share

(share) were recorded. The largest number of sales transactions were carried out in Malinsky (29) and Olevsky (19) districts (Appendix D).

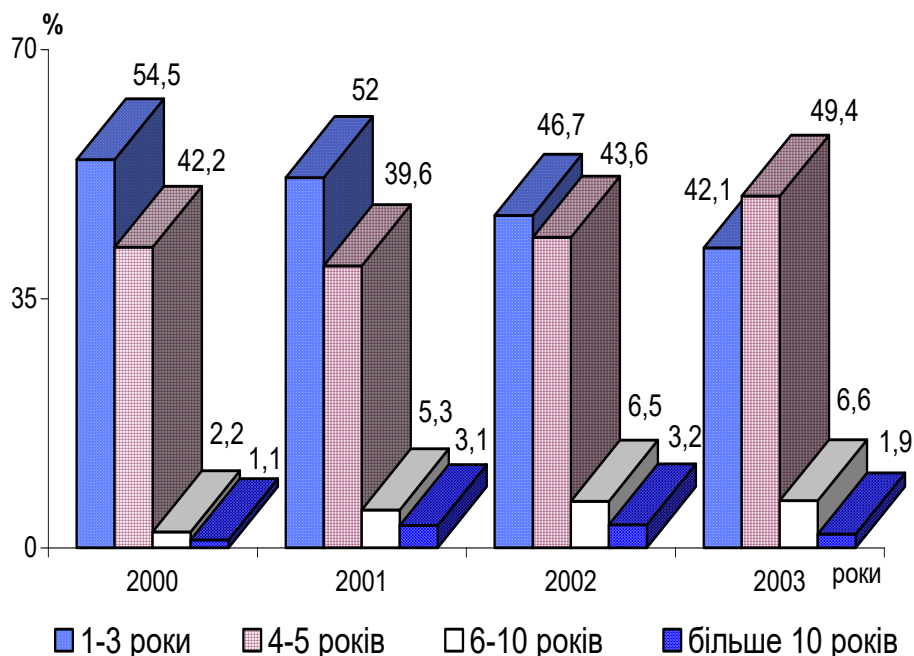


Fig. 2.6 Specific weight of lease contracts by their validity period, %

The monetary assessment is the basis for determining the amount of rent. Compared to other regions of Ukraine, it is the lowest in Zhytomyr region and amounts to UAH 6,244 per hectare of agricultural land and UAH 6,024 per hectare of arable land, which is 1.4 and 1.5 times less compared to the average figure for Ukraine.

The poorest lands are located in the northern Polish districts - Korostenskyi, Malinskyi, Volodar-Volynskyi, where the monetary value of 1 hectare of agricultural land is UAH 3089, 3224, and 3175, respectively. The highest monetary value of land in the southern forest-steppe districts: UAH 10,124 in Ruzhinsky, 10,099 in Berdychiv, and UAH 9,300 in Popilnyansky (Table 2.3).

The rent is paid as a percentage of the monetary value of the land. Currently, in accordance with the Presidential Decree "On additional measures for the social protection of peasants - owners of land plots and land shares (shares)" dated February

2, 2002 (with changes and additions dated 13.09.02 No. 830), the lower limit of rent is regulated at the level 1.5%, which corresponds to UAH 111.6 per hectare or UAH 450 for a land share in Ukraine and UAH 63.3 and UAH 228 in the Zhytomyr region.

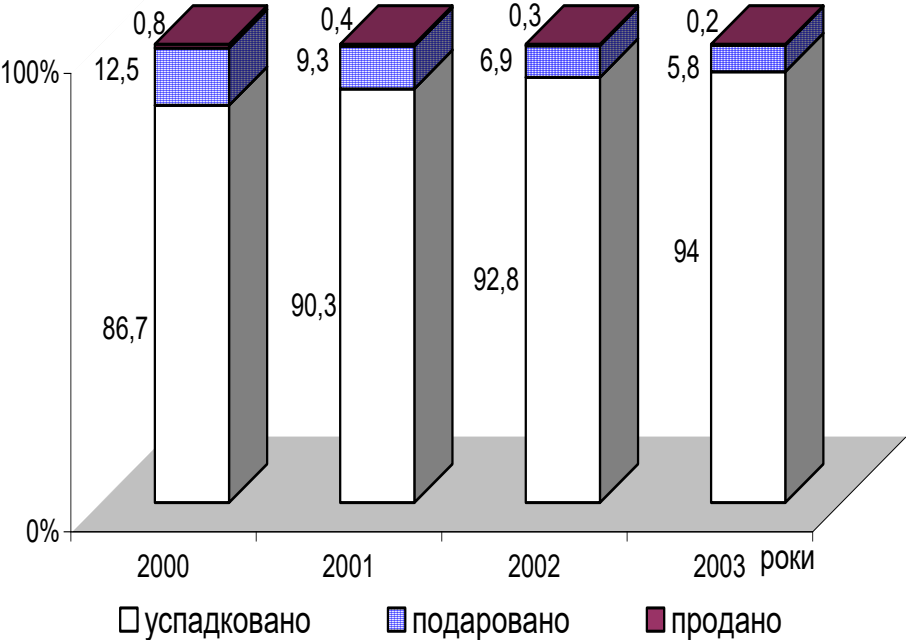


Fig. 2.7 The number of notarized transfers of the right to a land share (share) on the basis of a lease agreement

Table 2.3

Monetary valuation of lands in Zhytomyr region*

No n/p	The name of the administrative districtin	Monetary assessment of 1 ha, hryvnias			
		Agricultural lands - everything		including arable land	
		as of July 1, 1995	with cheers indexation as of January 1, 2003.	as of July 1, 1995	with cheers indexation as of January 1, 2003.
1	Andrushivskyi	3645	8985	3803	9374
2	Baranivskyi	1930	4757	1802	4442
3	Berdychivskyi	4097	10099	3630	8948
4	Brusylivskyi	2221	5475	2294	5655
5	Vol.-Volynskyi	1288	3175	965	2379
6	Dzerzhinsky	1930	4757	1980	4881
7	Emilchynskyi	1364	3362	990	2440
8	Zhytomyrskyi	2765	6816	2368	5837
9	Korostenskyi	1253	3089	879	2167
10	Korostyshivskyi	2173	5356	2184	5384
11	Luginsky	2188	5393	660	1627
12	Lubarsky	3787	9335	4052	9988
13	Malinsky	1308	3224	907	2236
14	Narodytskyi	1900	4684	1798	4432
15	Nov.-Volynskyi	2627	6476	2793	6885
16	Ovrutskyi	2354	5803	2310	5694
17	Olevsky	2486	6128	845	2083
18	Popilnianskyi	3773	9300	3853	9498
19	Radomyshl'skyi	2109	5199	1723	4247
20	Ruzhynskyi	4107	10124	4478	11038
21	Red Army	1429	3522	1238	3052
22	Chernyakhivskyi	2067	5095	1645	4055
23	Chudnivsky	4037	9951	3877	9557
	By region	2533	6244	2444	6024
	All over Ukraine	3543	8733	3734	9204

*Economic guide of the agrarian. V.I. Drobot, G.I. Zub, M.P. Kononenko and others. / Under the editorship Yu. Ya. Luzana, P.T. Dress - K.: "Press of Ukraine, 2003. - 800 p.

Based on the indexed monetary valuation of agricultural land, with a rent not lower than one percent of it, in 2000, peasants received an average of UAH 168 per leased land (share). As the economic status of tenants in the form of newly created market-type agricultural formations strengthens, the amount of land rent will increase.

As evidenced by the analysis of the data in fig. 2.8 in 2003, only 28% of tenants in the Zhytomyr region paid rent at the level of 1.5-2% of the monetary value of the land. These are mainly tenants of Olevskyi (100%), Baranivskyi (83%) and Chervonoarmiiskiyi (75%) districts. Only 1% of the owners of land shares receive a rent in the amount of more than 2%. Its largest payments at this level are made in the

Red Army (7%), Ruzhynsky and Novohrad-Volynsky (6% each) districts. The majority of payments (71.2%) are made in the amount of up to 1.5%. In 2003, rent at this level was paid in Brusylivskiyi, Dzerzhynskiyi, Korostenskiyi and Novohrad-Volynskiyi districts (Appendix E).

As of January 1, 2004, the average rent for 1 hectare in the Zhytomyr region was UAH 67.2, which is UAH 25.1 more than in 2000. Its slight decrease by 2 hryvnias compared to 2002 is explained by force majeure circumstances that occurred as a result of unfavorable weather conditions in 2003. The total amount of rent payments in 2003 amounted to UAH 50.6 million, which is UAH 13.8 million more than in 2000 and

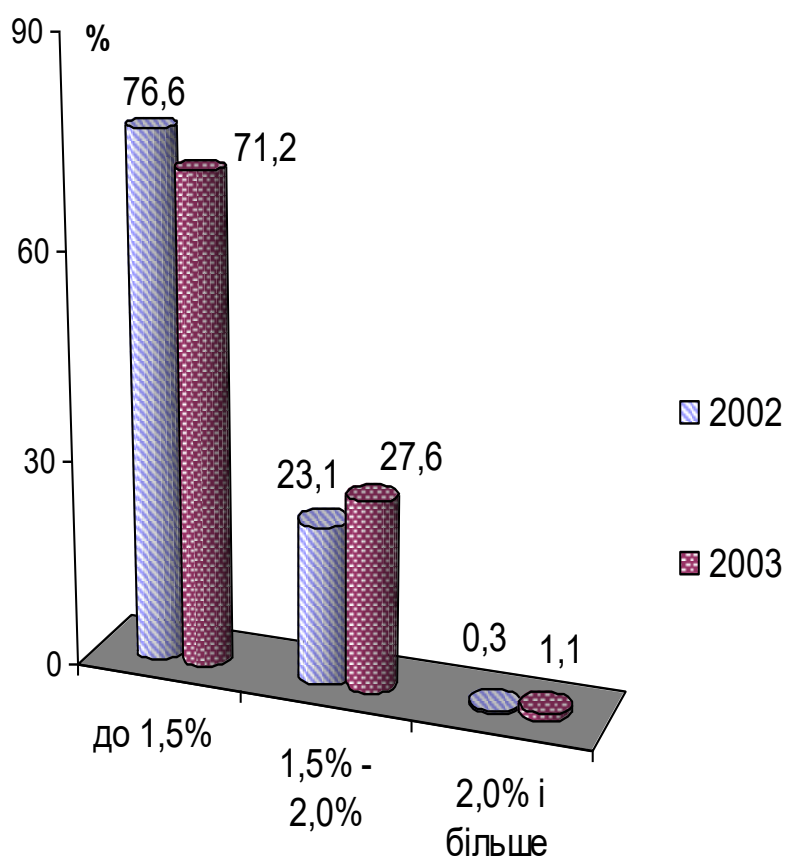


Fig. 2.8 Differentiation of tenants by the level of rent for land, in %

UAH 9.5 million less than in 2002 (Fig. 2.8). For one land share in 2003 (the size of the share on average in the region is 3.6 conditional cadastral hectares) it was necessary to pay UAH 228 in rent.

The size of the rent varies by almost three times in the districts of the region. It is the lowest in Korosten and Yemilchyn districts (18.1 and 18.3 UAH per 1 ha, respectively), and the highest in Berdychiv, Lubar and Ruzhyn districts, which is UAH 112.2, UAH 117 and UAH 103 per 1 ha, respectively (Appendix E).

These discrepancies are not always related to the quality of leased land, but depend to a large extent on the policy of local authorities. In this regard, we consider it necessary: by decision of local executive bodies and local self-government bodies with the participation of representatives of landlords and tenants, to establish recommended rent scales for land of different quality, which should be reviewed once every 2-3 years; create special advisory services at district state administrations, which should provide information services to interested parties regarding the state of demand and supply for land leases, hold contests for the right to lease land plots, give advice on the level of fair rent, etc.

Among the forms of rent defined by the legislation of Ukraine, in the actual payment for 2003 in Zhytomyr region, in-kind prevails - 69.5%, cash accounts for 17%, performance-based - 13.6% (Fig. 2.9). At the same time, in the forest-steppe areas of the region and Novohrad-Volynskyi and Romanivskyi - Polisky areas, natural payment is almost one hundred percent dominant. The only exception is Andrushivskyi district, where calculations are made in money. In the northern regions (Volodar-Volynskyi, Korostenskyi, Luhynskyi, Malinskyi, Olevskyi) preference is given to working leases, the share of which in this group is on average 50%, which is explained by the large number of elderly people among the landlords who need the provision of various services (Appendix E).

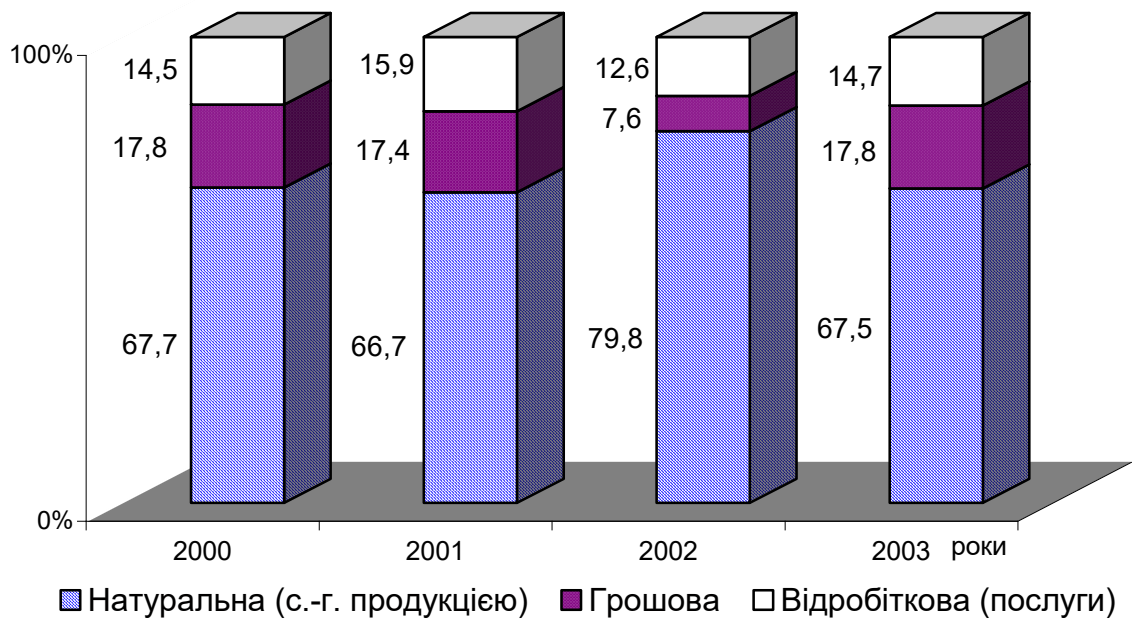


Fig. 2.9 Structure of rent in Zhytomyr region
by payment forms, in %

In our opinion, a distinction should be made between minimum, contractual and actually paid rent (Table 2.4).

The minimum amount of rent is determined as a percentage of the monetary value of the land, taking into account its indexation, and is regulated by decrees of the President of Ukraine.

The contractual level of rent depends on the action of two factors: the minimum amount of rent and supply and demand on the land rental market and is formed directly during the conclusion of the lease agreement.

Depending on the desire of the tenant and force majeure circumstances of the agricultural year, the amount of the rent may be adjusted, by agreement of the parties, in an additional agreement. In connection with the fact that there are cases of non-compliance by tenants with their obligations to pay rent, it is advisable to simplify the procedure for terminating lease agreements and to provide for the responsibility of the tenant for non-fulfillment of contractual obligations.

Table 2.4

Rent for land plots and land shares (shares)*

No	The name of the administrative district in	The amount of rent				
		According to regulatory acts (1.5% of the monetary value of the land), UAH/ha	According to the lease agreement, UAH/ha		Actually paid, %	
			2002-2003	2002	2003	2002
1	Andrushivskiy	134.8	117.3	96.0	41.2	24.8
2	Baranivskiy	71.4	59.7	63.9	42.8	19.2
3	Berdychivskiy	151.5	131.6	112.2	58.2	27.5
4	Brusylivskiy	82.1	39.8	40.0	75.5	44.4
5	Vol.-Volynskiy	47.6	35.7	35.7	70.7	43.3
6	Dzerzhinsky	71.4	77.5	56.2	66.4	53.5
7	Emilchynskiy	50.4	16.8	18.3	47.4	43.2
8	Zhytomyrskiy	102.2	70.3	70.6	70.1	36.6
9	Korostenskyi	46.3	20.0	18.1	24.1	25.6
10	Korostyshivskiy	80.3	46.6	52.3	54.9	13.1
11	Luginsky	80.9	46.0	39.5	29.7	59.4
12	Lubarsky	140.0	107.8	117	34.8	34.0
13	Malinsky	48.4	32.1	33.8	23.6	52.4
14	Narodytskyi	70.3	53.4	58.4	31.9	23.8
15	Nov.-Volynskiy	97.1	63.6	62.3	50.9	45.1
16	Ovrutskiy	87.0	44.8	52.8	42.0	41.4
17	Olevsky	91.9	59.1	58.3	44.6	41.2
18	Popilnianskyi	139.5	122.0	90.1	68.4	49.7
19	Radomyshl'skyi	78.0	40.2	64	22.4	7.9
20	Ruzhynskiy	151.9	125.4	103	58.2	27.7
21	Red Army	52.8	50.2	51.4	59.2	39.7
22	Chernyakhivskiy	76.4	52.4	60.6	28.9	16.5
23	Chudnivsky	149.3	87.5	91.9	53.6	26.5
By region		93.7	69.2	63.3	51.7	40.0

* Calculated by the dissertation student

One of the essential conditions in the lease agreement, which regulate leased land relations, is the rent for the land. In civilized countries, where land lease is a traditional way of exploiting land in agricultural production, rent is equated with rent, i.e. the land owner (lessor) should receive a reward in the amount of land rent for granting the tenant the right to apply his capital to his land.

The most important point in leased land relations is the objectivity of the calculation criteria and the establishment of the amount of rent acceptable from the position of the owner and the tenant, which should be based on a scientific basis, although the agreement of the parties is decisive in this, of course.

Currently, most tenants take advantage of the difficult situation in the village and set a minimum payment, which, in the absence of competition on the land rental market, the owners of land shares (shares) agree to without much hesitation.

In our opinion, one of the reliable tools for determining the recommended amount of rent for land is the monetary valuation of land, as it is built on the basis of a comprehensive characterization of land as the main means of production in agriculture. Its calculation is based on the data of soil quality (scoring) and the economic assessment of land, determined taking into account the level of productivity, production costs and their efficiency. The amount of the rent must exceed the amount of the land tax, since it is handled by both the owner-lessor and the land user-lessee (in the case of renting a land share (share)). That is, the amount of land tax should be one of the components of the rent for land.

The availability of the monetary value of land makes it possible to calculate the amount of rent for each land plot of any agricultural enterprise, individual owner and land user.

Based on the economic conditions in the Zhytomyr region and the monetary value of the land, the estimated rents may be within the limits of the values given in Appendix G.

Since the share of crop production in the income structure of agricultural enterprises of the Zhytomyr region is 60%, when determining the optimal amount of rent, we focused on the income from crop production. Calculations show that today the farms are unable to pay it even at the minimum level of 1.5% of the monetary value of the land. Of particular concern is the fact that in 2003, revenue from the sale of plant products exceeded the cost price in only 6 districts of the region. When rent increases to 2%, almost 100% of enterprises become unprofitable (Appendix G).

In this regard, it is possible to propose the amount of rent for 1 hectare of land leased in the Polish districts of the region at the level of 1%, in the forest-steppe zone - 1.5% of the monetary value of arable land, but not more than half of the rental income according to the estimate. With the price of wheat of the 3rd class at 50 hryvnias per 1 hectare, this will amount to an average of 1.5 to 2.2 ts for 1 hectare of leased land in Ukraine.

The accident at the Chernobyl nuclear power plant had a negative impact on the use of agricultural land. 63.6 thousand ha of land contaminated with radionuclides, or 39.9% of the area of such land in Ukraine (159.3 thousand ha) were removed from the agricultural turnover of the Zhytomyr region.

In the zone of radioactive pollution with a density of more than 1 Ki/sq. km (according to cesium-137), there are 347,000 hectares of agricultural land and 58,000 hectares of homestead plots. As of January 1, 2004, the population of 15 villages has been completely resettled, and 679 (41.8%) villages and towns are located in radioactively contaminated territory. More than 200 farms of various forms of ownership operate here, one-fifth of the region's cereal crops, 40% of flax and potatoes, 38.5% of cattle are kept, and a third of the region's milk and meat is produced.

The radioactive trace is most pronounced in the northern districts of Zhytomyr region: Narodytskyi, Korostenskyi, Ovrutskyi, Olevskyi, Luginskyi and Malinskyi. The most contaminated with cesium-137 are the lands of Luhynskyi, Narodytskyi, and Ovrutskyi districts - 96 percent of their territories have a pollution density of more than 1 ki/km². Significantly polluted lands of Korostenskyi district - 82%, Olevskyi - 67.7%, Yemilchynskyi - 43.1% and Malinsky - 34.9%, districts [155, p. 24].

The main problematic issue in connection with this is the low level of use of agricultural land under lease conditions. Yes, these areas have the lowest share of concluded lease agreements. In particular, in Narodytskyi - 44%, Malynskyi - 50.3%, Yemilchynskyi - 58% (Appendix B). In the vast majority, the main landlords are pensioners, and the tenants are new agricultural formations created on the basis of former KSP. Farming in these areas is practically not developing.

These territories have the lowest monetary value and, accordingly, the rent proportional to it, which in the Korosten district is 17 hryvnias per hectare, in Luhynskiyi - 39.5 hryvnias, and in Malynskiyi - 33.8 hryvnias. Considering the meagerness of the payments, we consider it expedient to cancel the taxation of rental payments in these areas.

Significant areas of unsold land are unsuitable for agricultural production and must be transferred to other lands. This complicates agricultural production and significantly affects the payment of rent, which is already the lowest in the region.

IDPs, who at the time of resettlement were members of collective agricultural enterprises of other districts and did not receive certificates, receive them at the expense of reserve and share fund lands. Thus, in the Brusyliv district, 2,861 hectares of undistributed reserve and reserve land per 1,985 settlers (Appendix C).

Reforming the agrarian sector and introducing leased land relations is the foundation for positive changes in agriculture and contributes to increasing the efficiency of agricultural land use.

In 2000, the first results of transformations were outlined (Table 2.2). The number of unprofitable enterprises has decreased significantly. In 2001-2002, compared to 1999, the production of gross products per 100 hectares of agricultural land increased by UAH 8,000 or by 13%. The level of unprofitability decreased from minus 29.6% in 1999 to minus 14.3% in 2003. The profitability of crop production, in particular, grain, has increased by almost 4 times.

The production of vegetables and potatoes became profitable. The level of unprofitability of animal husbandry products, in particular, milk and meat, decreased. The introduction of private management, the active development of the agricultural market, and the reduction of the tax burden contributed to the strengthening of the financial condition of agricultural enterprises.

Table 2.2

Efficiency of use of leased land by agricultural enterprises of Zhytomyr region.*

Indexes	Years				
	1999.	2000	2001.	2002.	2003
1. The number of agricultural enterprises - total units including: - profitable	680	717	721	706	663
- unprofitable	41	430	176	107	123
	639	287	545	599	540
2. Area of agricultural land, thousand hectares	1213	1161	1142	971	843
3. Yield of agricultural crops, t/ha:					
- whole grains	17.3	18.0	17.7	19.4	15.8
- sugar beets	177.7	212.4	186.2	188.2	217.3
- potatoes	52.6	95.4	70.4	79.2	123.7
3.1 Productivity of the livestock sector					
- average milk yield from one cow, kg	1452	1328	1672	1783	1420
- average shearing of wool from one sheep, kg	1.4	1,2	1.4	1.4	1.4
- average annual laying hens, pcs.	198	162	273	292	291
- average daily increase in cattle	253	252	304	298	275
- average daily gain of pigs	142	136	167	164	151
4. Total gross output at comparable prices in 2000. per 100 hectares - land area, thousand UAH, including:	52.6	51.7	58.1	63.1	56.8
- horticulture, thousand hryvnias	29.4	31.8	34.8	36.2	31.8
- animal husbandry, thousand UAH	23.2	19.9	23.3	26.8	25.0
5. Produced (received) products per 100 hectares of arable land, t:					
- grains,	877.0	867.4	770.4	796.6	558.2
- potatoes	47.6	45.4	53.5	16.6	173.3
- sugar beets	63.5	67.0	81.0	412.8	442.7
- pork	2.0	3,4	2.6	6.3	4.8
6. Produced livestock products per 100 hectares of agricultural land. land, c/ha:					
- milk	186	159	166	182	152.3
-meat	29.0	31.0	24.0	17.9	15.1
7. Eggs produced per 100 hectares of grain crops, thousand pcs.	13.9	12.5	21.4	24.1	13.7
8. Livestock per 100 hectares of agricultural land, head: cattle including cows	31.0	34.0	25.0	17.9	15.3
	12.0	13.0	10.0	10.3	14.0
9. All fodder units obtained from 1 ha of fodder area, c.	11.4	12.3	9.8	10.3	10.5
10. Level of profitability of all activities, % including:	-29.6	13.7	-7.8	-10.6	-14.3
- Crop production, %,					
-grain	1.3	30.7	33.9	10.2	28.0
- sugar beets	15.1	83.1	49.1	12.6	43.5
-potato	-1.9	1.3	-7.0	-10.2	-1.8
-Livestock, %	-16.8	0.8	4.5	16.6	45.2
- milk and dairy products	-47.0	-37.0	-13.8	-26.4	-25.4
- cattle meat	-37.8	-9.2	-3.7	-12.5	5.5
- pork meat	-56.5	-43.7	-25.8	-39.9	-43.5
	-37.7	-45.0	-28.2	-26.0	-40.0

* Calculated by the dissertation student

However, the increase in production volumes is taking place in difficult conditions. Low solvency, significant price disparity, lack of reliable sources of collateral make it impossible to obtain medium- and long-term loans, timely provision of equipment, fuel and lubricants, breeding, and breeding. As a result, large areas of land are not cultivated.

The most objective factor that significantly affected the decrease in the competitiveness of agricultural enterprises of the Zhytomyr region is the factor of land quality, which is confirmed by the analysis of their activity depending on the quality of land. Just as obtaining additional profit from the natural fertility of the land is not related to additional costs of means and labor, but due to the natural properties of the soils, which in Zhytomyr region are among the poorest in Ukraine, nature itself has put the region in economically unequal conditions of market relations.

A characteristic feature of the natural conditions of the region is the zoning of the territory, which is clearly manifested in the change of soil and vegetation cover, the structure of the relief, and the structure of the land.

The Polish part occupies 81% of the region and is characterized by a large variety of soils (86 thousand topographic contours, each of which accounts for 9.6 hectares, and one soil contour is only 4.7 hectares), which greatly complicates the economic use of land. 65% of the territory of the zone is dominated by sod-podzolic soils.

The structure of the soil cover of the forest-steppe zone is dominated by gray podzolic soils, typical chernozems, and meadow-chernozem soils. Chernozems and chernozem-meadow soils occupy only 14.2% of the agricultural lands of the region.

According to land monitoring data, 22% of the region's arable land is acidified, 23.4% is waterlogged, 6.5% is waterlogged, 7.2% is exposed to wind erosion, and 27% is radioactively contaminated and removed from circulation. There are 220,000 ha (20.4%) of low-productivity and degraded arable land in the region. With an annual need for liming of 120,000 hectares, only 77,000 hectares have been limed over the past twelve years. In particular, in 1996-2000, 9.5 thousand hectares, in 2001-2003, 4.5 thousand hectares, which is 7.9% and 3.8% of the need, respectively. Compared to 1991, the volume of chemical reclamation of land decreased more than 30 times, the application of mineral fertilizers decreased by 16 times. This significantly affects soil fertility, quality and quantity of grown products.

All these features make it necessary to carry out a large complex of activities and significant capital investments. The system of state subsidies and zonal prices, which operated during the planned economy, no longer exists, and the market mechanism

requires the introduction of new management methods. The problem of reproduction of soil fertility and effective development of leased land relations is gaining importance.

In addition, a significant disparity in prices makes it impossible to provide agricultural machinery and fuel and lubricants in a timely manner. If in 2000 the price for 1 ton of grade III wheat on the agricultural market was UAH 750-800, then in 2002 it was UAH 300-350. In order to buy a grain harvester "Don-1500" in 2002, it was necessary to sell more than in 1990: III class wheat - 2.4 times, milk - 5.5 times, cattle meat - 7.1 times, pigs - 4.3 times.

The result of the unregulated price policy is a significant decrease in the active part of fixed assets (machinery and equipment, vehicles, tools and devices) from 33.7 to 17%, or 2 times, and an increase in the passive part in the structure of fixed assets - up to 73.1% . In 2000, in the Zhytomyr region, wear and tear of the active part (machines and equipment, vehicles, tools and devices) amounted to 56.8% by group of fixed assets, respectively; 60.2%, 58.2%. This indicates that these groups of fixed assets have not been updated for a long time and have deteriorated significantly.

The further effective development of agricultural production in Zhytomyr Oblast will largely depend on the radical technical re-equipment of the structure of the machine-tractor fleet of farms. Since the wear and tear of agricultural machinery in 2001 reached 71%, and the number of certain types of machines, in particular, stogo-machines, sugar beet thinning machines, forage harvesters, tractor-trailers is on the verge of complete write-off. Thus, 89% of tractors, 90% of harvesters, 95% of livestock farm equipment have completed their depreciation period. In 2001, compared to 1991, the tractor park in the farms of the region decreased by 55%, the number of grain harvesters by 60% [157 c. 30].

The perspective of the development of leased land relations is the intensification of production, the prerequisite of which should be a favorable price and credit policy, the formation of an appropriate market infrastructure.

We conducted a sociological survey to study the processes of development of leased land relations at the meso level. The survey was conducted in a group and individual way (226 residents of the region and 98 managers of newly created farms were interviewed) (Appendix I).

According to the results of the sample survey, 51.1% of the rent is paid in kind by farm managers, including 42.5% in grain. The share of other products is 8.5%, of which 4.7% is meat. In their opinion, they are able to pay 28% in cash, although in conversation the vast majority of them point to the advantages of this form of payment, and the rather low percentage of cash payments is explained by the difficult economic condition of farms and significant problems with the sale of products.

Table 2.6

Desired rent structure based on survey results

Forms of rent	Heads of newly created agricultural formations (tenants)	Owners of land plots and land shares (shares) (lessors)	(+,-)
Groshova	28.1	37	8,9
Natural	51.1	41.3	-9.8
grain	47.7	29.9	-17.8
meat	1.7	3.5	1.8
cereals	1.5	5.4	3.9
sugar	0.2	2.5	2,3
Working	20.8	21.7	0.9
h	100	100	h

In the future, the specific weight of cash payments will grow as the transformation processes in agriculture stabilize. The employment form of payment accounts for 20.8%. Almost the same opinion was expressed by 21.7% of the owners of land shares. The main reason for this is the significant development of personal peasant farms of the population and the lack of a sufficient number of units of small equipment in the village.

In the desired rent structure of landlords, the largest share is also paid in kind. However, unlike farm managers, they consider the optimal option to be the one for which 26.4% will fall on grain, 6.5% on meat, and 5.4% on cereals. A wider range of products that landlords want to receive at the expense of natural rent is explained by the fact that, firstly, they expect to receive cheaper products; secondly, by force majeure: funeral, wedding.

At the same time, 37% of the rent, the owners want to receive in money, this is almost 9% more compared to the statement of the managers. Such a share is explained by the high price of services and products provided by farms at the expense of rent.

The vast majority of interviewed leaders of newly created agricultural formations (lessees) and owners (lessors) of land prefer short-term lease for a period of 3 years, the share of which, according to the results of the study, is 76 and 71%, respectively (Fig. 2.10). However, if the owners of the land prefer short-term leases of up to 5 years (98%) of respondents, then 10% of managers prefer long-term leases of 6 or more years. And only a small share of them (14%) compared to the owners (27%) will conclude lease agreements for a period of 4-5 years.

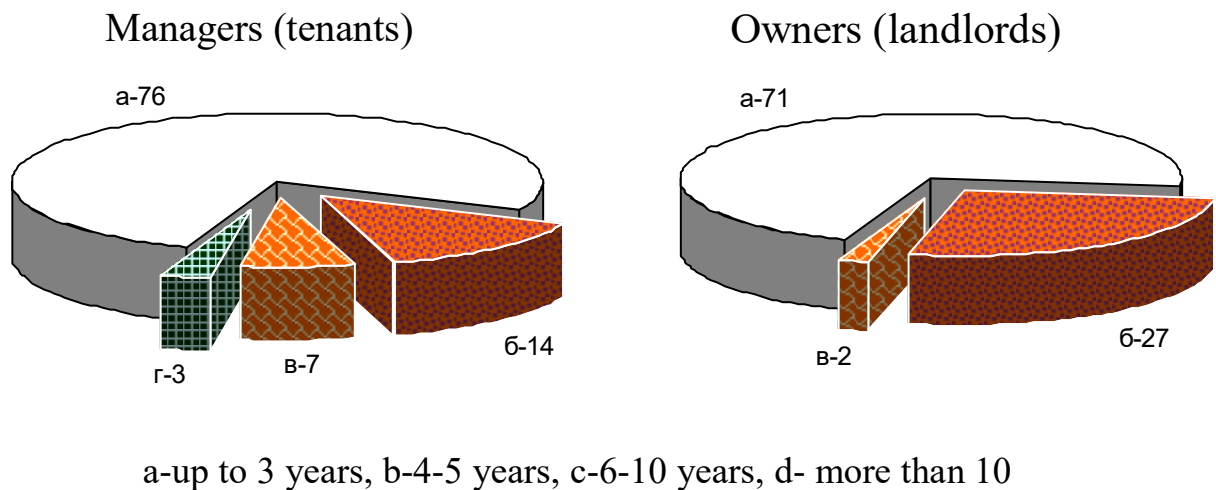


Fig. 2.10. Proposed terms of concluding a lease agreement according to the results of the survey

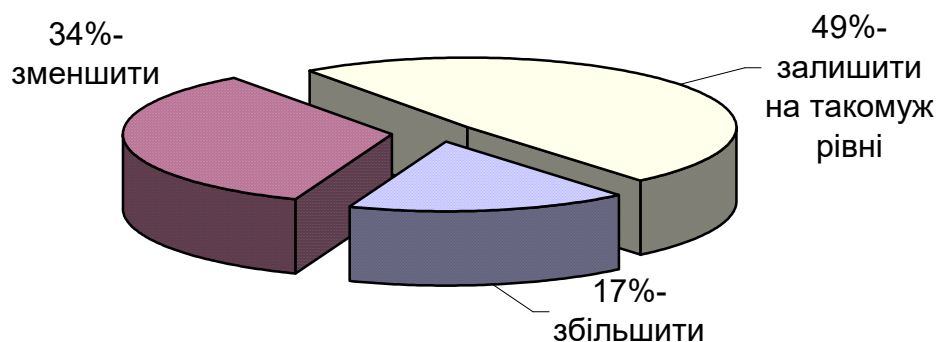


Fig. 2.11. Motives for changes in the area of leased land according to the results of the

The majority of managers (49%) plan to keep the area of leased land at the previous level. At the same time, 34% of farms plan to reduce the area of leased land, and only 17% plan to increase it.

From another point of view, this is explained by the formation of a small layer of strong enterprises that concentrate large areas of leased land in their hands. A vivid example of this is the activity of a number of farms in the Popilny District. Yes, the private agricultural enterprise named after For three years, Tsyurupy leased land from 5 neighboring farms and currently has 10,000 hectares of land under its control. Open joint-stock company "Kornynske" united the lands of 7 former farms.

As evidenced by the data of fig. 2.12, the main problem (in 62% of cases) faced by heads of households when concluding lease agreements is agreement and payment of rent, 15% is the agreement of lease terms and only 5% is registration of lease agreements. At the same time, as the research shows, there is practically no significant difference for farm managers whether they lease land on the basis of a certificate or a state act.

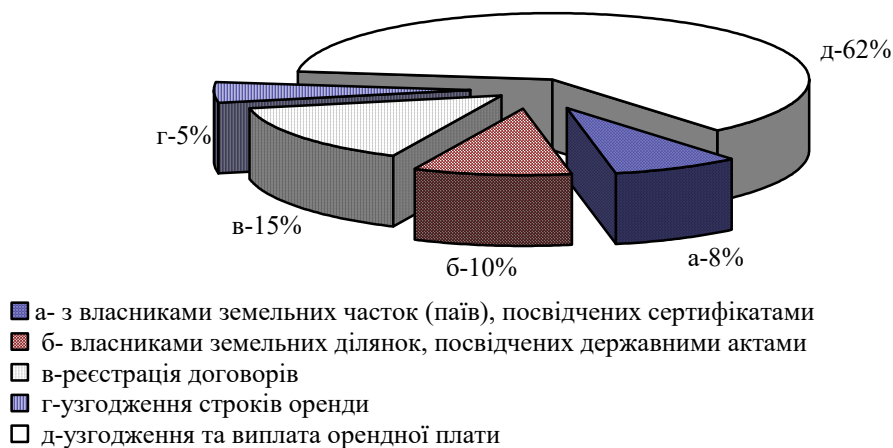


Fig. 2.12. Problems that arise when concluding lease agreements
(according to survey results)

In the opinion of the vast majority of managers (71%), the main factor restraining the development of leased land relations is the shortcomings of the legislation, since for a long time the regulatory acts were of a contradictory nature. Only 6.7% associate it with the lack of proper explanatory work. Among other reasons cited by the

respondents, it should be noted: price disparity for agricultural and industrial products, the economic crisis, and the protracted nature of the transition period.

As can be seen from fig. 2.13. 65% of the surveyed citizens leased their land share (share) to the farm in which they received it, and 15% to farms. 12% of respondents expressed a desire to manage their own land independently. At the same time, 4% of owners for various reasons leased their land to other owners, and another 4% have not

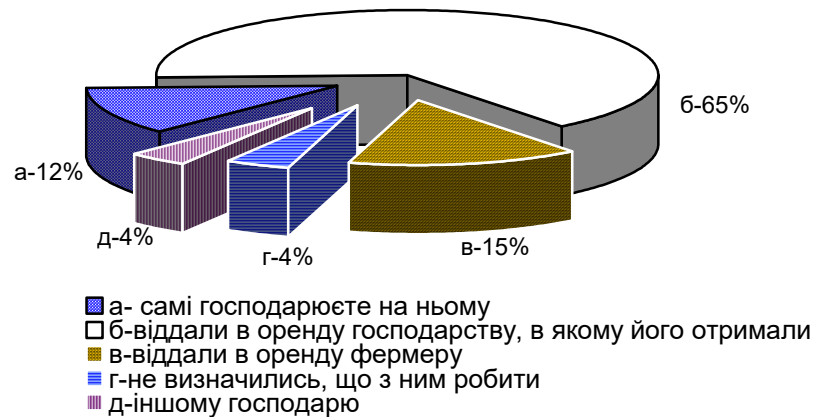


Fig. 2.13. Using your own land share
(based on survey results)

yet decided what to do with them.

In the future, the vast majority of citizens, namely 65%, plan to transfer their land to their heirs. 14% plan to donate their land allotment for various reasons, the main of which is the lack of heirs. Due to difficult financial situation, 21% of citizens want to sell their land (Fig. 2.14).

The vast majority of respondents (63%) express concern about inefficient use

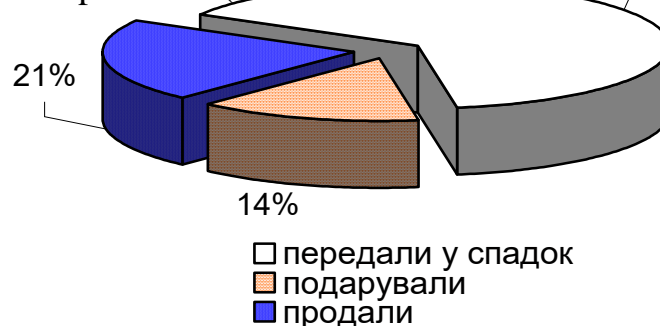


Fig. 2.14. It is possible to dispose of one's own land share
(based on survey results)

of leased land, which leads to soil depletion. This is confirmed by non-observance of

crop rotations, reduction of doses of mineral and organic fertilizers, lack of fight against water and wind erosion.

In the Zhytomyr region, 38% of the surveyed respondents are not satisfied with the size of the rent, 58% with the term of payments, and 59% of the respondents with the prices of products, goods and services that were provided at the expense of the rent.

For greater confidence in the reliability of the results of our survey and a more detailed study of the problematic aspects of the development of lease relations, we analyzed the results of a questionnaire survey conducted by the Kagarlytsia District Administration for the purpose of studying public opinion regarding the course of reforming the agricultural sector and compared them.

Accordingly, in the Kyiv region, tenants settle with landlords more regularly, which, in our opinion, is explained by the latter's better economic indicators.

The low awareness of the villagers and their passivity in defending their rights in both areas is a cause for concern. According to the research, 17% of respondents in Zhytomyr region and 20% in Kyiv region do not know the amount of rent for land shares.

Inquiries regarding payments for the lease of land shares were made by 49% of Zhytomyr region and 48% or 2322 villagers of Kyiv region. At the same time, 42 and 40 percent or 99 and 1912 citizens, respectively, note the tactless behavior of accounting employees when providing information about the amount and payment of rent, 35 and 39% confirm that the actual provision of services does not match the records in the personal account. At the same time, only 45% in Zhytomyr and 53% in Kyiv regions know about its existence (Fig. 2.15).

Almost 2,699 respondents or 56% in the Kyiv region and 59% in the Zhytomyr region do not agree with the prices set for goods, works, services provided at the expense of rent. More than 20 percent of the surveyed 994 and 35 people, respectively, do not know that they can challenge in court non-payment of rent according to the land lease agreement or terminate it.

Among the main reasons why the villagers would like to change the tenant, the following should be highlighted: untimely settlement, unsatisfactory rent, untimely provision of services (Fig. 2.16).

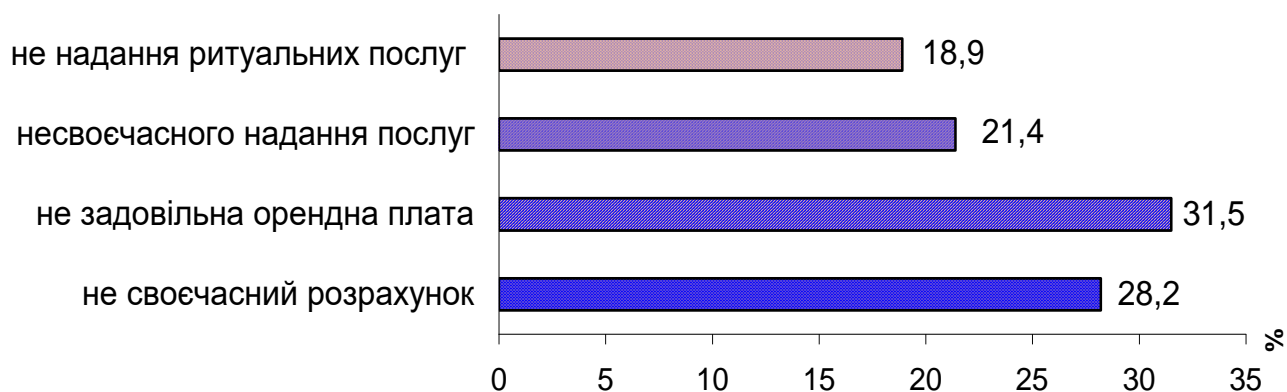


Fig. 2.15. Difficulties that arise when leasing land
(based on survey results)

Compared to 2000, the share of the population that is sure of receiving rent increased in 2004 by 21.5%. At the same time, less than half of the respondents are satisfied with the rent.

52% of surveyed peasants of Kyiv region and 32% of Zhytomyr region agree to sell their land share if it is impossible to cultivate it independently and there is no heir. Only 1% of respondents expressed a desire to use their land share individually and 1.2% - collectively. 85% of respondents expressed a desire to receive a state deed on ownership of a plot of land. The vast majority of them believe that a negligent tenant or farmer who does not rationally use the land should be deprived of the opportunity to manage it and compensate the landlords for damages.

As a result of the conducted research, it can be concluded that despite the legislative regulation of land leases and positive trends in the development of the economy, there are still many unresolved issues today.

The main ones are: the passivity of the peasants in defending their rights and their low level of awareness, the lack of proper explanatory work at the lowest levels

(village, village council) and public control over the tenant's actions, the lack of competition in the land rental market, which leads to underestimation rent, delays in its payment, overpricing of issued products and services at the expense of rent.

Newly created agricultural formations of the market type conduct production on lands leased from citizen-owners of land plots and land shares.

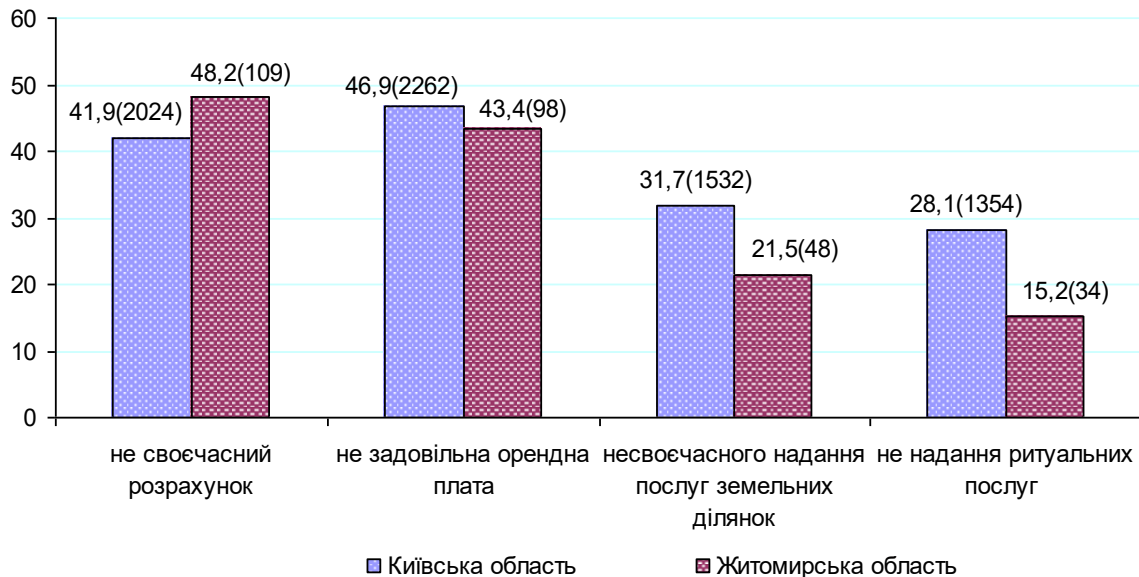


Fig. 2.16. Factors due to which villagers would like to change the tenant

Rent is a key factor characterizing the development of leased land relations and the main reason for disputes between the subjects of the lease agreement. Establishing its optimal size, which would satisfy the owners and be acceptable to the tenants, is an important problem.

In accordance with current legislation, the amount of rent is formed on a contractual basis. At the same time, on privately owned lands, it should not be less than 1.5%, and on state and communal lands, it should not exceed 10% of the normative monetary value, which, depending on inflation, is adjusted by the indexation coefficient. However, according to the data of Derzhkomzem as of January 1, 2004, on average in Ukraine it was paid at the level of 1.2%, in Zhytomyr region - only 0.98% of the normative land assessment [52, 53].

A number of issues of this problem are covered in the works of P.I. Haydutskyi, P.T. Sabluka, V.Ya. Meselya-Veselyak, M.M. Fedorova, M.Y. Malika, V.V. Yurchyshyn and other agricultural scientists. Despite the long period of reforming land

relations, this issue remains relevant and requires further in-depth study. Therefore, we aimed to investigate the dynamics of rent in agricultural enterprises of the Zhytomyr region, to determine the factors under the influence of which its size is formed, using a correlation-regression model.

For this purpose, a grouping of agricultural enterprises of Popilnya and Brusyliv districts was carried out according to the amount of rent on average for 2001-2003, which are typical, respectively, for the Polissia and Forest-Steppe zones.

As can be seen from the data in the table. 2.7 rent growth is directly proportional to the increase in the area of leased land and the monetary value of the land (Appendix Y, Appendix Y). The largest rent in the forest-steppe zone is paid by farms with an area of leased land of more than 2,000 hectares, its size in IV, V and VI groups is equivalent to 2 months' salary of one employee. In the Brusyliv district, the best conditions for landlords are created by farms of the III group.

Calculations show that the best lands command the highest rents. Thus, in the VI group of the Popilnya district, its amount is UAH 725, and the percentage of payment from the monetary value of the land is 1.5%, in the IV group of the Brusyliv district, it is UAH 354 and 1.21%, respectively.

The analysis showed that in the conditions of Polissia, on significantly worse agricultural lands, the III group obtains better results compared to the corresponding group of the Forest-Steppe zone. At the same time, with practically the same monetary assessment, the rent for groups II, IV and V varies significantly. In general, based on the analysis of the data of the two districts, it can be stated that the rate of economic production does not match the amount of the rent. So, if in farms of the IV and V groups of the Popilnya district, the profit differs by 5 times, then the rent is only 2 times.

According to the table 2.7 the term of the lease does not significantly affect the dynamics of the rent.

Table 2.7

Dependence of rent on production factors and economic results (on average for 2001-2003) *

Indexes	Brusylivsky district (Polysia zone)				Popilnyany District (Forest Steppe Zone)					
	Groups of enterprises by rent, hryvnias.									
	I - up to 200	II - 200- 250	III - 250- 350	IV - 350 and more	I - up to 200	II - 200- 250	III - 250- 350	IV - 350- 450	V - 450- 600	VI - 600 and more
Number of enterprises	37	17	10	5	9	6	17	23	29	13
Area of leased land, ha	1053	1405	1632	930	1034	1624	1375	2227	2225	2121
Monetary assessment, hryvnias	5034	5278	4967	5145	5559	7483	8841	9583	10164	10426
Rent for 1 ha, UAH.	33.6	50.2	46.0	62.1	42.8	70.9	84.1	103.6	133.8	157.6
Share size, ha	4.2	4.2	5.7	5.7	3.9	3.3	3,4	3.3	4.0	4.6
Rent for a share - total, hryvnias.	141.1	210.8	262.2	354.0	166.9	234.0	285.9	341.9	535.2	725.0
Lease term, years	3	3	3	5	5	3	3	4	3	6
Charged rent in % of the monetary value of the land	0.67	0.95	0.93	1.21	0.77	0.95	0.95	1.08	1.32	1.51
Actual payment of rent to accrued, total, %	65	51	71	56	60	48	52	72	67	68
Profit, thousand UAH	-86.0	152	196	-18	-197	406	-89	869	176	685

* Calculated by the dissertation student

With the help of groupings, the main factors that most influence the size of the rent were determined. For a more detailed analysis and to study the degree of influence of each of them on the amount of rent, we conducted a correlation-regression analysis based on the model:

$$y(x_1, x_2, x_3) = a_0 + a_1x_1 + a_2x_2 + a_3x_3. (1)$$

The dependence of the amount of rent (Y) on such factors as: lease term, years (X1), monetary value of 1 ha, hryvnias (X2); area of leased land, ha (X3).

For this purpose, a sample of 166 enterprises operating on leased land was formed based on the materials of annual reports of agricultural enterprises of Brusylivskyi and Popilnya districts of Zhytomyr region for 3 years.

According to the given data in the table. 2.8 there is a fairly close relationship between the rent and the factors we have chosen, namely: the term of the lease, the monetary value and the area of the leased land.

Table 2.8

Matrix of paired correlation coefficients

Indexes	Total rent	Lease term	Monetary assessment	Area of leased land
	Y	X1	X2	X3
Y	1,000	0.397	0.598	0.873
X1	0.397	1,000	0.203	0.440
X2	0.598	0.203	1,000	0.373
X3	0.873	0.440	0.373	1,000

Paired correlation coefficients show the closeness of the relationship between the two investigated features, without taking into account their interaction with other features included in the correlation model.

It can be seen from the correlation matrix that the closeness of the connection between the rent, the monetary value and the area of the leased land is quite high ($r_{yx2}=0.598$, $r_{yx3}=0.873$); less close relationship between rent and lease term ($r_{yx1}=0.397$). There is also no close connection between the factors themselves.

According to the results of calculations, the relationship between the amount of rent per 1 ha and its factors is expressed by a linear regression equation:

$$y(x_1, x_2, x_3) = -158.551 + 0.295 x_1 + 0.019 x_2 + 0.09 x_3.$$

All regression coefficients have a positive sign, which indicates a direct relationship between the variables.

The regression coefficients show that if the monetary value of 1 hectare increases by UAH 100, the rent will increase by UAH 1.9. An increase in the leased area by 100 hectares contributes to an increase in the rent by UAH 9. Since the actual value of the standard error of the regression coefficient for X1 (lease term) significantly exceeds it ($\Delta a_1=7.437 > a_1=0.295$), this means that this factor does not have a significant impact on the change in the performance indicator. In this regard, in the further study of regression, its analysis does not make sense.

The predominant influence of monetary valuation and the area of leased land on the formation of rent is also confirmed by the partial correlation coefficients, the values of which for these factors are $r_{yx2}=0.602$ and $r_{yx3}=0.855$, respectively (Appendix K).

The actual value of P - Fisher's criterion is 307.0, which is greater than the tabular value of 278.8, which indicates a sufficient degree of reliability of the performed calculations. The coefficient of multiple correlation is 0.921, which characterizes the relationship between the amount of rent and factor characteristics as close. The coefficient of multiple (cumulative) determination (R^2) is 0.8482, which means that 85% of the variation in the amount of rent in the conducted study is due to the inclusion of factors in the correlation model: the area of leased land, the monetary value of 1 ha and the average term of lease contracts. The rest of the rent fluctuation (15%) is caused by other factors.

Since the obtained coefficients of the regression model have different units of measurement, they do not fully correspond to the ideas about which factors most significantly affect the amount of rent. For a more accurate analysis, elasticity coefficients (E) were calculated, which show how many percent the value of the resulting characteristic changes in the event of a change in the corresponding factor x_1 , x_2 or x_3 by one percent at a fixed value of the other two factors. The coefficient of elasticity is calculated according to the formula:

$$E_i = a_i \cdot (x_i / \text{usr}) \cdot 2$$

Where a_i is the multifactor regression coefficient for the i -th factor, x_i sr and usr are the average values of the corresponding i -th factor and the resulting characteristic.

For this model, we have the following elasticity coefficients: $E_2 = 1.130$, $E_3 = 1.157$. This means that an increase in the monetary value of 1 hectare by 1% provides an increase in rent by 1.130%. An increase in the leased area by 1% leads to an increase in rent from 1 hectare to 1.157% UAH. The sum of the coefficient of elasticity $E = 2.287$ is greater than one, which indicates that the increase in rent occurs at a slightly higher rate than the changes in the values of the factors taken together.

In addition, it is very important to take into account the levels of their fluctuations when analyzing the impact of individual factors on the performance indicator in order to have a complete idea of the possibility of increasing the rent at the expense of each. For this purpose, β -coefficients were calculated, which show by what fraction of the

root mean square deviation the rent indicator changes with a change of any factor by the value of its root mean square deviation and are calculated according to the formula:

$$\beta_i = a_i \cdot (\sigma_{x_i} / \sigma_y) \quad (3)$$

where a_i is the multifactor regression coefficient for the i th factor, σ_{x_i} and σ_y are the mean square deviations of the corresponding i th factor and the performance indicator. In this study, β coefficients are as follows: $\beta_2=0.189$, $\beta_3=0.659$. Thus, judging from the obtained coefficients, it can be stated that the largest reserve for rent increase is laid in the factor of the rented space $\beta=0.659$.

The formation of the amount of rent for land is insufficiently substantiated and not coordinated with the level of development of agricultural production. The lack of a competitive environment in the land rental market creates a monopoly for former agricultural enterprises and leads to underestimation of rent, delays in its payment, overestimation of the prices of issued products and services provided at the expense of rent. In order to increase the social protection of land owners, it is necessary to increase the level of awareness among villagers about their rights, to promote the establishment of public control over the effective use of land through close cooperation between owners, local self-government bodies and tenants.

2.3. Socio-economic orientation of leased land relations

The development of leased land relations in agriculture opens up new opportunities for both peasants and local authorities, creates prerequisites for stopping the decline of the social sphere of the village, reducing the intensity of the process of depopulation of the rural population, promotes the growth of agricultural production, and increases employment in the agricultural sector. Thus, if the size of the gross national product decreased by 51% from 1991 to 1999, then in 2000-2002, trends of its increase by 11.2% were outlined.

At the current stage, leased land relations are one of the main factors that determine the level of development of the social sphere of the village and the social well-being of the villagers. Their development depends to a certain extent on providing the population with material goods, primarily food, industrial goods, services and conditions that satisfy a certain need of a person and correspond to his interests.

The gradual overcoming of the artificially formed opinion about the exploitative nature of rent in general, and therefore land rent, which is allegedly a means of obtaining non-labor income, puts market attributes in their place. The legislative introduction of various forms of land ownership in our country has significantly expanded the range of landlords. Today, there are almost 7 million citizens in Ukraine who have received certificates for the right to a land share (share), which means that there is a huge reserve for the development of lease relationships in agriculture.

Thanks to the introduction of leased land relations, a new owner appeared in the village, who received the right to choose: to manage his own land, joining it to a personal farm without creating a legal entity, to lease it to another owner, or to lease the land of fellow villagers and create his own enterprise. Owners of land plots and land shares (shares) have the right to lease, donate, inherit, alienate, and carry out mortgage operations.

According to the current legislation, the owner of a land plot is a natural or legal person, a territorial community or the state, which is authorized to own, use and dispose

of a land plot, which is owned by the right of ownership, certified by a state act [75, p. 9].

More and more citizens are aware of the importance of their own share of land in the collective property, their right to dispose of it and manage it through elected management structures of the economy, to influence the efficiency of land use. Leasing a land share, for example, to his company, its owner thereby obliges the tenant (manager) to use the land effectively, because the tenant must pay rent for the use of the land share. In addition, the tenant is responsible for obligations not only to the team or the state, as before, but to the specific owner.

The psychology of the peasant-owner is formed under the influence of leased land relations. He will not seek to quickly lose ownership of his share of the land. At the same time, acquiring the rights of a full-fledged owner, the peasant can gradually take part in the formation of the land market.

Leasing land relations is closely related to entrepreneurship, since taking land, the tenant sets himself the goal of maximizing his profit. Therefore, leased land relations stimulate the tenant to increase profits, induce in him the feeling of a master-owner.

During the time of the planned distribution system, in all agricultural enterprises, without exception, the land was not owned, but shared. Other means of production were also socialized through the introduction of the so-called collective farm-cooperative ownership. This, in the end, led to the alienation of the peasant from the land, which, in turn, led to a decrease in the motivation of labor, its productivity, and ultimately led to the decline of the industry.

Leasing land develops entrepreneurial traits in new land owners, contributes to changing the mentality of people in the direction of forming an effective owner-entrepreneur, as well as reviving the ancient desire of the Ukrainian peasantry to be owners of their own land. In the process of formation of economic structures, there is a movement of the right to land in the direction of its concentration in the hands of an efficient owner.

The entrepreneurial feature of the lease is the main achievement of the introduction of leased land relations, which allows us to reveal their socio-economic orientation. In the conditions of a market economy, the lease mechanism contributes to the improvement of production processes, encourages the lessee to conduct a marketing policy, draw up business plans, change the structure of production, - the introduction of intensive technologies in production, the inseparable connection of production with science, conducting breeding and breeding business, constant training and improvement of qualifications of employees and specialists. An important component of the entrepreneurial function of the lease is the ability to operate independently in market conditions.

The principles of entrepreneurship are the basis for the lease relationship and form an appropriate symbiosis. Yes, according to Art. 5 of the Law of Ukraine "On Entrepreneurship" entrepreneurial activity provides for: free choice of activities; involvement on a voluntary basis in the implementation of entrepreneurial activity of property, land plots and funds of legal entities and citizens; independent formation of the activity program and selection of suppliers and consumers of manufactured products, setting prices in accordance with legislation; free hiring of workers; attraction and use of material and technical, financial, labor, natural and other types of resources, not prohibited or limited by legislation; free disposal of profits, implementation of foreign economic activity.

A clear confirmation of this is the positive trends in the growth of production volumes in the Zhytomyr region since 2000, the increase in employment, the increase in the level of wages and the share of rent in the income of the population.

Competition for the right to lease land shares is a manifestation of competition between agricultural commodity producers. It should be considered one of the important forms of economic competition for the best conditions of economic activity. In our opinion, it will become more noticeable after the expiration of the lease agreements concluded in 2000-2001. Its deployment in the future is inevitable, given the limited agricultural land as a production resource. Not only the amount, but also the form of the rent indicates the level of profitability of the lease for the unit owners.

In the future, peasants will take into account such criteria as the regularity of rent payments, the willingness of the tenant to increase it, to pay in cash.

In addition, the legal regulation of the lease of land shares (shares) is one of the most important issues of the organization of production in modern conditions, when it is necessary to preserve, not yet completely destroyed, property complexes of newly created enterprises and achieve better results due to the combination of the advantages of private ownership of land and other means of production and collective form of labor organization.

The development of leased land relations in the agrarian sphere contributes to: creating the infrastructure of the agricultural land market, ensuring its state regulation; concentration of land in the hands of the active share of the rural population; to fully meet the needs of the population in land plots for personal peasant farming, haying and grazing, horticulture and gardening; meeting the land needs of social workers in the village; the evolution of a part of personal peasant farms into semi-commodity and commodity production structures; introduction of restrictions and burdens on agricultural land ownership and land use; rationalization of land use by economic methods.

In 2004, additions were made to the Land Code of Ukraine regarding the granting of land plots to workers of culture, education and health care, as well as to pensioners from their number living in rural areas. Now these citizens have the right to free ownership of a plot of land, within the land share (share) of a member of an agricultural enterprise, agricultural institution and organization, located on the territory of the relevant council from the lands of the agricultural enterprise, agricultural institution and organization, which are privatized or reserve lands or reserve fund, but no more than the norms of free transfer of land plots to citizens, established by law for conducting personal peasant farms, i.e. up to 2 hectares.

Both peasants, owners of land plots and land shares, and managers of new enterprises are interested in the development of leased land relations. Land leases allow the peasant to: exercise his right to dispose of his property and establish himself as a full-fledged owner; to improve the well-being and socio-economic protection of one's

family at the expense of rent; encourage him to be interested in the economical use of land and increase the efficiency of its use by the tenant; in addition, the lease of land is one of the specific types of its movement, which does not lead to the loss of ownership of land [186, p. 47-48].

The tenant, thanks to the land lease, gets the opportunity to create an enterprise of the desired size, to show his best entrepreneurial abilities, to become an effective owner [186, p. 47-48].

Thanks to the introduction of leased land relations, a new source appeared in the income structure of the rural population - income from the lease of land shares. In 2004, 5.6 million lease contracts were concluded. Their owners received 52 million hryvnias in rent, which is 15 million more than in 2000. The rent on average in the Zhytomyr region is UAH 63.3 per 1 hectare or UAH 228 per share. Settlements are made with money, grain and other products and services. This is an extremely positive socio-economic phenomenon. Retired peasants received half of these funds.

Widespread introduction of land lease, as one of the components of the market, improves the financial condition of the owners of land plots and land shares (shares). In the conditions of meager wages and pensions, which were not paid, the rent became an additional source of social protection in the countryside.

The materials of the sample survey of the living conditions of households showed that currently the annual rental payments remain low, but provide the equivalent of about 2.5 monthly wages of a farm worker.

Table 2.10

Specific weight of rent in household income
(on average per month per household, in %)

Indexes	Ukraine				Zhytomyr region	
	2000	2001	2002	2003	2000	2002
Salary	18.7	22.3	23.5	23.9	20.8	24.8
Production of agricultural products	48.3	43.1	37.1	38.6	46.1	35.8
Pensions, scholarships and other financial assistance	15.1	17.1	21.0	17.9	17.4	24.0
Help from family and friends	6.4	6.5	6.5	8.1	4.9	3.9
Rent	1.7	2.0	2.4	2.0	0.6	1.7
Independent enterprise	1.4	1.8	1.9	2.2	2.0	-

Sale of personal property and real estate	0.3	0.3	0.5	0.1	-	-
Use of savings, loans, returned debts	4.9	3.8	3.8	3.7	5.4	4.9
Social benefits	2,3	1.9	1.5	1.3	3.2	2.9
Benefits (including for unemployment, low-income families, for children)	0.9	2.1	1.7	2.1	1.4	1.9
Total income	100	100	100	100	100	100

* Statistical collection. Expenditures and incomes of households of Ukraine in 2002 (according to the sample survey of living conditions of households of Ukraine) State Statistics Committee of Ukraine. Part 1. - K., 2003. - P. 259-260.

In the structure of incomes of the rural population, they make up an average of 2%, which is equivalent to UAH 450 on average in Ukraine and UAH 228 in Zhytomyr region (Table 2.10). Average monthly total resources of one household in Zhytomyr region in 2002 amounted to UAH 376, which is 1.3 times more than in 2001. They amount to UAH 125 per member, and the total costs are UAH 172, which is equivalent to 73% of the subsistence minimum.

In the future, the amount and share of income from the lease of land in the income structure of peasants will increase. The reserves here are significant. The ratio of rent for land and its value in Ukraine is 3-5 times lower than in other European countries. The improvement of lease relations will take place in the direction of increasing the rent and strengthening the protection of the rights of peasant owners.

A decrease in the competitiveness of agricultural products and an oversupply of labor led to a decrease in wages. Thus, the share of costs for its payment in the structure of production costs decreased from 33% in 1990 to 13.5% in 2000. Until the mid-90s, 56% of it was paid in kind and with significant delays. Peasant labor remains the least paid compared to workers in other areas of the economy. If in 1990 the average wage in agriculture was close to that of industry, now it lags behind almost twice and is the lowest among all branches of the economy. As evidenced by the data in the table. 2.11, the rent is 15% of the salary, and in some districts, in particular, in Berdychiv and Ruzhynsky, it reaches 26%, which is a significant supplement to the salary. At the same time in Emilchynsk,

Thanks to the unsoldering of collectively owned lands and the introduction of leased land relations, personal households of the population have developed; their

number increased by 30%, and land ownership more than doubled. The production of agricultural products in personal peasant farms increased by 19.8% in 2003 compared to 1999, and its share in the structure of gross agricultural production increased from 32.8% in 1991 to 64.7% in 2000. They produced 93% of potatoes consumed by households, 66% of vegetables and melons, 81% of eggs, 57% of fruits, berries, nuts, grapes, 72% of milk and dairy products, 38% of meat and meat. food products

Table 2.11

The specific weight of rent in the wages of employees

agricultural enterprises of the Zhytomyr region for 2002.*

No n/p	The name of the administrative districtin	The average registered number of full-time employees	Mid-month		In % before salary
			wages, hryvnias	rent, UAH	
1	Andrushivskyi	3646	155	34.2	22.1
2	Baranivskyi	2324	77	17.4	22.6
3	Berdychivskyi	4125	147	38.4	26.1
4	Brusylivskyi	1774	194	11.6	6.0
5	Vol.-Volynskyi	2341	113	10.4	9.2
6	Dzerzhinsky	2552	157	22.6	14.4
7	Emilchynskyi	4027	95	4.9	5.2
8	Zhytomyrskyi	3587	137	20.5	15.0
9	Korostenskyi	2407	126	5.8	4.6
10	Korostyshivskyi	2032	114	13.6	11.9
11	Luginsky	948	116	13.4	11.6
12	Lubarsky	5139	111	31.4	28.3
13	Malinsky	2386	128	9.4	7.3
14	Narodytskyi	1453	112	15.6	13.9
15	Nov.-Volynskyi	6074	135	18.6	13.7
16	Ovrutskyi	4466	130	13.1	10.1
17	Olevsky	2642	119	17.2	14.5
18	Popilnianskyi	5263	228	35.6	15.6
19	Radomyshl'skyi	3216	122	11.7	9.6
20	Ruzhynskyi	6832	139	36.6	26.3
21	Red Army	3409	130	14.6	11.3
22	Chernyakhivskyi	3529	117	15.3	13.1
23	Chudnivsky	4959	124	25.5	20.6
Total for the region		79871	136	20.2	14.8

*Zhytomyr region, 2002. Statistical yearbook. Zhytomyr Regional Department of Statistics. - 2002. - P.329.

Individual peasant households, which have withdrawn their land shares and manage them independently, are increasingly approaching farms. Now there are more

than 300,000 of them in Ukraine with an average size of land holdings of more than 4 hectares, which is equal to the average size of farms in many European countries (Greece, Spain, Portugal).

This made it possible to increase the consumption of all basic food products, except for potatoes and sugar, by 1.1-1.2 times compared to 2001. The average cost of food per person in rural households was UAH 5.7 per day, which is 1.2 times higher than in 2001 and the corresponding indicator for the country. Compared to 2001, the caloric content of food has increased by 10% due to an increase in the content of fats and proteins in the consumed products.

On average, one person consumed 3.5 kg of meat and meat products, 27.8 kg of milk and dairy products, 18 eggs, 1.4 kg of fish and fish products, 4 kg of sugar, 2.2 kg of oil and other vegetable fats, 16.1 kg of potatoes, 9.8 kg of vegetables and melons, 1.4 kg of fruits, berries, nuts, grapes, 14 kg of bread and bread products (Table 2.12). The share directed by households in rural areas to food, as in 2001, had the predominant size among other directions of resource use - 69.3% (Table 2.13). The purchase of non-food goods and the payment of services in households account for a fifth of the total expenses. The turnover per person in rural areas is 3.3 times lower than in urban settlements and amounted to UAH 345, which is almost equal to the average for Ukraine (UAH 341).

Table 2.12

Food consumption in rural areas
(on average per month per person, kg)

Indexes	Ukraine			Zhytomyr region	
	2001	2002	2003	2000	2002
Meat and meat products	2.6	2.8	3.2	3.9	2.2
Milk and dairy products	19.5	21.2	20.1	21.0	27.8
Eggs, pieces	15	17	15	13.0	18.0
Fish and fish products	1,2	1,2	1.1	1,2	1.7
Sugar	3,4	3.1	3.2	4.7	4.0
Oil and other vegetable fats	1.8	1.8	1.8	2.0	2,2
Potato	14.6	13.7	13.2	16.8	16.1
Vegetables and melons	9.2	9.9	8,9	9.0	9.8
Fruits, berries, nuts, grapes	1.8	1.8	1.8	1.8	1.4
Bread and bakery products	11.1	11.3	11.2	11.9	14.0

Table 2.13

The share of consumed food products produced in personal subsidiary farms (on average per month, %)

Indexes	Ukraine		Zhytomyr region	
	2001	2003	2000	2002
Meat and meat products	58.7	54.9	42.9	39.9
Milk and dairy products	59.7	68.7	66.9	72.2
Eggs, pieces	79.6	88.6	63.9	80.6
Fish and fish products	10.3	7.0	12.0	7,8
Sugar	8.1	7.7	5.1	3.3
Oil and other vegetable fats	5.0	14.9	1.6	-
Potato	91.7	92.1	92.9	93.0
Vegetables and melons	78.6	72.6	75.5	65.5
Fruits, berries, nuts, grapes	69.2	52.7	56.4	57.4
Bread and bakery products	9.0	7,8	9.0	2.7

The introduction of leased land relations created favorable conditions for the development of farming. After the issuance of the Decree of the President of Ukraine "On Land Leasing", the area of farms increased dynamically and exceeded 38.9 thousand hectares at the beginning of 2000. During 2000, it almost doubled and now exceeds 2 million hectares. The average size of one farm is 56 hectares and is formed mainly due to the lease of land shares. The production of agricultural products during 1999-2002 in farms increased almost 10 times.

The process of economic self-determination of peasants and their transition to farming will continue. To speed it up, active and comprehensive support of the state is needed in matters of attracting credit resources for the purpose of updating the material and technical base.

Transformational processes in the economy and the protracted nature of the transition period led to the decline of the village's social infrastructure. Residents of half of rural settlements do not have access to even the minimum set of social services. During the period from 1999 to 2003, the network of rural preschools decreased by almost 16%. At the beginning of 2004, there were 251 of them, however, only 130 or 51.8% worked last year. The situation with the coverage of preschool education for children remains difficult in the Baranivskiyi, Volodar-Volynskiyi, Emilchynskiyi,

Korostyshivskiy, Luhansk, Narodnytskyi, Nov.-Volynskiy districts, where in 2003 only 1-3 institutions were operating in rural areas, and none in the Chernyakhiv district (Appendix L).

During 1999-2004, the number of general educational institutions decreased by 2.1% and amounted to 751 institutions, rural libraries - by 7.6% and amounted to 850 units, clubs - by 6.8% and amounted to 1092 institutions, the number of movie screening centers decreased 7 times and amounted to 43 units (Appendix M). 356 (32.6%) club-type cultural institutions and 63 (7.4%) libraries need major repairs, 13 and 2 institutions are in a state of emergency, respectively.

The housing stock of rural settlements at the beginning of 2003 included 272,200 houses, of which 46% were built before 1960, 26% were built between 1961 and 1970, 24.1% were built between 1971 and 1990, and only 4.2% of housing was built during 1991-2001, and 2.2% during 1997-2003.

Villagers live in difficult conditions. In 2003, 4.6% were equipped with water supply, 4.1% with sewage, 16.0% with central heating, 1% with hot water, and 81.2% with gas (including cylinder gas). 65% of villages do not have paved streets and lighting, 66% have communication offices, 86% canteens, cafes and sports facilities. The services of doctors are available only in 8% of settlements, only nurses work in 56% of villages (Appendix H).

As of January 1, 2004, 598,100 people or 44% of the total population of the region lived in rural areas. During the period that has passed since the All-Ukrainian population census was conducted (December 5, 2001), its number decreased by 18.5 thousand people or by 3%, while in the region as a whole - by 28.7 thousand (2, 1%). The decisive factors in the general reduction of the rural population of Zhytomyr Region are limited access to medical services and natural reduction, which was reflected in the decrease in the number of the population in 2002 by 7.9 thousand people in 2003 by 8.2 thousand people (Appendix O).

Table 2.14

Natural population movement *

Indexes	Total, persons			Per 1000 of the available population		
	1989	2001	2002	1989	2001	2002
Number of births	8427	5433	5556	11.7	8.8	9.1
Number of dead	11401	13308	13467	15.9	21.6	22.1
Natural population growth	-2974	-7875	-7911	-4.2	-12.8	-13.0
Number of registered marriages	6510	3520	3479	9.1	5.7	5.7
Number of registered divorces	617	1241	1426	0.9	2.0	2,3

*Zhytomyr region, 2002. Statistical yearbook. Zhytomyr Regional Department of Statistics. - 2002. - p. 269.

The average age of rural residents at the beginning of 2003 was 42 years, which is 2.5 years more than in the region as a whole. At the same time, rural women are older than men (45.1 years versus 38.1 years).

The demographic burden on the population of working age in rural areas was 1,054 persons of non-working age per 1,000 persons of working age, including 396 children under 16 years of age and 658 persons older than working age.

According to village councils, it is necessary to open preschools in 160 villages of the region. The greatest need for them is Chudnivsky – 20, Emilchynskyi – 16 and Nov.-Volynskyi – 15, a school – in 61, a hospital – in 64, a commercial establishment – in 125, a canteen, a cafe – in 67, a communications department – in 53 villages. Low availability of these institutions in Chudnivsky, Emilchynskyi, Nov.-Volynskyi, Chervonoarmiyskyi, Chernyakhivskyi, somewhat higher - in Andrushivskyi, Narodytskyi and Radomyshl'skyi (Appendix L).

Investments in the creation of new social assets of the village in Ukraine decreased at an extremely fast pace. In 2000, the construction of new schools was at the level of only 14% of the level of 1990. Investments in new institutions of health care, culture and preschool education decreased even more (respectively, to 8%, 3% and 2% to the level of 1990 .).

During the years of the planned economy, collective agricultural enterprises were the main providers of social and communal services to the rural population. In market conditions, provision of these services and development of rural infrastructure is a function of local authorities.

The transfer of social services to the competence of local authorities is a necessary condition for the transformation of former collective agricultural enterprises into viable commercially oriented firms. The first attempt to do this was made in 1996 with the adoption of Decree of the Cabinet of Ministers of Ukraine No. 1060.

According to the Decree, all social assets of KSP were divided into three main groups, according to their ability to function independently of state funding. The first included retail establishments, residential construction, canteens, as well as household service establishments (repair shops, tailoring, etc.). The second one included communal services (water and gas supply, telephone communication and electricity supply) and residential and operational services. The third group included kindergartens, schools, cultural and sports institutions, libraries, etc.

Decree of the President of Ukraine No. 398/2000 dated March 9, 2000 "On some measures aimed at improving the operating conditions of non-state agricultural enterprises" stimulated the acceleration of the transfer of social infrastructure objects from reformed agricultural enterprises to communal ownership. The transfer of social assets is carried out in accordance with the Law of Ukraine No. 147/98-BP of March 3, 1998 "On Transfer of State and Communal Property".

According to Art. 31 of the Law of Ukraine "On Collective Agricultural Enterprises", objects of the social sphere, housing stock, including unfinished construction, as well as intra-farm meliorative systems of enterprises, which are not subject to division in the process of reorganization of these enterprises and transferred to the balance sheet of successor enterprises, are subject to free transfer to communal ownership in accordance with the procedure established by the Cabinet of Ministers of Ukraine.

However, most local authorities are not quite ready for their new role in rural development, as they do not have sufficient administrative and financial capabilities to provide social services. The revenue base of local budgets consists of four tax sources: a) income from local taxes; b) fixed tax income; c) regulated income; d) transfer income. There are also non-tax sources, for example, land rent, which is now becoming a significant source of income.

Since, as evidenced by the data in the table. 2.15, non-tax revenues (or rental income) make up almost 59% of the income of village councils, so the efficiency

Table 2.15

The main sources of income of village councils
(as a percentage of total budget revenues), 2001*

Indexes	Regions				
	Donetsk	Odesa	Rivne	Zhytomyr	Generalized meaning
Taxes, everything	33.4	41.4	46.1	45.6	41.6
1.1 Local taxes	0.2	6.2	5	3.7	3.8
1.2 Nationwide applications including:	33.2	25.2	41.1	41.9	37.8
1.2.1 Income tax	17.7	19.3	14.7	10.4	15.5
1.2.2. Fixed agricultural tax					
1.2.3 Tax on land	9.6	7,8	9.8	14.7	10.5
1.2.4 Others	4.8	5	13.6	14.7	9.5
2. Non-tax revenues	1.1	3.1	3	2.1	2,3
2.1 Non-budgetary funds	66.6	58.6	53.9	54.4	58.4
2.2 Subsidies and grants	4.1	18.5	19.6	27.3	17.4
2.3 Subsidies	45.6	40.1	34.3	27.1	36.8
	16.9	-	-	-	4.2

* Using the agricultural potential of Ukraine: stimulating growth in agriculture and improving life in the countryside. Project. - K, 2004. - P.179.

the functioning of the social infrastructure directly depends on how efficiently the reserve and reserve fund lands, as well as the infrastructure objects themselves, will be leased.

On the territory of each village council of the Zhytomyr region, as a rule, 1-3 non-state-owned agricultural enterprises, as well as farms, operate. ISeffective transfer of state and communal lands to them will allow replenishment of the local budget.

Other possible sources of replenishment of local budgets can be: redistribution of budget expenditures from support of agricultural production to full provision of social services; solving employment and poverty issues; development of rural physical and social infrastructure; redistribution of funds between councils of different levels

Filling the revenue part of the budget at the expense of rental payments will allow more funds to be invested in the construction of schools, paramedics and midwifery stations, rural roads, will contribute to the implementation of regional programs of individual housing construction "Own House" and the construction of housing for young families.

One of the main priorities of the state should be the completion of the process of delimiting land plots and issuing state deeds for land. At the same time, state policy should move along a middle path, preventing the rapid consolidation of land in the hands of a small number of individuals and the excessive fragmentation of existing agricultural enterprises to sizes that are unable to maintain their viability. In this context, assistance to peasants in obtaining their land shares in kind for the purpose of expanding personal peasant farms, as well as creating a network of small enterprises and cooperatives as an organic component of the infrastructure of agricultural services and markets in the village, becomes of paramount importance.

Agricultural land should be leased only through the mediation of the village community (village council), which, having received the land for management and leasing it, will annually regulate the amount of rent, distribute it among the owners, and leave a part for the social development of the village. In these conditions, schools, kindergartens, hospitals, homes for the elderly - the entire social sphere of the village, village life and the identity of the villagers will provide for themselves [60, p.401].

When considering the socio-economic orientation of leased land relations, special attention should be focused on the socio-psychological condition of the peasants. In most cases, when interviewing peasants, one gets the impression that not everyone knows how to deal with the land share. Having the lease agreement in their hands, most of the interviewed respondents did not read it. The vast majority of interviewed able-bodied owners do not have the opportunity at all and do not want to work on it. Insufficient explanatory work on the issues of land reform at the local level is indicated.

Conclusions to section 2

Land reform laid the foundation for changes in the structure of land ownership, as a result of which 75% of agricultural land was transferred to private ownership. On the basis of 605 collective agricultural enterprises, 812 market-type farms were created, 297.9 thousand peasants got ownership of 1 million 88 hectares of agricultural land, of which they leased 73.1%. Contract terms are different, short-term leases of up to 5 years dominate, and only 8.5% are long-term leases of more than 6 years.

The rent on average in the Zhytomyr region is UAH 63.3 per hectare or UAH 228 per share. Among the forms of its payment, the natural share of which is 67% prevails. According to the results of research (questionnaire survey of landlords and tenants), a rational ratio between forms of rent can be considered: 30% - in cash, 50% - in kind, and 20% - provision of services to the landlord.

Calculation and payment of rent are problematic aspects of tenancy. Calculations for it were carried out at 40%, and at the level of 1% of the normative monetary value of the land. In this regard, it is advisable to distinguish between normative, contractual and actually paid rent. According to the analysis, only 28% of tenants in the region pay rent at the level of 1.5-2% of the land value. In general, its lower limit at the level of 1.5% today satisfies the subjects of lease relations. As agriculture develops, this size should increase. An increase in the interest rate above the specified rate can lead to a sharp decrease in profitability and even to unprofitability of enterprises.

In the course of the research, a number of reasons were identified that inhibit the development of leased land relations. Conventionally, they can be divided into three groups: natural, organizational and financial. Natural - caused by the qualitative properties of the soil and the specificity of the natural conditions of the region. Organizational - related to the protracted nature of the transition period, the absence of a competitive rental environment, the dominance of short-term rentals, low awareness of the population in their rights, and the lack of effective control mechanisms for the rational use of land. Economic – lack of economic levers to support agriculture (mechanisms for attracting medium and long-term investments); significant disparity

between prices for agricultural products and material and technical resources of industrial origin, unprofitability of most enterprises.

To determine the main factors under the influence of which the amount of rent is formed, we conducted a grouping that showed that its growth is directly proportional to the increase in the area of leased land and its monetary value. With the help of correlation-regression analysis, the degree of influence of each of them on the amount of rent was determined. Thus, when the assessment of 1 hectare is increased by 100 UAH, the payment increases by 1.9 UAH, the expansion of the leased area by 100 hectares leads to its increase by 9 UAH.

Given that only 85% of the rental amount is determined by these factors. We investigated the influence of the human factor on this process. For this, a sociological survey was conducted, the respondents of which were 226 villagers and 98 heads of newly created farms in the region. Summarizing the results of the survey, it can be stated that low awareness of the population regarding their rights, lack of proper explanatory work leads to underestimation of rent, delay in its payment, and monopolization of the land rental market.

Socio-economic orientation is an important component of rental relations. The existing amount of rent in the region is UAH 228 per share, which on average is equivalent to 2.5 wages or 15% of their monthly amount. In the structure of incomes of peasants, rent is an average of 2%. The creation of new agricultural formations, the management of which is based on the basis of rent, contributed to the increase in the efficiency of agricultural production. However, their further development requires significant investments in the form of medium and long-term bank loans.

The lack of a competitive environment in the land rental market creates a monopoly for former agricultural enterprises and leads to underestimation of the rent, delay in its payment, overestimation of the prices of the issued products and services provided at the expense of the rent. In order to increase the social protection of land owners, it is necessary to increase the level of awareness among villagers about their rights, to promote the establishment of public control over the effective use of land through close cooperation between owners, local self-government bodies and tenants.

The perspective of the development of leased land relations should be: the introduction of economic stimulation of land owners and land users for the rational use and protection of land; mandatory use of land tenders (auctions) for leased land, introduction of a mechanism for pledging the right to lease land.

SECTION 3

DIRECTIONS OF IMPROVEMENT OF RENTED LAND RELATIONSHIP

3.1. Improvement of land rent

The land reform in Ukraine laid the foundation for the formation of leased land relations in agriculture. Studies show that the formation and development of newly created agrarian formations of the market type and the improvement of the material condition of the villagers directly depend on the improvement of lease relations. Subjects of lease relations must fully exercise all powers included in the triad of "ownership, use and disposal of land". Lease relationships must be filled with valid content, taking into account world experience and the specifics of business conditions.

Prerequisites for the development of land lease at the current stage are: allocation of land plots in kind, certified by state acts; renegotiation of lease agreements in connection with the change of the lease object (negotiation of terms, rent, location); development of pledge transactions with land, in particular, pledge of lease rights, increase of rent.

Now in the village there are owners of land shares (shares), certified by certificates of the right to a land share (share), and owners of land plots certified by state acts of ownership of a land plot, who can dispose of them in different ways: manage them themselves, rent them out or alienate.

According to Derzhkomzem data, as of January 1, 2005, in Zhytomyr region, 60.3% of owners replaced certificates with state documents. However, as practice shows, the mass issuance of state documents is a rather complex issue that requires balanced decisions. Farm managers face a problem: how to preserve crop rotation and the integrity of the land mass when the owner of the land plot leaves it. Under these conditions, farms are forced to spend additional funds and time on the renegotiation of lease agreements, provided for by law. In the region, there are cases when, without the knowledge of the tenant (head of the enterprise), several more business entities are created on his territory. Such a situation negatively affects the economic activity of agricultural formations and requires mutual coordination of actions between them.

Solving many problematic issues related to the organization and regulation of leased land relations depends primarily on the establishment of a full-fledged competitive environment among potential tenants. Having analyzed the state of development of leased land relations, it can be stated that at the current stage, the supply of land leases exceeds the demand. The main reasons for the lack of competition in the land rental market are: firstly, the difficult financial condition of most newly created enterprises; secondly; lack of investors; favorable rules of the game, in particular a perfect price, credit mechanism and material and technical support; thirdly, the owners of the land lack the ability and desire to work on it independently. This is explained by the fact that almost 40% of the owners of land plots and land shares are pensioners.

In our opinion, such phenomena are temporary on the way of the transformation of the agricultural sector to the conditions of the market economy. In market conditions, the competition for the right to lease will be the main incentive for its effective use on the one hand, and an increase in rent on the other.

The issue of calculation and payment of rent remains problematic today. According to the Decree of the President of Ukraine, it is set at a level not lower than

1.5% of the monetary value of the land. In fact, on average in Ukraine it is paid at the level of 1.3%, in the Zhytomyr region only 1.2%.

The size of the rent should increase in accordance with the improvement of the economic situation in the economy. At this stage, it is necessary to pay attention to the parties' compliance with contractual obligations in the matter of rent payment. As of January 1, 2005, only 89% of it was paid in Ukraine, and 71% in the Zhytomyr region. It would be appropriate at the legislative level to provide for the restructuring of the debt for the payment of rent due to force majeure circumstances and the responsibility of the tenant with the property in case of violation of the lease agreement.

In our opinion, the amount of land rent (or its part) should be the basis for determining the amount of rent. In addition, the legislation provides for the indexation of rent. In order to improve the lease relationship, it is expedient to legally provide for its annual review in the lease agreement in connection with changes in the macroeconomic situation.

Positive in this regard is the experience of Sweden, where the set amount of rent is maintained only during the 1st year of the agreement. In subsequent years, it is adjusted depending on the aggregate price index compiled for that period. In particular, for every 1% increase (decrease) in the price index, the rent increases (decreases) by 0.6%.

The indexation of the value of the land share (share) and the increase in the rate leads to an increase in the amount of the minimum rent.

In our opinion, the use of the monetary value of land as a regulatory basis for calculating rent is the most reliable in the transitional period to the market. Under the conditions of the functioning of the land market, such a norm will be the market price of land.

The absence of a connection between the amount of the rent and the term of the lease or the productivity achieved by the tenant indicates the insufficiency of a serious methodical foundation in most cases. Studies show that with practically the same rent per hectare, its profitability differs tenfold by group. This confirms that even today

there are enterprises that can pay rent at a level higher than the minimum, but against the background of the general unprofitability of agriculture, they do not do so.

Despite the presence of a sufficient number of legislative assets, the mechanism of lease relations has not been worked out enough. The adoption of a new edition of the Land Code of Ukraine, the issuance of a number of decrees of the President of Ukraine regarding the settlement of rent for land and the accumulation of experience in paying rent for land in Ukraine creates a need and provides grounds for the development of methodological recommendations for the further improvement of methods for determining the amount of rent for leased properties land plots and land shares (shares) and the ratio of forms of rent in settlements with land lessors.

In accordance with the terms of the land lease agreement between the lessor and the lessee, the level of rent is set by agreement of the parties, based on the indicators of the monetary value of the land and other production factors. Depending on the direction of application of monetary land valuation indicators, two main methodological approaches were objectively distinguished, which are the basis of land monetary valuation methods - normative - for general normative land valuation and expert - for expert valuation of a specific land plot.

To determine the amount of rent, both normative and expert monetary valuations of land should be used, with the only difference that normative monetary valuation can be used both when concluding lease agreements for land shares (units), certified by certificates, the location of which is not determined on the ground, and when concluding land lease agreements. An expert monetary valuation of land is used when concluding land lease contracts certified by state acts on land ownership. However, such an assessment in agriculture has not yet been carried out. Currently, when concluding land lease contracts, the normative monetary valuation of land is used, which should be clarified in the near future in accordance with the "Conceptual foundations of improvement of land valuation in Ukraine". approved by the Presidium of the Ukrainian Academy of Agrarian Sciences on January 29, 2002. By the way, in the "Standard Land Lease Agreement" approved by the Cabinet of Ministers

Resolution dated March 3, 2004 No. 220, it is also provided for the use of normative monetary valuation of land for this purpose.

Currently, leased land relations are regulated by the Law of Ukraine "On Land Lease" (new edition dated October 2, 2003) and decrees of the President of Ukraine. According to the Law, the rent for land plots of state and communal property is determined at a level that does not exceed 10 percent of their normative monetary value. There are no restrictions on the level of rent for privately owned land. If the tenant is determined on a competitive basis, a higher rent may be set. The amount of rent for land is calculated taking into account inflation indices, unless otherwise stipulated in the lease agreement. It should be borne in mind that in accordance with the Law of Ukraine "On Payment for Land", the inflation index is used to determine the indexation coefficient, according to which the normative monetary valuation of land is indexed every year as of January 1, provided that the indexation coefficient exceeds one. That is, setting the value of the normative monetary valuation of land in accordance with the indexation coefficient automatically entails a change (clarification) of the amount of rent in the lease agreement. The lower limit of rent for land is regulated by decrees of the President of Ukraine, namely: Decree of February 2, 2002 No. 92 "On additional measures for social protection of peasants who own land plots and land shares (shares)" as amended by the Decree of September 13 2002 No. 830 "On Amendments to Article 1 of the Decree of the President and Ukraine of February 2, 2002 No. 92". They provide

The development of leased land relations in the newly created market-oriented economic formations requires further improvement of the rent for the leased land plots and land shares (shares) from citizens - members of these enterprises and pensioners. The rent amounts regulated by the decrees of the President of Ukraine do not fully ensure the market circulation of land leases and do not contribute to their effective use. An analysis of the actual payment of rent for land in Zhytomyr Region by various economic entities as of October 1, 2005 showed that its level is even lower than that stipulated by the President's decrees and is 1.16 percent of the monetary value of leased

land. In addition, as of the specified date, tenants have paid only 71% of the rent from the total amount of payments according to the concluded contracts.

The amount and forms of rent for land are currently established in the lease agreement in accordance with the Standard Land Lease Agreement, approved by Resolution No. 2205 of the Cabinet of Ministers of March 3, 2004 (previously, the standard agreement was approved by the Derzhkomzem of Ukraine) by agreement of the parties.

It is known from existing practice that establishing this size is not easy and requires scientific justification. As a criterion that best meets the requirements regarding the objectivity of land relations between the owner of the land and the tenant, there is a scientifically based distribution between them of the differential and absolute rental income, which is created on lands of different quality in the process of agricultural production.

The generated rental income was reflected in the monetary value of agricultural land. The larger the amount of rental income, the higher the monetary value of the land plot, which means that the rent for it should be higher. When determining the level of rent, the interests of both parties - the tenant and the landlord - should be taken into account. The classic option for calculating the rent is to determine it according to the size of the rent payments, which in turn are determined by the size of the differential rent. From the theory of rent, it is known that the rent-generating factors are not only the qualitative indicators of the soil cover, but also the favorable location of land plots in relation to the market infrastructure. The degree of consideration of these factors is determined by methodical approaches used in the monetary valuation of land.

The current legislation does not establish the amount of rent for leased land plots or land shares (shares), but only regulates the minimum, and for state and communal property - the maximum percentage of the normative monetary value, giving the lessor and the lessee the opportunity to freely negotiate and fix in the lease agreement the results of this arrangement.

When concluding land lease agreements, one should take into account both the advantages and disadvantages arising from lessors - owners of land plots certified by

state acts for ownership of land plots, i.e. allocated in kind (on the site) and lessors - owners of land shares (shares) , certified by certificates, i.e. without allocation in kind.

Therefore, when concluding lease agreements, the amount of rent for a leased land plot or land share (share) must be determined by agreement of the parties, taking into account: the location, configuration and topography of the land plot; supply and demand for land lease; the term for which the lease agreement is concluded; type of agricultural land that is leased; existing restrictions on the use of land, including easements; quality characteristics, capital investments and land valuation.

However, it should be remembered that in any case, the amount of rent should not be lower than the minimum established by law - 1.5%, and for state and communal lands - higher than 10% of the normative monetary value of the land.

An important issue that needs to be resolved in the process of developing leased land relations is the definition of a rational ratio between the forms of rent for land provided for by the Law of Ukraine "On Land Leasing". According to the results of research (questionnaire survey of landlords and tenants), a rational ratio between forms of rent in Zhytomyr region could be considered: 30% - in cash, 50% in kind and 20% - provision of services to the landlord. So far, the natural form of rent prevails in the region (73.4%). The rental fee in cash is only 15%. At the same time, rent for land plots that are in state and communal ownership (in accordance with the Law of Ukraine "On Land Lease") is paid exclusively in cash.

Depending on the change in the price level, tenants maneuver the form of rent payment. In the conditions of a relatively low price for products and the absence of markets for their sale, farms try to settle with landlords with agricultural products, and if the price, for example, of grain is high enough, there is a desire to pay money. In addition, the natural form of rent allows tenants to avoid taxation. As a result, up to 80% of rental payments are made in kind.

In order to improve calculations, the form, amount, and most importantly, the term of rent payment should be clearly regulated in the lease agreement. If the payment is made in kind, it means that the calculations should be made no later than the end of the harvest.

The specific weight of the rent in the harvest and in the monetary valuation of the land in the dynamics for 2001-2003 in the farms of Popilnya and Brusyliv districts, which are typical for the Forest Steppe and Polissia, respectively, was studied (Appendix P).

On average, over three years, rent was paid at the level of 1.1% of the monetary value of the land (9,300 UAH), which is equivalent to 12% of the harvest in the Popilny District and, respectively, 0.8%, 5,475 UAH, and 10% in the Brusyliv District. Provided that the tenants will pay rent at the level of 1.5% (the equivalent of which in the districts is 12% and 10%) and taking into account the dynamics of yields and prices over these years, the owners for the land share, the average size of which is 4.3 and 5 ha will receive a total of 13.8 and 9.4 quintals, respectively. The average value for 2001-2003 in favor of the share of the grain harvest was 12.8 t against 13.7 t with an average yield of 28.5 t/ha and a price of 43.5 hryvnias/ha, but as we can see, the difference is not significant (Table 3.1).

Table 3.1

The amount of rent depends on the basis of calculation
in Zhytomyr region for 2001-2003 ***

Years	Rent for 1 hectare UAH	Share size, ha	Grain yield, tons/ha	% of payment, from the monetary value	% payment from grain yield	Rent for 1 ha, ts			Rent for a share, c		
						1.5% of cash evaluations	% of grain yields	Actually paid	1.5% of cash evaluations	% of grain yields	Actually paid
Popilnyany district											
2001	87.3	4.3	31.4	1	6.5	3.2	3.8*	2.0	13.8	16.2*	8.6
2002	122.3	4.3	31.8	1.3	12.7	3.2	3.8*	2.8	13.8	16.4*	12.1
2003	91.6	4.3	22.2	1	9.1	3.2	2.7*	2.1	13.8	11.5*	9.1
2001-2003	100.4	4.3	28.5	1.1	8.6	3.2	3.4*	2.3	13.8	14.7*	9.9
h	h	h	h	h	h	12.8	13.7**	9.2	55.2	58.8*	39.7
Brusylivskiyi district											
2001	39.9	5	23.6	0.8	4.4	1.9	2.4*	0.9	9.4	11.9**	4.6
2002	40.5	5	21.8	0.8	6.5	1.9	2.2*	0.9	9.4	11.0**	4.7
2003	41.9	5	14.8	0.8	6.5	1.9	1.5*	1.0	9.4	7.5**	4.8
2001-2003	40.7	5	20.1	0.8	5.4	1.9	2.0*	0.9	9.4	10.2**	4.7
h	h	h	h	h	h	7.5	8.1*	3.7	37.7	40.6**	18.7

* 12% of the harvest, ** 10% from the harvest *** Calculated by the dissertation student

The revealed regularities on average for 2001-2003 allow us to conclude that in farms of the Popilnya district, where the yield is within 20 t/ha, it is more appropriate for the peasants to receive rent as a percentage of the monetary value of the land, with a yield of more than 30 t/ha as a share harvest. Arguments in favor of the monetary assessment are: the average yield in the region does not exceed 20 t/ha, 70% of enterprises are unprofitable, less possibility of leveling the basis of accrual (additions), general rates of production decline. At the same time, in farms where there is an increase in production volumes, it is better to receive such 9% rent as a share of the harvest.

In addition to determining the level of rent based on the monetary value of land, a number of scientists offer other methods. Yes, V.Ya. Mesel-Veseliak determines the rent depending on the specific weight of capital costs (land) in the production process [99, p. 160]. Therefore, it is advisable to compare the rent levels determined by the specified methods using the example of the Zhytomyr region.

At the first stage, we will determine capital costs (value expression and structure) in the production process (Table 3.2).

Table 3.2

The specific weight of spent capital per hectare of grain crops in the Zhytomyr region

Indexes	UAH	%
The cost of fixed assets	155.7	25.0
The cost of land	218.1	35.0
Labor	62.3	10.0
Other expenses	186.9	30.0
Together	623.0	100.0

Further, in accordance with the structure of costs (Table 3.2) and profit (Table 3.3), the profit is distributed according to the components of capital costs (in the structure of costs, the specific weight of land is 35%).

Based on the data of the monetary valuation of the land, in kind (hundreds of grain) and in monetary terms, we determine absolute and differential rent, as well as profit (Table 3.3).

Table 3.3

Profit from 1 hectare of cereals in the Zhytomyr region in 2003*

Indexes	tons of grain	UAH
Profit	2.6	133.0
Absolute rent	1.6	81.9
Differential rent	2.9	148.4
Together	7.1	363.3

*Appendix R

The calculation of rent for land is carried out as follows: for the use of land, the owner must receive the absolute rent in full - 1.6 cents of grain, as well as part of the differential rent and profit - 1.0 and 0.9 cents of grain, respectively. Thus, in natural terms, the average rent for the use of one hectare of land in the Zhytomyr region is 3.5 tons of grain, and in terms of value, it is about 179.1 hryvnias (2.8% of the land's monetary value). It would be more expedient to use this method if the lessor participates in production with his own capital.

Based on the fact that lands of different fertility provide different levels of profit, there is an approach to determining the size of the rent, which is based on including a share of profit differentiated depending on the level of profitability.

M.Y. Malik [110, p.238-239] proposes to determine the rent for the land based on the differential rent, which is calculated on the example of the main crop grown on the leased plot, according to the following formula:

$$D_r = Y_n (P_n - C_n - \Pi_n),$$

where D_r is differential rent; Y_n – normative yield of the crop, ts of 1 ha; R_{ts} – sale price of 1 ts. products; C_n – standard cost of 1 t of products; P_n – normative profit per 1 t of products. The calculation of the rent according to this method is given in the table. 3.4. At the same time, the author suggests that at a level of profitability up to 15%, about 3% of the estimated profit should be included in the rent, at profitability from 15 to 30% - 30-40%, at profitability 30-45% - to include 40-50%, and above 45 % profitability - 50-60% of profit.

In this case, we see that in the absence of profit, and in the Zhytomyr region 81.4% of agricultural enterprises ended 2003 with losses, tenants may lose the

opportunity to receive rent altogether. In this case, its level of UAH 5.6 per hectare is equivalent to 0.09% of the monetary value. Therefore, the use of this method is appropriate under the conditions of profitable production.

Table 3.4

Calculation of rent for 1 hectare of land

Cultures	Crop capacity, ts from 1 ha	Full cost 1 ts, hryvnias	Cost of all products,	Sale price 1 ts, hryvnias	Revenue - total, hryvnias	Profit, UAH	Level profitability, %	Rent for 1 hectare	
								% minus the standard rate of return	amount of rent, hryvnias
Crops Sugar beets	16.3	35.8	583.5	51.4	837.8	254.3	43.5	-	-
	217.3	14.8	3216.0	14.5	3150.6	-65.4	-2.0	-	-
Together	H	H	3799.5	H	3988.4	188.9	5.0	2.0	5,6

The size of the rental income is determined according to the algorithm of monetary valuation of the land. In general, for the Zhytomyr region, the size of the total rent income from one hectare in physical terms in 2003 was 4.5 tons of grain, of which 1.6 tons was absolute rent income and 2.9 was differential rent income (Appendix R). The latter, in turn, includes differential rent I, which is formed due to the difference in fertility and location of land plots, and differential rent II - which arises as a result of additional investments of means of production and labor on the same land plot. When paying the rent, the lessor must receive the absolute rent and a part of the differential land rent in full, since the lessee fully bears the costs associated with the extended reproduction of production and the reproduction of land fertility.

So, as we can see, the rental fee for one hectare of agricultural land, calculated according to different methods, has different values. This testifies to the fact that in the conditions of the transition period, at the time when the formation of newly created enterprises takes place, one of the reliable tools for determining the recommended amounts of rent for land is the monetary valuation of land, since it is built on the basis of the comprehensive characteristics of land as the main means of production in agriculture. Its calculation is based on the data of soil quality (scoring) and the economic assessment of land, determined taking into account the level of productivity, production costs and their efficiency. The availability of the monetary value of land

makes it possible to calculate the amount of rent for each land plot of any agricultural enterprise, individual owner and land user.

Based on the economic conditions in the Zhytomyr region and the monetary value of the land, the estimated rents may be within the limits of the amounts listed in Appendix I.

Since the share of crop production in the income structure of agricultural enterprises of the Zhytomyr region is 60%, when determining the optimal amount of rent, we focused on the income from crop production. Calculations show that today the farms are unable to pay it even at the minimum level of 1.5% of the monetary value of the land. Of particular concern is the fact that in 2003, revenue from the sale of plant products exceeded the cost price in only 6 districts of the region, calculations at the level of 1.5-2% were made for only 28 percent of contracts. When rent increases to 2%, almost 100% of enterprises become unprofitable (Appendix I).

In this regard, it is possible to propose the amount of rent for 1 hectare of land leased in the Polish districts of the region at the level of 1%, in the forest-steppe zone - 1.5% of the monetary value of arable land, but not more than half of the rental income according to the estimate. With the price of wheat of the 3rd class at 50 hryvnias per 1 hectare, this will amount to an average of 1.5 to 2.2 ts for 1 hectare of leased land in Ukraine.

3.2. Introduction of a pledge of the right to lease land

As a result of the land reform in agriculture, new market-type agricultural formations were created. Their further development requires significant financial costs in the form of long-term bank loans for the expansion, renewal and modernization of production. Research shows that one of the ways of obtaining such loans can be a pledge of land. Based on the fact that the vast majority of these enterprises are lessees

of land, in order to obtain credit resources, it is necessary to legislate and develop a mechanism for pledging the lease right.

The possibility for citizens and legal entities to carry out mortgage transactions with land plots owned by them is provided for by the current Land Code of Ukraine (Article 133) [63, p. 55]. However, they cannot be used as collateral, as there is no appropriate legal framework, developed mechanisms and institutions for carrying out such transactions with land. In addition, the main obstacles to the pledge of the right to lease are the dominance of short-term leases, the lack of appropriate infrastructure (land (mortgage) banks) and the system of registration of rights to land plots, a large number of landowners, which makes it difficult to make a coordinated decision, restrictions on the turnover of land as a commodity, unprofitability of most agricultural enterprises.

The objective necessity of developing such a mechanism is determined by the fact that more than 90% of agricultural machinery has completed its depreciation period. The need of agricultural enterprises in investments in equipment is met by only 13.3%, including farmers by 10.8%.

In a general sense, a pledge is one of the means of securing the borrower's obligations to return loans to the pledgee (creditor) with his property, which can be sold at auction or transferred to other creditors to fulfill obligations in the event that the mortgagor (debtor) fails to fulfill the obligations assumed. At the same time, the right of ownership is not transferred, but if necessary, in the case of alienation, it is established in a court of law in accordance with the current legislation [7, p. 81]. A mortgage loan is a long-term loan secured by real estate - land and industrial and residential buildings. It is provided mainly by specialized institutions - mortgage banks, and in a number of countries - by commercial, agricultural and other banks.

The works of economists such as P.I. are devoted to the issue of land mortgages. Hayduky, P.T. Sabluk, M.M. Fedorov, S.I. Hook and others. However, currently there is no developed mechanism for pledging the right to lease land.

Pledge of the right to lease land plots is one of the types of mortgage, in which the object of the pledge is the right to lease, which belongs to the lessee in accordance with the lease agreement of the land plot.

The mortgagor (lessee) is a legal entity that, on the basis of a lease agreement, has the right to own and use a plot of land.

Pledge holder – credit institutions established in accordance with the current legislation of Ukraine, and legal or natural persons who may be lessees of land plots.

The lessee can pledge the right to lease the land plot only with the owner's consent and for a term not exceeding the lease term. At the same time, he retains the right to use the land plot (lease rights) for the entire term of the mortgage relationship within the lease term.

The right to lease land plots obtained for the placement of administrative buildings, which belongs to district, regional, Kyiv and Sevastopol city state administrations, the Council of Ministers of the Autonomous Republic of Crimea, the Cabinet of Ministers of Ukraine and local self-government bodies, cannot be the subject of a pledge. The right to lease part of the land plot is also not subject to a pledge, if the specified land plot is not subject to division according to the legislation of Ukraine. It is not allowed to pledge the right to lease agricultural land for the purpose of obtaining funds to fulfill debt obligations.

The pledge of the right to rent should become a key link in the "owner-tenant-bank" triad, which will be a guarantor of loan repayment and ensure an increase in the profits of the subjects of this agreement, as well as allow tenants to receive medium- and long-term loans, and land owners - even in the case non-repayment of the loan - to keep the object of ownership.

The State Land (Mortgage) Bank regulates mortgage transactions, carries out mortgage lending, issues mortgage bonds, controls the movement of land and the targeted use of funds, and engages in information, advisory and consulting work. It can be created in the form of a joint-stock company with an extensive network of regional branches.

Mortgage banks are those that specialize in issuing long-term loans secured by real estate (land) [11, p.122]. Their resources are their own savings and mortgage bonds - a type of long-term securities that are issued against real estate and yield a fixed (determined) interest [8, p.96].

At this stage, due to the lack of a developed infrastructure of the mortgage market, commercial banks and non-bank financial and credit institutions could take over the main function of providing credit resources for mortgage operations with land, and the State Land (Mortgage) Bank should compensate them for interest rates and monitor the targeted use of funds, information and consulting support for mortgage operations.

In order to protect their rights and interests in matters of optimizing the terms of lease agreements, fighting for a higher rent, the timeliness and correctness of its calculation and payment, defending their rights in court, owners can unite in unions that will become their representative body and a means of public control over targeted use of their property.

In order to attract additional funds, it is necessary to create conditions for the effective use of the population's savings. Investors can be individuals and legal entities, residents and non-residents who will invest funds in mortgage bonds. At the first stages, funds from the State Customs Service and the Pension Fund of Ukraine could be transferred to the service of the State Land (Mortgage) Bank.

To obtain a loan, the borrower submits to the bank a package of documents signed by authorized officials and certified by the company's seal (copies of lease agreements, a plan of the land plot; an act on the normative assessment of the land plot; a certificate of payment of land tax; written consent of all co-owners of the land plot).

The main documents for pledging the right to lease are contracts: lease, credit, pledge of the right to lease land, insurance (at the request of the bank).

When concluding a lease agreement, the lessee stipulates with the owners of land plots (lessors) the possibility of pledging the right to lease the land on the condition that their ownership rights are preserved and contractual obligations are met when the lease right is transferred to another lessee.

Upon receipt of a loan application, the bank's credit department assesses the borrower's financial condition and sets the terms of lending. The value of the right to lease the land plot (pledge price), which is the subject of the pledge, is determined by agreement of the parties. In our opinion, at the first stages it should be the average profit that can be obtained from it, and in the future - the amount of rent. The excess of the value of the loan guarantee over the loan amount should be within 50%, the interest rate should be at the level of 10%.

The granting of a loan is formalized by concluding a credit agreement, which defines the mutual obligations and responsibilities of the parties. Its essential conditions should be: the type and amount of the loan; credit term; targeted use of credit resources; the procedure for providing and repaying funds, charging and paying interest. Amendments and additions to the contract are formalized by means of an additional agreement.

Credit funds under the loan agreement are provided by the bank, after the execution of the lease agreement and the entry of information about the real estate pledge into the register of immovable property pledges in the State Register of Mortgages and the execution of the pledge insurance agreement.

The contract of pledge of the right to lease a land plot is subject to notarization and state registration. It is expedient to provide: plan (scheme), location, composition of land, quality condition, purpose and size of the land plot, buildings and structures located on it; the rights of persons to this land plot (rights of co-owners, about easements, etc.), the price in hryvnias of the right to lease the land plot (collateral price), the essence, amount and term of fulfillment of obligations; the party that bears the risk of accidental damage to the land plot; lease term

The right of lease, which is transferred as a pledge to the bank, is subject to insurance. By decision of the Credit Committee, the mortgagor may be exempted from insurance because it increases the cost of the loan.

Essential lending conditions:

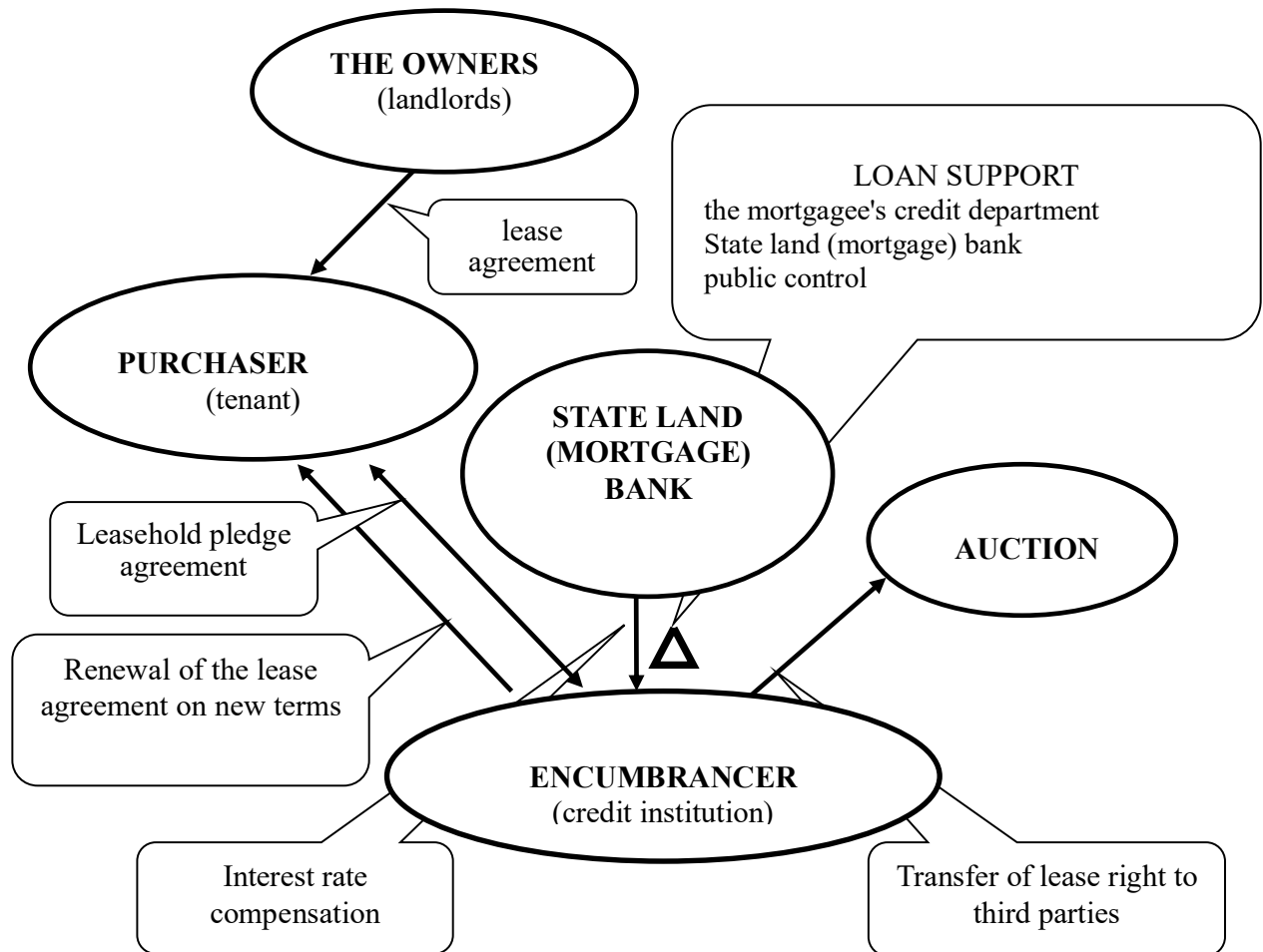


Fig. 3.1 The mechanism of pledging the right to lease land

- the provision of funds must be targeted and contribute to the reproduction of production;
- a pledge is possible only with the consent of the owner of the land plot and for a period not exceeding the term of the lease, and in the first year the principal debt and interest on it are not paid;
- the owner of the land plot must receive a guaranteed rent and preservation of the property in case of non-repayment of the loan;
- the mortgagor has the right to construct buildings or dispose of existing buildings on the land plot, unless otherwise stipulated by the contract;
- support of the loan by the bank during the entire term of the loan;

- the loan must be issued on the general terms of payment, term, return and security, as well as on the condition of control over the use of credit funds and legal guarantees of equal relations between the participants of the agreement.

In order to protect the rights of tenants and landlords, it is advisable that the following conditions should be taken into account in the lease agreement:

- the right to lease a plot of land can be transferred to the mortgagee only after the end of the season of agricultural work and the sale of products, but This should not affect the rights of land plot owners, namely, in any case, they should receive a guaranteed rent and retain ownership of the land plot;

- enforcement cannot be applied to the pledged right if the mortgagor has not fulfilled his obligation as a result of circumstances beyond his control (natural disasters, drought, locusts, etc.). In such cases, the court may decide to postpone the obligation;

- if the mortgagor has partially fulfilled his obligations under the pledge, the foreclosure is carried out on a part of the land plot, proportional to the unfulfilled obligation;

- realization of the right to lease the mortgaged land plot at auction is carried out in accordance with the requirements of the current legislation;

- the transfer of the right to lease the land plot to the new tenant is carried out either before the start of spring field work or after the end of the agricultural year.

Loan support is carried out on a comprehensive basis. Its main participants are the credit units and units supporting the mortgagee and the state mortgage bank, as well as the owners' union.

An employee of the credit department monitors the borrower's compliance with the terms of the credit agreement and the pledge agreement. At the same time, the bank maintains business relations with the borrower throughout the entire lending period, checks his financial condition and the condition of the intended use of the land plot, and, if necessary, carries out a reassessment of the collateral. The bank's security service checks whether bankruptcy cases or criminal cases have been filed against

borrowers. The owners' association must monitor the fulfillment of the obligations undertaken by the tenant and maintain contacts with the support department.

The borrower's activity is checked at least once a quarter. In the event that the analysis objectively indicates the impossibility of repaying the credit debt, the credit committee chooses the most rational methods, ways and means of its repayment, including: conducting claim and lawsuit work, initiating a bankruptcy case, applying for foreclosure on pledged property (execution of an executive inscription, if the contract is notarized), the ways of realizing the pledged property and the expediency of conducting claims and lawsuits with the guarantor (guarantor) are also determined.

The borrower has the right to apply to the bank before the due date for loan repayment with a letter of request for an extension, indicating: the reasons why he is unable to repay the loan debt within the period necessary for loan repayment and to develop an economic justification for the extension indicating the sources of repayment in in the future

In case of extension, a repayment schedule of the principal amount of the debt and interest for the use of the loan may be established. The terms of extending the term of the credit agreement must be agreed with third parties guaranteeing debt repayment (mortgagors - property guarantors, guarantors, guarantors).

According to pledge, surety, insurance contracts with guarantee letters, the bank reviews their terms of operation and, if necessary, makes changes by signing additional agreements. The extension of the loan is formalized by an additional agreement to the loan agreement and is carried out either on the initial conditions of granting the loan or with changes to them (including regarding the provision of additional security, signing the debt repayment schedule, changes in the interest rate, etc.).

In case of non-payment of credit debt on time, the following consequences are possible:the right to lease a plot of land is put up for auction; the right to lease is returned to the lessee under new conditions. This option is the most acceptable. It is implemented by concluding an appropriate agreement between the bank, as a creditor, and the debtor, or between the bank and a third party, without the participation of the debtor in the case of concluding contracts of suretyship or assignment of the right of

claim. The basis for debt restructuring is the borrower's letter of application with a technical and economic rationale for the possibility of repaying the debt subject to restructuring.

Debt restructuring may be accompanied, with the consent of the borrower, by additional conditions from the bank, including: transfer of all accounts of the legal entity for servicing to the bank's institutions; prohibition or restrictions on certain types of economic or commercial activity; reduction of production costs in order to increase its profitability.

The amount of the borrower's debt to the bank subject to restructuring may include: a) the amount of principal debt; b) amount owed on interest; c) penalty for late repayment of the principal debt and interest, the amount of the fine for non-fulfillment of the terms of the credit agreement.

Depending on the debt repayment mechanism, restructuring can be carried out by: extending the loan term with a possible reduction in the interest rate and establishing a debt repayment schedule; providing a new loan to repay the debt under the current credit agreement (refinancing); assignment; debt transfer; replacement of loan debt with promissory notes of third parties; repurchase by the bank of the borrower's liquid assets for its own use or with subsequent transfer to financial leasing.

Extension of the term of credit use - is drawn up by an additional agreement to the credit agreement, the terms of which may include both the setting out in a new version of the relevant clause of the credit agreement, which establishes the term of credit use, and the determination of the fact that the parties have agreed to extend the term of credit use until a specified date without changing the previous version credit agreement. In addition, the debt repayment schedule and sanctions for violating the terms of debt repayment or interest payment are established, including in the form of the creditor's right to collect the loan debt early. The agreement may contain a condition on the reduction of the interest rate.

Refinancing – providing the borrower with a new loan to repay the debt under the existing credit agreement, including interest. Refinancing is used by the bank in relation to borrowers who have a satisfactory financial condition, but due to a lack of

own funds, do not have the opportunity to fully repay the debt within the terms specified in the credit agreement. Also, refinancing is used in relation to borrowers who are unable to service loans in foreign currency. In this case, a loan is provided in the national currency, which is used to pay off the loan debt in a foreign currency.

Assignment of the right of claim - consists in the sale by the bank of the loan debt to a third party (new creditor) on the basis of the contract of assignment of the right of claim concluded between the bank and the new creditor and on the condition that the latter pays the amount of the assigned claim. The terms of the claim agreement may provide for the procedure for payment of the value of the assigned claim in installments, provided that the new creditor's obligations under the claim agreement are secured by a pledge of liquid property or another type of security. Depending on the debtor's financial condition, credit classification and economic expediency for the bank, the debt may be sold at a discount. Assignment of a claim does not require the consent of the debtor. According to the agreement on claims to the new creditor automatically, according to Art. 514 of the Civil Code of Ukraine, rights and obligations under contracts are transferred,

Debt transfer – executed by a bilateral agreement between the original debtor and the new debtor with the consent of the bank. The contract defines the amount of the debt, the reasons for its occurrence, the terms of repayment, and the parties' responsibilities. When signing a debt transfer agreement, new security agreements may be drawn up.

Re-registration of loan debt into promissory notes of third parties – by purchasing promissory notes from the borrower under sales contracts, the payers of which are the borrower's debtors, with the subsequent offsetting of counter-debts on the loan and the aforementioned sales contracts. In order to protect the bank's interests, promissory notes, through the purchase of which it is planned to repay the loan debt, must be issued in accordance with the requirements of current legislation, have a commercial nature and sufficient liquidity.

To ensure the full liquidity of the above-mentioned promissory notes, it is recommended that they be pre-domiciled by the bank, which consists in reserving

funds of the promissory note issuer for its repayment in a separate bank account on the basis of the bill domiciliation agreement concluded between the bank and the promissory note issuer. Repayment of the promissory note is carried out by the bank debiting the funds for repayment of the promissory note from the account in which the funds are deposited by domicile.

Debt repayment due to the acquisition of the borrower's property - if the borrower has liquid property (real estate, vehicles, equipment, etc.), the parties conclude a purchase and sale agreement for the above-mentioned property and an act of offsetting counter-indebtedness, and the property is credited to the bank's balance sheet according to the act of acceptance - transmissions In the future, it can be leased to the borrower or a third party.

The right to lease a plot of land, which is the subject of a pledge, and which has been foreclosed on, can be realized by sale at public auctions. According to Article 1 of the Law of Ukraine "On the Land Market", land auctions are the sale of land plots of state, communal and private property on a competitive basis (land auction, land tender). They are organized and conducted according to the location of the land plot by the bodies determined by the agreement of the parties, and in case of disagreement by the bodies for the execution of court decisions. A contract of purchase and sale of the right to lease a plot of land is concluded with the winner. This contract and the protocol on the results of the auctions are the basis for making a corresponding entry in the state register of rights to the land plot. Information about the results of the auctions is summarized and made public.

A land auction is one of the methods of expropriation or provision of land plots or rights to them for the purpose of carrying out business activities. At the same time, the right to lease may be transferred to several persons. In the event that the auction is declared not to have taken place, the mortgaged plot of land is subject to repeated auctioning. This requirement is stipulated by the Law of Ukraine "On Banks and Banking Activities".

It is appropriate to assume that in the event of this right being auctioned, the supply of such plots can and will significantly exceed the solvent demand for them.

Therefore, in our opinion, the terms provided for in Art. 39 for conducting auctions, in connection with the seasonality of agricultural production, should be reduced as much as possible. Instead, the number of sources of submission has been increased, and radio, television and the Internet should also be involved. Credit departments of banks, the information department of the Mortgage Bank (or another body where there should be a unified system of registration of land ownership rights, in our opinion, it should be Derzhkomzem) so that potential tenants receive information as quickly as possible. In addition, auctions should be held both at the local, regional and state levels, which will allow to find a new tenant faster.

As research has shown, only 62 households or 7.4% of the total number of farms in the Zhytomyr region have signed leases for a period of six years or more, and they are potential applicants for loans under this scheme. A detailed analysis of the activities of such farms in the Popilnya and Brusyliv districts of the region (Table 3.5) made it possible to identify their common features (groups with a lease term of more than 6 years). As a rule, these are large enterprises with an area of more than 2 thousand hectares, which are solvent and have the best indicators of economic activity. They have long-term leases and a high level of rent, they increase the area of leased land from year to year, improve the efficiency of their use, and create new jobs. So, the profit from 1 ha in such enterprises is 397 and 477, 5 hryvnias with a total rent for a land share of 401 and 230 hryvnias. The average area of leased land is 3146 and 3529 ha. Under the condition that the amount of collateral for the credit obligation should exceed the amount of the loan by 50%, in order to obtain a loan in the amount of UAH 200,000, it is necessary to lay down 1,000 hectares $[(0.397/2)*1,000 = 198.5]$. The maximum loan amount that the researched groups of farms can receive is: $(0.397/2)*3146 = 624.5$ and $(0.477/2)*3529.0 = 841.7$ thousand UAH.

Table 3.5

Indicators of economic activity of enterprises of the Zhytomyr region depending on the lease term (on average for 2001-2003)*

Indexes	Popilnyany district			Brusylivskiy district		
	Lease term, years					
	1-3	4-5	over 6	1-3	4-5	over 6
Number of enterprises	22	42	20	33	33	3
Area of leased land, ha	1586	1437	3146	969	1250	3529
Monetary assessment by group, hryvnias.	9074	8842	9469	5338	4808	5508
Rent for 1 ha, UAH.	96.5	101.2	103.0	42.0	39.0	48.0
Share size, ha	4.9	4.1	4.0	4.2	5.9	4.8
Rent for a share - total, hryvnias.	472.9	414.9	412.0	176.4	230.1	230.4
Contractual rent in % to the monetary value of the land	1.06	1.14	1.09	0.79	0.81	0.87
Actual payment of rent to accrued, total, %	59.0	58.0	79.0	60.0	60.0	100.0
Gross production at comparable prices in 2000 per 100 hectares of land. - the city of land, thousand hryvnias.	86.0	117.0	167.0	43.0	68.0	133.0
Grain yield, tons/ha	24.0	27.0	37.0	15.0	22.0	31.0
Milk yield from a cow, kg	1614	1631	3716	1023	2215	3796
Average monthly salary, hryvnias.	170.0	197.0	282.0	100.0	159.0	194.0
Profit per 1 ha, UAH.	-76.0	32.0	397.0	-74.0	-34.3	477.5
Profitability, %	-16.1	-7.6	8.4	-11.1	-18.0	36.1

* Calculated by the dissertation student

The results of the research indicate that precisely the enterprises with a long lease term could be an experimental field for working out the mechanism of the pledge of the right to lease the land in practice. For this, it is necessary: to make additions to the Land Code and the Law of Ukraine "On Land Leasing" regarding the pledge of the right to lease them; in the lease agreement, provide for collateral mechanisms and assignment of the right to lease land shares (shares) and land plots for obtaining loans; to create a full-fledged land market, a clear, transparent and effective system of state registration of rights to immovable property, legal and economic prerequisites for the full functioning of the mortgage securities market, to work out this mechanism on the basis of pilot projects in several districts.

Measures of a legislative nature are the development and adoption of the Laws of Ukraine: "On pledge of the right to lease land", "On peculiarities of the creation and

operation of mortgage institutions", "On state registration of property rights to real estate objects", which will provide banks with a clear recognition of the rights to objects of pledge and will make it impossible to pledge the same plot multiple times and will expand the possibilities of mortgage lending; "On the State Land Cadastre", "On Land Appraisal", "On the State Land (Mortgage) Bank", On Amendments to the Law of Ukraine "On Securities and the Stock Exchange", concerning mortgages and their circulation.

The guarantee of the right to lease land should become a guarantee of sustainable development of agriculture, a powerful lever for directing significant investment flows into the agricultural sector.

3.3. Increasing the efficiency of the use of leased land

Increasing the efficiency of the use of leased lands, reproducing their fertility and raising the economy of agrarian enterprises is an important task of economic science.

An example of solving these issues in today's conditions is the business activity of "Agrofirma Brusyliv" LLC. Since its establishment (1999), the enterprise has been increasing the area of leased land, increasing production volumes, introducing innovative technologies, creating new jobs, and producing competitive products for domestic and foreign food markets (Table 3.6).

In 2003, the area of leased land at the agricultural company was 3,691 hectares, which is 1,466 hectares more than in 1999. 486 land lease contracts for a period of 49

years were concluded with the owners of land shares. In addition, the farm leased 243 shares for a period of 10 years in the neighboring villages of Kostovtsi and Mistechko. The monetary value of 1 hectare according to the certificate is UAH 5,641, the rent is UAH 85 per hectare or UAH 425 per share. According to the lease agreement, payments are made in cash and in kind, and at the request of the lessors, in the form of work.

Long-term lease allows planning of business activities and more efficient use of leased land. Thus, capital investments in improving soil fertility from 2000 to 2003 exceeded UAH 900,000. The application of mineral fertilizers in 2003 compared to 1996-1998 increased 5 times and amounted to 39 kg per hectare of arable land, which is 19 kg more than the corresponding regional indicator. The application of organic fertilizers increased by 2 times during the specified period [151 c. 37].

Innovative technologies have been introduced into production, which provide maximum profit at minimum costs and at the same time guarantee improvement of soil quality characteristics. The agricultural firm is a basic farm for the implementation of the Drevlyanska farming system and the Pelushka program, developed by the scientists of the Polyssia Institute of Agriculture. The essence of this system is to restore soil fertility due to the saturation of field crop rotations with leguminous crops (peanut and vetch) in the range of 30-50% of the sown areas. At the same time, highly profitable, high-protein fodder grain of field peas and vetch is produced, the cost of which is 2 times higher compared to the cost of winter wheat. Direct costs in the "Drevlyanska" system are in the range of 400-600 hryvnias per hectare, i.e. 2-3.5 times less than traditional ones.

Field peas (peas) are a valuable forage crop used for green fodder, silage, hay, hay and grain. It is undemanding to soils and in Polissia conditions without the introduction of mineral fertilizers provides a high yield of green mass - 300-600 t/ha and grain 20-30 t/ha. With the help of nodule bacteria, it is able to accumulate up to 60-100 kg of nitrogen per 1 ha. Field peas contain 23-27% protein, 1.5-1.8% fat and 180-210 grams of digestible protein in 1 feed unit. The nutritional qualities of the green mass of the diaper are identical to the nutritional qualities of field peas.

Table 3.6

Results of economic activity of "Agrofirma Brusyliv" LLC
Zhytomyr region on leased lands*

Indexes	1990	Before the reformation, on average for 1996-1998	After the reformation,				
			1999	2000	2001	2002	2003
Area of leased land, ha	-	2225	2225	2500	3691	3691	3691
Energy security per 100 ha of arable land, k.s.	438.6	283.3	425	579	327	357	378
Capital investments in land improvement, thousand hryvnias	-	-	24	132	211	186	224
Grain yield, tons/ha	29.5	11.5	18.9	23.7	26.1	39.5	26.8
Livestock	1260	512	725	1233	1132	1157	1413
including cows, head	468	284	194	279	297	300	471
Average yield of milk per cow, kg	2248	1765	2068	2155	2942	3423	4950
Gross production per 100 ha. - the city of land, UAH 000 (in comparable prices of 2000)	65.2	59.3	88.5	119.2	111.3	146.3	132.9
Financial result (profit +, loss -), thousand UAH	280	-268	605	1783	2483.5	1130	1440
Profitability, %	15.3	-58.2	43.8	48.9	52.3	29	27.3

* Calculated by the dissertation student

This allows you to solve the following problematic issues without additional costs:

- I. to effectively conduct production on low-productivity and poorly cultivated soils;
2. without the use of herbicides, clear the crop rotation fields of weeds;
3. reduce the need for nitrogen fertilizers by 2-3 times;
4. to improve the structure of the soil and reduce the cost of tillage for winter crops by 1.5-2 times (by using bladeless tools);
5. to provide animal husbandry with high-quality protein fodder.

The implementation of such a system along with the introduction of fertilizers and the use of ameliorants helps to improve soil fertility and increase the efficiency of land use. Compared to the period before the establishment of the enterprise, the production of gross products at comparable prices increased by 3.4 times, the profit was UAH 1.1 million. against 265,000 average annual losses in 1996-1998,

profitability increased to 29%, grain yield increased by 27.6 t/ha, or 3.4 times. In three years, 70 new jobs were created, in addition, up to 500 seasonal workers work annually.

In 2001, the company obtained the highest yield of flax fiber in Ukraine - 13.6 t/ha, on an area of 400 hectares, which is 37% higher than the district yield and 2.4 times more than the regional yield and became one of the top three producers in Ukraine. To increase the efficiency of the flax industry, a flax plant with a capacity of more than 3,000 tons per year was put into operation here in 2002.

The basis of effective animal husbandry is a stable fodder base. 30.6 tons of fodder was prepared for 1 conditional head for the winter-stall period. In the structure of cultivated areas, fodder crops occupy 1,758 hectares, or 55%. Thanks to this, the average daily gain in live weight of breeding young animals is at least 750 g per day, the average daily yield of milk from breeding cows is 18.6 kg. The number of cattle increased by 2.2 times in three years, the productivity of cows increased by 1177 kg. The gross production of milk was 753 tons, cattle meat – 160 tons, pork – 16.4 tons, which is 67% more than the corresponding indicator of 1999.

The economic activity of an agricultural firm is inextricably linked with agricultural science. In order to increase the efficiency of management, an agreement was concluded with the Institute of Agriculture "Polyssia". Specialists are constantly improving their qualifications, using the best experience of LLC "Agrosoyuz" of Dnipropetrovsk region in their work, cooperating with the main Breeding Center of Ukraine and JV "Simex Ukraine", DG "Askaniyske" of Kherson region.

The work experience of "Agrofirma Brusyliv" LLC shows that the main directions of improving the efficiency of the use of leased land should be:

1. the creation of a network of market institutions that would regulate the purchase and sale of products, the formation of an objective stable price balanced on the basis of supply and demand, the participation of the state in regulating the market environment;

2. improvement of credit and financial provision of the village by implementing the provisions of the Land Code of Ukraine (creating an agrarian bank, solving the issue of land mortgages);

3. implementation of mechanisms for economic stimulation of land users to increase soil fertility and improve their ecological condition;
4. state protectionism of scientific and research developments in the agrarian-industrial sphere and financing of measures to introduce them into production;
5. introduction of adapted resource-saving technologies, cooperation with research and educational institutions.

The work experience of "Agrofirma Brusyliv" LLC shows that profitable farming in this zone is impossible without carrying out agricultural measures aimed at reproducing soil fertility. The agricultural use of the land fund of the Zhytomyr region requires existing control over the state of its fertility, the degree of erosion, the reaction of the soil environment, as well as the level of contamination with radionuclides, pesticides, and heavy metals, since in recent years there have been persistent trends in the deterioration of soil fertility.

According to land monitoring data, 22% of the region's arable land is acidified, 23.4% is waterlogged, 6.5% is waterlogged, 7.2% is exposed to wind erosion, and 27% is radioactively contaminated and removed from circulation. There are 220,000 hectares (20.4%) of low-productivity and degraded arable land in the region. With an annual need for liming of 120,000 hectares, only 77,000 hectares have been limed over the past twelve years. Compared to 1991, the volume of chemical reclamation of land decreased more than 30 times, the application of mineral fertilizers decreased by 16 times. In 2003, 9.6 thousand tons of the active substance of mineral fertilizers were actually applied (at the minimum need of the region of 50 thousand tons), which is 15 kg per 1 ha of sown area. Organic fertilizers were applied at the level of 1.8 t/ha, if necessary 10-15 t/ha in Polissia and 8-11 t/ha in Forest Steppe. With an annual need for liming of 120 thousand ha in 1996-2000, 9.5 thousand ha were limed in 2001-2003, 4.5 thousand ha, which is 7.9% and 3.8% of the need, respectively. This significantly affects soil fertility, quality and quantity of grown products.

According to the data of the agrochemical survey (Table 3.7), in recent years, there have been persistent trends in the reduction of nutrients in the soil. Thus, the content of humus decreased by 0.03% and is 1.94%. Areas of soils with very low and

low soil content amount to 710.2 thousand hectares, or 63.8% of surveyed land, and in Olevsky, Korostensky and Narodyt'sky districts, more than 90% of land. The content of mobile phosphorus in soils decreased by 11 mg per kg of soil or by 9.2% and is 122 mg/kg (at the optimal rate of 160-190 mg/kg of soil). The current level of soil supply with exchangeable potassium (88 mg/kg) is significantly lower than the optimal level (150-220 mg/kg). In addition, its average weighted indicator in the region decreased by 10 mg/kg compared to the previous round.

The results of agrochemical surveys indicate that the region has 353.6 thousand hectares (31%) of acidic soils, 357.4 thousand hectares (31.2%) of soils close to neutral, on which, when growing most agricultural crops in the forest-steppe zone, it is necessary carry out liming. Neutral and alkaline soils cover 433,000 ha or 37.8% of agricultural land. The average weighted indicator of the degree of acidity of soils in the region, compared to the previous survey, decreased by 0.1 pH unit.

Table 3.7

Agrochemical characteristics of agricultural land in the Zhytomyr region
according to survey rounds *

Indexes	VI-VII round of examination (1992-1998)	VII-VIII round of examination (1997-2003)	to the previous round, (+,-)
Weighted average indicators:			
humus, %	1.97	1.94	-0.03
acidity (pH)	5.9	5.8	-0.1
P ₂ O ₅ , mg/kg	133	122	-11
K ₂ O, mg/kg	98	88	-10
Total surveyed land, thousand ha	1152.1	1161	h

* According to the Zhytomyr Regional State Design and Technology Center for the Protection of Soil Fertility and Product Quality

All these features make it necessary to carry out a large complex of measures and significant capital investments, which in monetary terms amounts to UAH 152.7 million. Including UAH 56.3 million for the purchase of nitrogen fertilizers, 27.5 million for phosphorus, 42.8 million for potash, and 28.8 million for liming (at the cost

of 1 ton of nitrogen fertilizers - 750 hryvnias, phosphorus - 550, potash - 800 hryvnias and liming of one hectare 240 hryvnias). In addition, it is necessary to significantly increase the amount of organic matter introduced into the soil due to the introduction of organic fertilizers and peat composts, the expansion of the areas of sowing side crops and leguminous-cereal grass mixtures, the combined use of crushed straw with nitrogen fertilizers and siderates.

During the time of the planned economy, the state fully subsidized these measures, in market conditions it became a problem for each specific owner and tenant who, due to a lack of funds, are unable to finance them on their own. One of the ways to improve the fertility of leased lands and increase the efficiency of their use could be preferential loans for newly created enterprises for agricultural activities (liming, plastering, irrigation, drainage). They could be issued by the State Land (Mortgage) Bank, which would be an active leader of state policy in the field rational nature management (for example, the Bank for Environmental Protection has been operating in Poland since 1991 [115, p.371]).

Enhanced reproduction of soil fertility is a necessary condition for sustainable agriculture and the provision of stable incomes to tenants and owners. In order to stop the process of reducing humus content and its reproduction, it is necessary to activate the state policy in this area, to sharply increase the application of organic fertilizers. Pay more attention to the cultivation of siderates for green manure, expand the crops of leguminous perennial grasses, use energy- and moisture-saving soil protection methods of soil cultivation without rotating the scythe and carry out surface mulching, in full use of chemical meliorants, which lead to the fixation of humus on the surface of the mineral part of the soil .

The Agrochemical Service of the region (Zhytomyr Regional State Design and Technology Center for the Protection of Soil Fertility and Product Quality ("Obldershrodyuchist") conducts an agrochemical survey of lands every 5 years in order to determine their quality characteristics and enters the data into the ecological and agrochemical passport of the field or plot of land. terms of the lease, and given the fact that 89% of it is short-term, in our opinion, this survey should be carried out at the

beginning and at the end of the lease term. This will allow us to reliably determine the state of land use and predict the appropriate compensations. In addition, it will increase the responsibility of tenants and owners for the effective use of land. It will allow more effective use of the developments of the Center for carrying out works on the preservation, reproduction and protection of soil fertility, his scientifically based recommendations on the use of chemicals, taking into account the conditions of a specific land plot.

However, as the research shows, such examinations are currently not conducted, and the norms of laws and decrees regarding passporting are mostly declarative in nature. The system of state control over the preservation of soil fertility is in the stage of formation. Functions for managing this process are scattered among different organizations. (State Ecological Inspectorate, State Inspectorate for Control of Land Use and Protection, Center "Oblderzhrodyuchyst").

During the period of operation of the "Oblderzhrodyuchist" center, seven rounds of agrochemical survey of the region's soils were conducted, and the eighth is underway. In 1999-2004, 27,308 agrochemical passports were developed on an area of 1,191.5 thousand hectares for 970 farms in all districts of the region. In different zones of the region, the passport characterizes different areas of agricultural land. If in the region one passport characterizes 43.6 hectares of agricultural land, then in the farms of the forest-steppe zone - 58 hectares, in the Polish zone - 33 hectares. The difference in this indicator between individual districts is even greater. So, if in Popilnya district one passport characterizes 69 hectares of agricultural land, then in Olevsky district - 18 hectares. This is explained by the large contour of the agricultural lands of the Polish zone.

The cost of agrochemical certification of agricultural land in 2005 is UAH 5.14. per hectare. Provided that the customer of the survey will be the specific owner of the land plot, the size of which on average in Ukraine is 4 hectares, the cost of one hectare will be approximately UAH 20, and the share, respectively, UAH 80. Therefore, in our opinion, it is advisable for the owners to unite and make a passport for several. And it is even better, since the state allocates funds for agrochemical examination at the

legislative level, to provide for compensation to citizens.

The basis of agriculture should be large agricultural formations, which will be created by leasing the lands of weaker farms by economically strong enterprises. The experience of creating such enterprises and the positive trends of their development have been studied and summarized by us in the Popilnya district of the Zhytomyr region. Land tenants should be investors who will use it for its intended purpose.

In the structure of contracts, short-term leases for 1-3 years in Ukraine as a whole make up 26.2%, for 4-5 years - 61.4%, and in the Zhytomyr region - 37.4% and 51.8%, respectively. Such terms are an obstacle to capital investments in long-term land improvement. According to the legislation, the lease term must correspond to the rotation period of the main crop rotation in each particular farm. The state should encourage owners and tenants to extend the lease term. Throughout the world, preference is given to long-term leases, this helps to increase the efficiency of land use, allows the tenant to plan economic activities, expands the possibilities of mortgage lending, in particular, the pledge of the right to lease land.

A short-term lease nullifies the tenant's interest in large capital investments in the intensification of land, pushes him to irrational use of it. Under these conditions, the tenant is deprived of incentives to maintain the quality of the land. The negative consequences of this were: the refusal of crop rotation, the cultivation of only intensive crops, and on the same field, which leads to soil depletion, the decline of the livestock industry, and the violation of the optimal ratio of industries. We will feel the consequences of a short-term lease in a few years, when the nutrient elements of the soil will be depleted. This can be especially negative in Polissia, where the vast majority of soils have an acidic reaction and without melioration measures and capital investments in land improvement will generally become unsuitable for farming. in connection

In the conditions of the transition period, the lease is a flexible tool in the formation of a new structure of agricultural production, the formation of effective landlords, and the implementation of social and economic programs. The lease mechanism allows you to form the optimal dimensions of land use, to use the land

effectively. Preference should be given to enterprises based on cooperation and integration. The perspective of the development of leased land relations is the transition from extensive development to intensification and the use of modern technologies, the prerequisite of which should be a favorable price and credit policy, the formation of an appropriate market infrastructure. The tenant of the land must be an investor who will invest in it. For this, it is necessary to create favorable conditions for attracting funds of processing and sales enterprises,

The further effective development of agricultural production in Zhytomyr Oblast will largely depend on the radical technical re-equipment of the structure of the machine-tractor fleet of farms. Since the wear and tear of agricultural machinery in 2003 reached 81%. Thus, 89% of tractors, 90% of harvesters, 95% of livestock farm equipment have completed their depreciation period [142 c. 30].

On the basis of our analysis, we can conclude that the main directions for improving leased land relations are the formation of a complex system of their legal regulation, with clear compliance with it in production conditions, and the adoption of a long-term government program for the development of leases in the agricultural sector. Its main tasks should be: the formation of a competitive environment in the land rental market, the creation of agricultural formations based on the joint partial participation of the lessee and the lessor in production processes, the introduction of an effective system of objective monitoring of the movement of land ownership and the improvement of statistical reporting on the lease.

All measures should be focused in the direction of the maximum possible protection of the rights of the owners of land plots and land shares (shares) and acceptable to tenants. Subjects of lease relations must fully implement all the powers laid down in the triad of "possession, use and disposal", including for the introduction of the mechanism of the pledge of the right to lease land for the purpose of obtaining medium and long-term loans. Lease relationships must be filled with valid content, taking into account world experience and the specifics of business conditions.

Removal of degraded and unproductive lands from intensive turnover should be practiced. Studies show that this will not lead to a decrease in rent, but will contribute to the introduction of sustainable land use table. 3.8 (Appendix C).

Table 3.8

Change in the amount of rent when decommissioning land with a negative differential income*

Name	Area, ha	% to the area of the district	Productivity due to soil fertility, t/ha	Realization price, 1 cent, UAH	Standard costs per 1 ha, UAH	Differential rental income, hryvnias	Normative monetary assessment of soils, hryvnias	Rent, (1.5%)	Share size, Ha	Rent-to-own payment per share, hryvnias
1	2	3	4	5	6	7	8	9	10	11
Popilnyany district										
Before land acquisition	69483	100.0	23.1	45.3	560.0	288.87	11924.7	178.9	5	894.4
After land acquisition	67356	96.9	23.3	45.3	561.6	299.47	12274.4	184.1	4.85	893.0
Korostensky district										
Before land acquisition	34195	100.0	17.1	45.3	531.8	55,16	4212.1	63.2	5	315.9
After land acquisition	23510	68.7	18.7	45.3	540.1	119.5	6335.7	95.0	3,4	323.0

* Calculated by the dissertation student

At this stage, primary attention should be paid to the observance of contractual obligations by the parties in the issue of calculation and payment of rent in order to eliminate such negative factors as: overpricing of products sold at the expense of rent, works performed and services provided, failure to take into account indexation coefficients, non-payment rent due to force majeure. Provide for debt restructuring for the payment of rent for future periods (in connection with force majeure circumstances). Contribute to the extension of the terms of lease contracts, which will allow land management works to be carried out, rational crop rotations to be introduced, and measures to increase soil fertility.

In order to introduce sustainable land use, it is necessary to solve the problem of organizing the territory and issuing state documents on the right of joint partial ownership of land to newly created agricultural enterprises.

In order to create a competitive environment among potential land tenants, the lease terms should be increased, rents should be increased, economic incentives should be introduced for land owners and land users for the rational use and protection of land, in line with the improvement of the economic situation. This will ensure the transfer of land plots to an efficient owner, contribute to the land management of agrarian formations, and improve the socio-economic living conditions of the rural population.

To protect their rights and interests, owners of land shares (shares) and land plots can create land associations (companies) as subjects of the land lease market. Their primary basis should be co-owner unions formed on the basis of individual enterprises. The number of members of the association is not limited, from several owners of one enterprise to dozens of enterprises based on the district or region. The company must act as a representative body of the owners with the following main functions: provision of consulting services, conclusion of lease agreements, monitoring of tenants' compliance with contractual obligations, advocacy of objective rent, carrying out work on the allocation of land shares (shares) in kind, protection of rights owners when resolving legal disputes and during land sales (auctions) for leased land.

It is the lessors who should be the initiators of monitoring the compliance of payment according to the terms of the contract. However, as the results of sociological surveys show, villagers do not know their rights and are afraid to defend them in court. Passivity and ignorance of the villagers regarding their rights is one of the main reasons for non-fulfillment of contractual obligations by tenants. In this regard, there is an urgent need to create legal aid centers and consulting services at the district and regional levels.

Research shows that it is necessary to develop the infrastructure of the financial market. The pledge of the right to rent can become a key link in the "owner-tenant-bank" triad, which will guarantee loan repayment and allow tenants to get medium- and long-term loans, and land owners, even if the loan is not returned, to keep the property. For this purpose, it is proposed to legislatively regulate its mechanism by introducing amendments to the Land Code of Ukraine and the Laws of Ukraine "On Land Lease", "On Mortgage", which will guarantee the protection of the rights of creditors and borrowers. At the same time, improve the land evaluation system in the direction of meeting the requirements of mortgage lending and establishing optimal rents.

For the development of land lease, there is a need to establish a unified state system for monitoring land-lease relations, to create a unified system of registration of property rights. Introduction of the mechanism of state insurance of risks related to the lease of land. The tenant must be responsible for the obligations of the statutory fund of his farm or a share of his property. Non-fulfillment of contractual obligations requires increased state intervention in the regulation of these processes.

The role of the state in the development of leased land relations consists in the implementation, through the relevant bodies of executive power and local self-government, of policies aimed at their stable and transparent functioning, protection of the rights of market subjects, regulation of price, tax and customs policy. This will contribute to the improvement of forms of management, the economic mechanism of management, attracting investments through land mortgages.

3.4. Improvement of the legal settlement of leased land relations

The basis for the development of leased land relations is the legal framework. Unlike the countries of Eastern Europe, Ukraine is slowly adapting agricultural enterprises to the conditions of the market economy. The lack of analogues of these

transformations and their legal support in world history led to the inconsistency of the lease practice with the current legislation and caused the transition period to drag on.

Despite the 12-year term of reforming land relations and the adoption of more than 100 normative legal acts, the systematic application of state and market regulation methods of leased land relations has not yet been achieved. As the analysis shows, the legislation did not always contribute to the development of land leases, and sometimes it was completely contradictory. Therefore, its improvement is an actual topic today.

Relations related to the lease of land are regulated by the Land Code of Ukraine, the Law of Ukraine "On Land Lease", the Civil Code of Ukraine, other laws of Ukraine, resolutions issued by the Cabinet of Ministers of Ukraine, in furtherance of the provisions of this Law, as well as the land lease agreement .

Depending on the degree of influence on the development of the lease, the regulatory and legal support for the development of leased land relations can be classified into normative and legal acts of direct effect and auxiliary normative acts relating to clarifications regarding the first group and legal support for land reform in general (Appendix T).

In most of the developed countries of the world, such as the USA, France, the improvement of lease legislation takes place in the direction of expanding the rights of tenants as direct producers of agricultural products. In Ukraine, on the contrary, since the formation of leased land use takes place in the absence of a competitive environment among potential tenants, the need for regulatory activity of the state aimed at protecting landlords comes to the fore.

Further formation of land relations, as stated in the "Main directions of land reform in Ukraine for 2001-2005", approved by the Decree of the President of Ukraine No. 372 dated May 30, 2001, should be based on the principles of: inviolability of the right to private ownership of land; inclusion of land in market circulation; social justice in the redistribution of state and communally owned lands; combination of high economic efficiency and ecological safety of land use; coordination of the pace and main directions of reforming land relations in the agrarian sector of the economy.

In this regard, there is a need to create a legislative framework for the further development of leased land relations in relation to ensuring the realization of land ownership by citizens and legal entities; formation and functioning of the land market and implementation of state control over its activities; creation and functioning of the state land (mortgage) bank; state land cadastre; creation of an effective system of evaluation of agricultural land; inclusion of land in economic turnover; improving the organization of land use by business entities; introduction of economic stimulation of rational use and protection of land; restoration of land protection works and restoration of soil fertility; removal of unproductive and degraded agricultural lands from active circulation.

The Land Code contains a number of contradictions regarding the lease of land on the one hand, according to Art. 7, the use of land under lease rights for agricultural purposes should, as a rule, be long-term (from 3 to 50 years). On the other hand, the Code establishes the following restrictions on land lease terms: 1. land can be leased for short-term use, i.e. for a period of up to three years, for livestock grazing, haying, gardening, public and state needs; 2. collective agricultural enterprises, agricultural

joint-stock companies and cooperatives may lease their own land plots only from lands that are temporarily unused, and for a period of no more than five years; 3. citizens who own land plots, can lease them without changing their purpose for a period of up to three years, and in case of temporary incapacity for work, conscription for active military service in the armed forces of Ukraine, admission to an educational institution - for a period of up to five years; 4. land plots belonging to minors can be leased under the control of local councils for the period until they reach the age of majority (18 years). These restrictions make it almost impossible to transfer land for a long-term lease.

One of the reasons why tenants do not fulfill their contractual obligations is the lack of control. Unjustified underestimation of rent is largely countered by tax legislation. Since January 1, 2004, the Law of Ukraine "On Personal Income Tax" dated May 22, 2003 No. 889-IV stipulates that the subject of income tax is rent, which must not be less than the minimum amount established by current legislation. This allows the tax authorities to control the amount of in-kind payments at the expense of rent for taxation purposes.

Therefore, to determine directions in the legal regulation of rent, one should take into account the prospects and expediency of its development, which directly depend on the efficiency of the work of rental enterprises. In this regard, it is necessary to: improve the regulatory and legal framework and develop organizational and economic measures aimed at preserving the integrity of land massifs in case the owner seizes his land plot; to carry out an inventory of agricultural lands by ownership forms and business entities, providing this process with the necessary land and cartographic documentation; identify lands of inferior quality that can be a reserve for non-agricultural use; to resolve issues regarding the legislative regulation of the development of land relations in the direction of: reproduction of soil fertility, removal of unproductive and degraded agricultural lands from active circulation; to create an economic and legal environment that will provide citizens, legal entities and the state with the implementation of civil law agreements regarding the transfer of ownership rights to land plots or the right to use them, taking into account supply and demand in the manner established by law; introduce a mortgage lending system.

The resolution of these issues requires the adoption of the Laws of Ukraine "On the land market", "On state registration of ownership rights to land and real estate", "On the state land cadastre", "On the peculiarities of the creation and operation of mortgage institutions", which will provide banks with a clear recognition of the rights to mortgage objects, and on the other hand, it makes it impossible to pledge the same plot multiple times and will expand the possibilities of mortgage lending; "About the State Land (Mortgage) Bank, "About mortgage securities". In order to protect the rights of mortgage market participants, the legal principles of state regulation of mortgage securities and their derivatives, state control over their issuance, placement and circulation should be determined by law.

In addition, it is necessary to improve the system of control and management in the field of land relations and to create the State Service for the Protection of Soil Fertility, to adopt the State Scientific and Technical Program on the land management of rural areas and on the restoration of the use of reclaimed land. The main tasks of

these programs should be: inventory and monitoring of lands and development of business plans on this basis for the expediency of their use and investment attractiveness, the formation of scientifically based land ownership and land use, the introduction of ecological and economic crop rotations, land management works.

In order to improve the condition of leased lands, it is advisable to adopt the resolution of the Cabinet of Ministers of Ukraine "On inventorying and certification of leased lands." Conduct a comprehensive agro-economic and ecological survey of lands, complete the inventory of agricultural lands with the removal from circulation of degraded and unfit for agriculture, and prevent the unmotivated transfer of agricultural lands to other categories. Adopt the Law of Ukraine "On agrochemical certification of agricultural lands", providing for its mandatory implementation at the beginning and at the end of the lease term or when the user changes. Increase state control over the reproduction of land resources. In the future, taking into account indicators of the quality of the land plot should become mandatory

The national land protection program by 2010 envisages a reduction of plowed agricultural areas to 40%. It is planned to remove at least 10 million hectares of arable land from circulation (practically every third hectare of arable land) and transfer them to natural fodder lands (6-7 million hectares) and afforestation (about 2 million hectares). Degraded, unproductive and technologically polluted land plots are directly subject to conservation. In the Zhytomyr region, according to experts' estimates, there are 332,000 hectares (28%) of arable land subject to conservation [104].

The vast majority of land is distributed among the peasants and has real owners, the question arises as to whether their interests will be protected at the same time. Clause 1 of the Resolution of the Cabinet of Ministers of Ukraine "On Amendments to the Procedure for Determination and Compensation of Damages to Land Owners and Land Users" dated January 14, 2004 No. 21 provides for "... compensation for damages caused by the establishment of restrictions on their use, deterioration of the quality of soil cover and other useful properties of land land plots or bringing them to a state unsuitable for use and non-receipt of income due to temporary non-use of land plots".

There is a conflict in the legislation: on the one hand, the peasants who received state deeds for the ownership of a plot of land have the opportunity to conserve degraded lands, the rest of the peasants, and the majority of them in the Zhytomyr region, in accordance with the Law of Ukraine "On the procedure for allocating land in kind (in the area) plots to owners of land shares (shares)" (Article 7). From the area of land plots to be distributed, the following are excluded: degraded, unproductive, as well as technogenically polluted agricultural lands subject to conservation; swampy lands and others that are impractical to use for agricultural purposes. (It should be noted that there are 332,000 hectares or 28% of such land in the Zhytomyr region, the vast majority of which is concentrated in the Polissia zone^{*}). In this way, these peasants lose almost half of their lands, besides, the legislation does not clearly regulate the possibility of further use of such lands and their subordination.

At this stage of the development of land relations, state policy should be aimed at stimulating owners and tenants for the rational use of land, rather than restricting their rights to own it. In addition, it is necessary to adopt the Law of Ukraine "On Land Conservation", which provides sources of funds for compensation to owners of losses

from the withdrawal of their plots from turnover, as well as compensation to tenants for renting land in the zone of risky farming. Clearly describe the rights and obligations of land owners and state authorities and the procedure for using these lands. In the lease agreement, provide for the possibility of farming on degraded, unproductive, technogenically polluted land plots. Strengthen the articles of the Law of Ukraine "On Lease" in terms of sub- objects of lease relations for effective use of land and reproduction of their fertility. Adopt the Laws of Ukraine: "On state support for the reproduction of land fertility", "On economic stimulation of the rational use of agricultural land", "On the General state program of land use and protection".

Since the current Land Code does not regulate the lease of land shares. Legislation should regulate the rule that ensures the legal settlement of land relations through the lease of land plots and land shares (shares) until the owners replace the certificates with state acts. In cases of joint ownership of real estate objects, for the settlement of land leases, it is advisable to supplement Article 5 with the following text: the land lease agreement is concluded jointly for the entire land plot in proportion to the size of the share in the real estate of each of the participants, and in Article 6 to provide that the participant joint partial ownership of real estate objects located on an indivisible land plot,

In order to specify the norms of legislation, the decision on the lease of state and communal land must be made with the approval of the relevant executive authority on land resources or the local self-government body by concluding a land lease agreement (Article 124). The third part of Article 125 should be clarified in the direction of solving the issue of the use of a plot of land before land management organizations establish its boundaries in kind (on the ground), obtain a document certifying the right to it, and state registration is prohibited. Since the vast majority of land is leased, in order to obtain long-term loans, the first part of Article 133 provides that land plots and rights to them may be pledged, and Articles 136-138,

Further legal regulation requires the implementation of the category of joint partial ownership in newly created agricultural formations, the mechanism for the transfer of land plots and land shares (units) for lease and their return upon their expiration or in the case of early termination of the lease agreement, the introduction of a pledge of the right to lease land for obtaining medium and long-term loans, establishing the minimum amount of rent and its revision in connection with the change in the economic situation. In order to settle the mentioned issues, it is necessary to: prepare the project "On Amendments and Additions to Some Legislative Acts of Ukraine ("On Land Lease", "Land Code", "On Mortgage"). To prepare the regulation "On the procedure for the transfer of land plots for lease and their return to the lessor after the end of the lease term",

Add additions to the Land Code of Ukraine regarding the powers of executive authorities and local self-governments in terms of settling the issues of: pledge of land plots, land shares (shares) leased to agricultural enterprises and organizations for obtaining bank loans; pledges of the right to lease land plots and land shares (shares), expansion of the personal peasant economy of citizens at the expense of their land shares (shares); free exit of citizens with their land plot or land share (share) from any economic formations; exchange of land plots of citizens for the formation of economic

structures in a single massif; the procedure for using reserve fund lands and reserve lands.

Since, according to the Land Code of Ukraine (Article 133), the right to carry out mortgage transactions with land plots is granted exclusively to banking institutions. Therefore, it is expedient to create a land (mortgage) bank as an operator in the market of land lease and movement of property rights.

Create enterprises for conducting land auctions for the sale of state and communal land plots (auction, by voice, stock market bidding, tenders) and conduct pilot projects for the sale of land plots or lease rights to them to developers, develop regulations on mortgage registration and a unified system of the registry of rights property, which will guarantee property rights, register pledges.

Add additions to the Law of Ukraine "On Pledge of the Right to Lease Land", in particular in: Article 4, that the deterioration of the quality characteristics of the land plot must be compensated by the tenant (a third party) unless otherwise stipulated by the contract; Article 24 - in order to protect the rights and interests of the owners, a committee of co-owners must be established, which will be their representative body; Article 42 - the right to lease a land plot can be subject to a pledge if there is a notarized written consent to this from all owners (or co-owners).

Conclusions to section 3

On the basis of a comprehensive study of the development of leased land relations, directions for their improvement in agriculture are substantiated.

Approaches to improving the rent are proposed. Currently, the most scientifically based criterion for its determination is the monetary value of land, the possibility of paying rent as a share of the harvest and as a percentage of the monetary value of land has been investigated.

The priority measures aimed at harmonizing relations between the subjects of the lease agreement in matters of compliance by the parties with contractual obligations, formation of a competitive environment in the land lease market, allocation of land plots in kind, implementation of their powers by the subjects are substantiated.

The mechanism of pledging the right to lease agricultural land for obtaining medium- and long-term loans by tenants is theoretically substantiated and proposed, the essence of this mechanism and the possibility of its implementation through pilot projects by enterprises with long-term leases are revealed.

One of the ways to increase the amount of rent is to improve the efficiency of the use of leased land. This was investigated by us on the basis of "Agrofirma Brusyliv" LLC of the Brusyliv district of the Zhytomyr region. Since its establishment (1999), the company has been increasing the area of leased land, increasing production volumes, introducing innovative technologies, and creating new jobs. A long-term lease allows the farm to plan economic activities, carry out land management works, implement rational crop rotations, and invest capital in improving soil fertility.

In order to improve the efficiency of the use of leased lands, it is necessary to strengthen state control over their rational use, introduce incentives for owners and

users to improve their quality characteristics, create a data bank on the movement of land ownership rights, carry out land certification and inventory, and remove the most degraded areas from circulation. Calculations show that the withdrawal of land with a negative differential income will not affect the amount of rent, but in the Korosten district will contribute to its increase. An agrochemical survey should be carried out at the beginning and at the end of the lease term, and the description of the quality of the land plot should become a mandatory condition of the lease agreement.

The key to effective development of leased land is long-term lease and the creation of integrated enterprises with the involvement of investments from the sphere of processing and sales, as well as industries.

Further development of leased land relations should be focused in the direction of protecting the rights of landlords. This requires strengthening the state's control over the parties' compliance with contractual obligations by establishing public control over the effective use of property through the close cooperation of the subjects of lease relations with local authorities.

On the basis of a comprehensive analysis of regulatory legal acts, directions for improving the lease legislation in matters related to the formation of a competitive environment in the land lease market, ensuring the implementation of land ownership rights by citizens and legal entities are proposed; introduction of an effective system of objective monitoring of the movement of land ownership rights, creation and functioning of the state land (mortgage) bank; introduction of economic stimulation of rational use and protection of land; removal of unproductive and degraded lands from active circulation.

The further development of leased land relations requires the adoption of a number of laws of Ukraine: "On the land market", "On state registration of land plots", "On the state land (mortgage) bank", "On land valuation", "On the state land cadastre", "On state registration of real estate objects", "On agrochemical certification of agricultural lands", "On land conservation". Strengthen the articles of the Law of Ukraine "On Lease" in terms of the responsibility of the subjects of lease relationships for the effective use of land and reproduction of their fertility. Adopt Laws of Ukraine: "On state support for the reproduction of land fertility", "On the General state program for the use and protection of land". Appropriate amendments to existing normative legal acts.

CONCLUSIONS

Based on the results of the study of leased land relations in agriculture, the solution to the scientific and practical task is theoretically summarized and proposed, which consists in clarifying the main patterns of the development of leased land relations in agriculture and developing, on this basis, proposals for their improvement.

1. In the agricultural production of the countries of the world, land lease is widely used. In independent Ukraine, private ownership of land and its lease was revived by law. At the current stage, renting allows to optimize the size of land use of newly

created agrarian formations, to financially support the rural population at the expense of rent, to fill the revenue part of local budgets by leasing state and communal lands.

2. As a result of the implementation of the land reform in Ukraine, more than 6.8 million peasants received ownership of land shares (shares) and land plots with a total area of 21 million hectares, of which 74% were leased to newly created market-oriented economic formations. In the Zhytomyr region, 299,900 peasants acquired 1,088,000 hectares of agricultural land, of which 73.1% were leased. The structure of lease agreements is dominated by short-term leases of up to 5 years (91.5%), which is an obstacle for capital investments in land improvement. The extension of lease terms will contribute to the introduction of rational crop rotations, the implementation of economic activity planning, the expansion of mortgage lending, and the improvement of the efficiency of land use.

3. Rent is one of the factors of increasing the social protection of the population, especially the peasants. Currently, its size in the region is UAH 63.3 per hectare or UAH 228 per land share. In the income structure of peasants, rent still occupies an insignificant part. The annual rent payment is 41% of the level determined by the lease agreements. In this regard, it is necessary to distinguish between its normative, contractual and actual size.

Comparing the amount of rent depending on the basis of accrual, studies have revealed the advantages of monetary valuation of land as a basis of accrual compared to its accrual as a share of the harvest. According to the results of research (questionnaire survey of landlords and tenants), a rational ratio between forms of rent can be considered: 30% - in cash, 50% - in kind, and 20% - provision of services to the landlord.

4. It was established that the monetary value and the area of leased land are the main factors influencing the amount of rent in the region. The rest of the impact is due to the lack of a competitive environment in the land rental market and the low awareness of the population about their rights, which leads to the monopolization of the land rental market, underestimation of rent, delay in its payment, overestimation of the prices of issued products and services at the expense of rent. The results of sociological surveys show that peasants are not sufficiently aware of their rights regarding land lease.

5. A set of interrelated reasons restraining the development of leased land relations has been established, among which three groups should be distinguished: natural, organizational and economic. Natural - caused by the qualitative properties of the soil and the specificity of the natural conditions of the region. Organizational - related to the protracted nature of the transition period, low awareness of the population about their rights, lack of effective mechanisms for rational use of land and developed infrastructure of the agricultural market. Economic - due to the lack of mechanisms for attracting medium and long-term investments in agriculture and the unprofitability of most enterprises.

6. For the development of leased land relations, the main attention should be focused on: the formation of a competitive environment among potential land tenants; comprehensive protection and guarantee of the rights of peasant landlords, in particular, the application of effective mechanisms of responsibility for non-

compliance by the parties with the terms of lease agreements; increasing the rent for land, as well as greening the use of leased land, which involves the implementation of stimulating and regulatory measures; introduction of environmental monitoring and control, aimed at the use of environmentally safe agricultural technologies by tenants and proper reproduction of soil fertility.

7. Further development of leased land relations should be aimed at protecting the rights of lessors. To do this, it is necessary to increase their level of awareness, activate the work of legal assistance centers and consulting services, create unions of owners of land shares as a subject of the market of land lease rights, promote the establishment of public control over the effective use of their property through close cooperation between owners, local self-government bodies and tenants. If there are several tenants for a plot of land, it is necessary to conduct land competitions (auctions) for leased land, which will stimulate competition and a corresponding increase in rent.

8. Based on the fact that the vast majority of newly created enterprises are land tenants, in order to obtain medium and long-term loans, it is necessary to legislate and implement a mechanism for pledging the right to lease land, which will become a key link in the "owner-tenant-bank" triad, guaranteeing the return of the loan, and the land owners will be allowed to keep the object of ownership. For this purpose, it is necessary to make additions to the Land Code of Ukraine and the laws of Ukraine "On Land Lease" and "On Mortgage". At the legislative level, a guarantee of protection of the rights of creditors and borrowers should be established.

9. In order to improve the efficiency of the use of leased lands, it is advisable to create integrated enterprises, extend the terms of lease agreements, carry out land certification and inventory, create a data bank on the movement of land ownership rights, strengthen state control over their rational use, and introduce incentives for improving their quality characteristics.

Removal of degraded and unproductive lands from intensive turnover should be practiced. Research shows that this will not lead to a reduction in rents, but will promote sustainable land use.

10. The improvement of leased land relations requires the formation of a complex system of their legal regulation, with clear compliance with it in the conditions of production and the adoption of a long-term government program for the development of leases in the agricultural sector, which will allow the subjects of lease relations to fully realize all the powers laid down in the triad of "ownership - use - disposition" of land plots. All measures should be aimed at the maximum possible protection of the rights of landlords and be acceptable to tenants. The further development of leased land relations requires the creation of an appropriate legal framework, in particular the adoption of the laws provided for by the Land Code of Ukraine: "On the land market", "On state registration of land plots", "On the state land (mortgage) bank", "On the state land cadastre", "

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