

ROLE OF LAND RESOURCES IN REGION'S ECONOMY

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Abstract

The article describes aspects of maximum application of economic potential of land resources as an economic category for territorial organization of production. The author has analyzed indicators of estimation of efficiency of economic potential of land resources on the territory of the region, where volume of gross output of agricultural production is considered a principal one.

Key words: economic potential, land resources, regional economy, efficient utilization, production of gross output.

Introduction

Ukraine has a rather powerful potential of land resources for agriculture, rational utilization of which determines efficiency, profitability, competitive capacity of regional economy. Efficient utilization of them is a guarantee for sustainable development of a region and the state. Thus, estimation of the resources' conditions and tendencies determining changes of their characteristics requires considerable attention. Conditions and prospects of social and economic development of a region directly depends on rationally developed regional policy, concepts of sustainable development, establishment of investment-innovation mechanism in utilization of land resources. Under present conditions, one should consider social and economic, ecological and historical peculiarities of a region in order to raise efficiency of land resources utilization. Performance efficiency of national economy largely depends on an increase of efficiency of utilization, reproduction and protection of land resources of the region. Economic-ecological efficiency of land utilization is not substantially studied and described with consideration of an internal regional aspect, particularly within the boundaries of separate administrative-territorial regions, including Lviv region. Thus, there is a need to carry out a research on efficiency of utilization, reproduction and protection of land resources in Lviv region, including one from a perspective of districts as an important agro-industrial region of Ukraine, having favorable natural-climatic conditions for establishment of regional economy. The fact has determined the topic research, its aim and tasks.

The aim of the article is to provide theoretical-methodological fundamentals and ecological-economic bases as well as develop practical recommendations and proposals for the increase of efficiency of land resources' utilization as an economic category in the structure of regional economy.

Methodology of research and materials

Theoretical and methodological basis of the research includes principal fundamentals of economic theory, economics of nature management and environmental protection, regional economy, scientific works of domestic and foreign scientists in the field of the investigated topic, legislative and normative-legal acts as well as the concept of sustainable development and rational utilization of land resources.

Discussions and results

Under conditions of establishment and decentralization of regional economies, reforming of agrarian sphere by means of maximum application of economic potential of land resources as an economic category is a topical issue for territorial organization of production. However, irrational utilization of land and the decrease of soil fertility have caused the fall of economic potential and deterioration of ecological conditions of land resources.

Effective land management is a major challenge of modern sustainable development of economy because rational land use pays an important role not only in agricultural development, but also in the economic development of the country on the whole.

Modern ecologic and economic problems of regions are a serious obstacle to further economic development. Rapid and unsustainable use of non-renewable natural resources and the exploitation of renewable resources at a rate that exceeds the possibility of recovery are realities of our time. Agricultural land use was no exception. The main problem in the system of agricultural land use is the transformation of land relations in Ukraine to market conditions without effective mechanisms for the reform. The state policy in the agricultural sector accelerated not motivated privatization of land and

property causing destruction of major agricultural production. But the formation of new productive forms of production was not effective. The tendency of creating unsustainable agricultural land use is enhanced as a result of blocking the market of private farmland (Shkuratov, 2013).

Land and resource potential is a condition required for the sustainable development, a precondition for a constant performance and the basis for economic security of a region. Utilization of land is considered an efficient one in case it secures scientifically grounded economic effect of farming and improves soil fertility and ecological conditions of environment. Lviv region is a region possessing potentially effective land resources. Total land area of the region amounts to 2,039,550.5 ha, while agricultural land occupies – 1,368,131.7 ha, i.e. 67.01 %, production of gross output accounts for 8,720.1 mln UAH.

Table 1

Characteristics of land resources and production of gross output in Lviv region

Cities of regional importance	Land area, ha	Agricultural land, ha	Production of gross output, mln UAH
Brodivskiyi	116,205	67,166.1	447.9
Buskyyi	85,006.1	56,786.7	397.3
Horodotskyyi	72,555	55,267.3	405.2
Drohobyt'skyyi	120,598	63,623.5	364.6
Zhydachiv'skyyi	99,595	67,678.6	460.3
Zhovkiv'skyyi	129,423	84,658.3	639
Zolochiv'skyyi	109,700	73,679.9	558.8
Kamianka-Buzkyyi	86,758	59,496.9	430.6
Mykolaiiv'skyyi	67,469.5	39,937.8	343.2
Mostyskyyi	84,534	61,345.5	335.9
Peremys'hlians'kyyi	91,794	57,664.4	369.1
Pustomytiv'skyyi	94,607	67,703.5	659.1
Radekhiv'skyyi	114,384	74,205.7	420
Sambir'skyyi	93,374	72,055.2	469.1
Skoliv'skyyi	147,091.1	36,502.6	135.4
Sokalskyyi	157,011	104,994.8	745.3
Starosambir'skyyi	124,517	57,825.2	309.3
Stryiskyyi	80,771	46,140	525.4
Turkiv'skyyi	119,340	154,403.2	233.6
Yavoriv'skyyi	44,817.8	66,996.5	471
Total	2,039,550.5	1,368,131.7	8,720.1

Skole district is characterized with a direct relation between the land area (157,011 ha) and production of gross output (745.3 million UAH). A reverse relation is observed on the territory of Turka district, where lands occupy 119,340.0 ha, and production of gross output accounts for 233.6 million UAH.

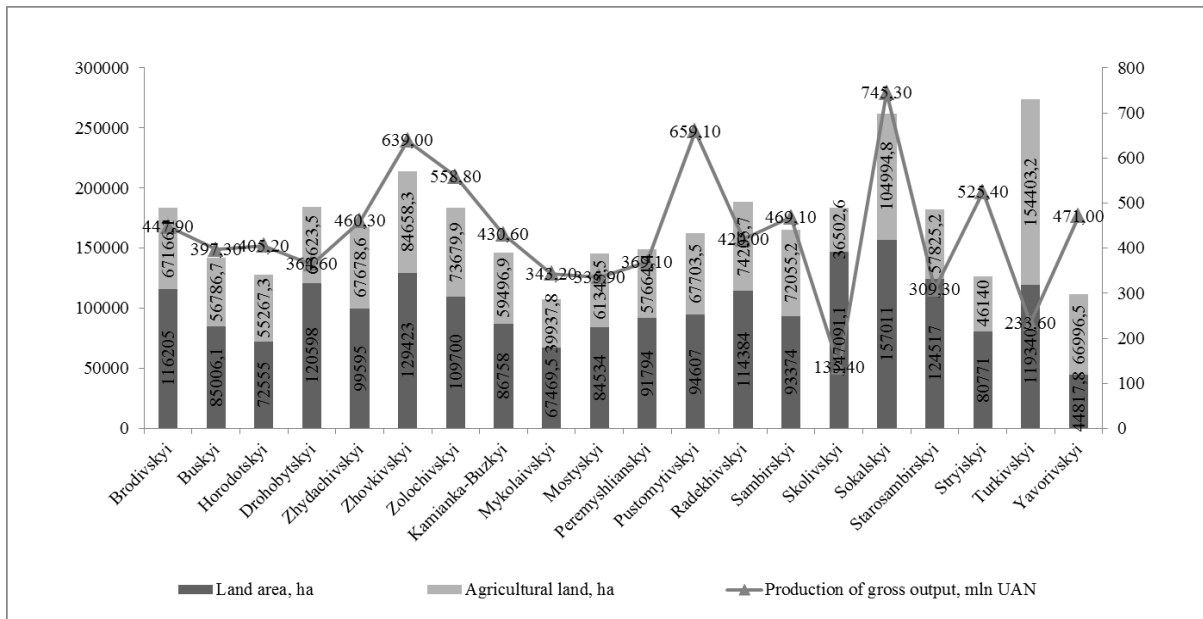


Fig. 1. The distribution of the land fund and production gross output.

The growth of gross output is a principal indicator in the process of evaluation of land resources' utilization. General gross output of agriculture accounts for 8,813.3 million UAH in the region and it corresponds to 3.5 % of the total volume in the country. Thus, the region takes the 16th place in the rating of regions.

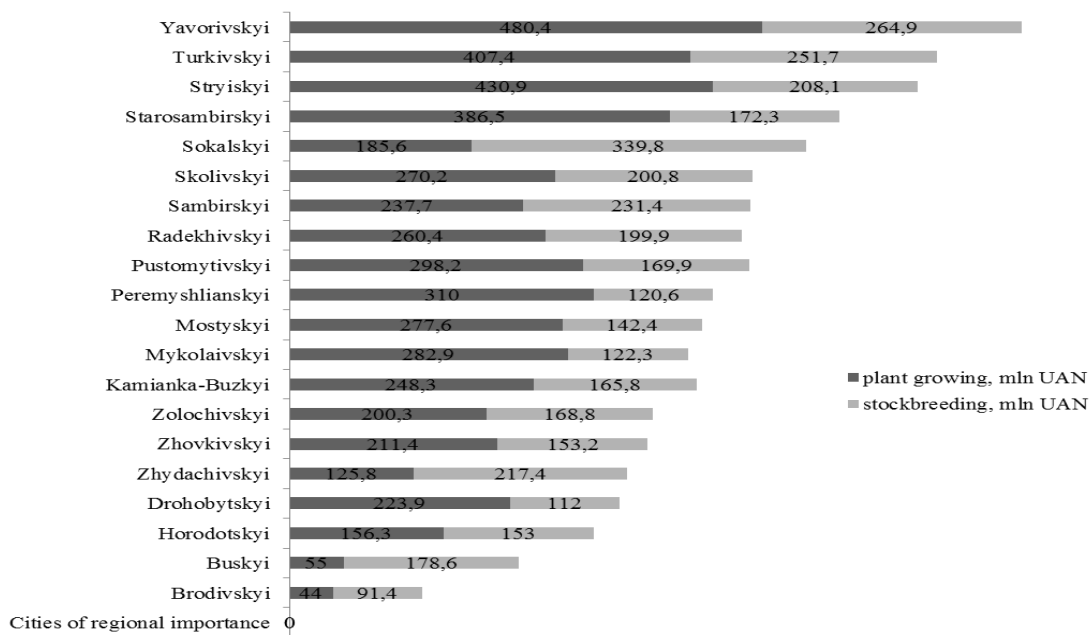


Fig. 2. The distribution of the land fund and production gross output.

Land resources in agriculture combine such features as territorial basis to place productive forces, properties of natural resources and main production means. The level of their reproduction is determined by the nature of economic impact of economic entities managing them. Environment and economic feasibility of territorial redistribution of land resources based on relevant national and regional forecasting developments has not been conducted in the region. Implementation of transformation of the structure of land resources deepened ecological imbalance of land resources, caused the loss of efficient land use and land protection, natural ability to restore soil fertility. The current system of agricultural production and land use in the region does not meet the requirements of sustainable environmental management. The ratio of environmentally acceptable ratio of cropland size, natural grasslands and forest plantations are violated (Bordyuzha, 2014).

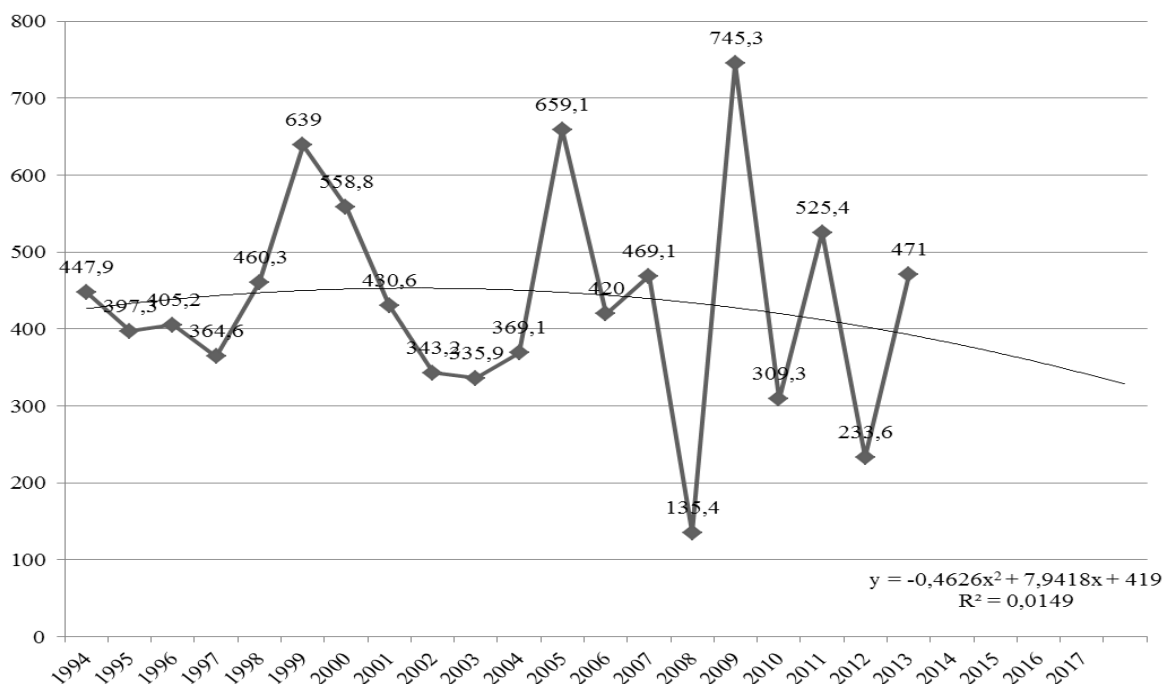


Fig. 3. The forecast of production gross output.

It is known that the indicator of production of gross output of agriculture is a partial, generalizing one, thus it can change because of the space aspect, time range, an impact of organizational, economic and innovative mechanisms. The indicator increases because of sustainable land utilization of the region under market conditions. That is why, performing evaluation of economic potential of land resources one should consider such indicators as net income from sales – 5,741.5 million UAH, financial result from sales – 1,517.5 million UAH, level of profitability – 35.9 % and cost price of cereals production – 134.17 c/ha (Agriculture Lviv region, 2014).

The level of Ukrainian economic development, revival of its economic power in the global society is mostly determined by the agricultural sector progressive development with high resource potential. However, in the current state of the Ukrainian economy, the agrarian sector fails not only to provide the state with significant competitive advantages in the world market, but also to solve the main problems of the domestic food market. The available potential is not actually implemented. It is obvious that the problems of the branch development are caused not only by limited production factors, but also by the absence of the state regulation integral system concerning their distribution and use. The process to form the market of production resources in Ukraine is slow and it is not characterized by a high socioeconomic efficiency owing to the peculiarities of the transition period, inefficiency of the legal framework and population's biased attitude to formation of private property and introduction of market relations in rural areas.

The solution of these problems should be undertaken by the state. Public policy in the agricultural sphere should be based on new approaches in decision-making concerning rational use and protection of land resources, creation of optimal conditions for social development, land investments and productive potential, its transformation into an independent factor of economic growth. The state can achieve this goal by using both economic (involving the use of incentives) and administrative methods (based on the power of authority, discipline, responsibility), which would be realized in the overall economic reform (Koval, 2014)

Economic methods of management of land resources reproduction are the means of achieving economic management objectives through the implementation of economic laws. In other words, economic methods in the contemporary sense are economic calculations based on the conscious use of the entire system of economic laws and categories of market economy.

A set of economic methods is conditioned by the ownership of basic means of production. Economic methods of land resources' reproduction management aim at creating economic conditions triggering the rational use and protection of land without the impact of administrative measures. In terms of paid use of land, a group of economic methods refer to financial, marketing and fiscal tools. Their implementation is carried out by public financing of certain types of land use, creating reserve budgets

for the development of territories, creating favorable and burdened conditions to use land, payment of damages, valuation of land and real assets, formation of developed market, land taxation (Ainur, 2014).

The effective land market is the main prerequisite of high socio-economic efficiency of land relations, sustainable socio-economic development, improved living standards, food security, improved agricultural production. The efficiency of land use depends on how properly land market will be organized. Agricultural land market is an essential condition and means for the development of agricultural sector. Land is a commodity that is the object of sale, lease, and mortgage. Involvement of land or rights to use it in the market economy promotes business and investment activity increasing the efficiency of land ownership in country. Taking into account international experience, it may be noted that well-established land market is the guarantee of the basic needs in the modern society and in the state in general (Kozlova, 2014).

Conclusions and proposals

The research results lead to the conclusions that the potential of land resources is an economic category demonstrating material efficiency by means of criteria and indicators of economically profitable agricultural production, where gross production output is the principal one. As regards the territory of Lviv region, it accounts for 8,813.3 million UAH in 2013 or 85.1 % in relation to 1990 and 126.4 % in relation to 2000, demonstrating a tendency to increase. Having analyzed the indicators, we are able to confirm an insufficient output of production obtained from one hectare at minimum expenses on land resources with consideration of particular natural-climatic conditions on the territory of the region.

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