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## **THE MAIN ASPECTS OF THE INVESTMENT ATTRACTIVENESS OF THE POULTRY SUBCOMPLEX OF THE REGIONAL AGRO-INDUSTRIAL COMPLEX**

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**Abstract:** *The problem of developing and increasing the economic efficiency of agricultural production is inextricably linked with the intensification of investment activities. The volumes of attracted investments, optimization of the directions of their use, as well as ensuring the growth of indicators of return on invested capital largely determine the strategic development of the industry, an increase in production volumes, the employment of workers and the social conditions of their lives, the competitiveness of individual subsectors and enterprises of the agro-industrial complex. Poultry farming has a number of advantages over other sectors of agriculture, which allow attracting more investments in its development and improving the technical and technological base. In the context of the development and implementation of innovative technologies in the agro-industrial complex, the lack of investment and their ineffective use largely predetermine the low competitiveness of a significant part of Russian poultry enterprises. Sustainable functioning and strengthening of the resource potential of the industry is possible only on the basis of enhancing the investment attractiveness of domestic poultry farming. Research is needed to improve the entire system of investment management in the poultry industry in order to increase the efficiency of investments, increase the resource potential and competitiveness of this sub-industry in the world market.*

**Keywords:** *investment projects in the agricultural sector of the region, poultry farming, integrated agro-industrial associations of a holding type, development of inter-farm cooperation.*

## INTRODUCTION

The agro-industrial complex has traditionally been and remains the main economy of the Tambov region. It is in this sector that the region occupies a leading position, actively developing and promoting its products on the Russian market and beyond. In the structure of the gross regional product of the Tambov region, the share of the agricultural sector reaches 27%. The fertile lands of the Tambov region are currently used by 97%, providing farmers, and then consumers with high-quality grains, vegetables and fruits (Antsiferova, Khaustova, Strelnikov, 2018). Today, priorities in the agricultural sector are given to the following investment areas: production and processing of agricultural products, production of export-oriented products and import-substituting products. It is these areas that are developing most today in the Tambov region. Each year, over 30 billion rubles are invested in the agricultural sector of the region – this is a fourth of the total investment. Using state support tools, more than 30 investment projects in the field of agriculture, food and processing industries were implemented. The volume of investments in fixed assets of agribusiness entities over the past three years amounted to about 100 billion rubles (Antsiferova, Myagkova, Tolstoshein, 2019).

Poultry farming is one of the most efficient and profitable sectors of agriculture. Its products are traditionally in high demand in the domestic market. The production cycle is short – a chicken turns into a hen in a maximum of 45 days (for comparison, we note that a piglet grows to a pig in seven to eight days, and a calf to a cow in 18 months), which determines a quick payback. Having the necessary financial resources for technical re-equipment and feed, you can restore this industry quite quickly. Restoring the potential of the poultry industry is one of the priority areas for the development of the Russian agricultural sector. Assessing the development of poultry farming during the period of economic reform, it should be recognized that in recent years it has been in an extremely difficult situation, which affects the results of the industry and the production efficiency in it. Since 1990, poultry production has begun to decline (Nikitin et al., 2019). The production increase in poultry was achieved mainly through the use of highly productive breeds, modern technologies of keeping and feeding. In recent years, the average daily gain of broilers and the average annual egg production have grown significantly. The production capacities of poultry enterprises and the breeding stock of poultry allow annually increasing the production of poultry meat by 200-250 thousand tons. The average per capita consumption of poultry meat in Russia is now 30 kg. For comparison, we note that in the United States this figure exceeds 40 kg. The traditional “bottleneck” of the Russian poultry industry is the lack of feed and the limited financial resources necessary for their import, purchase of vitamins and medicines, as well as the transition to modern technology for the production of feed additives.

It should also be noted that they are irrationally used (to get one pound of poultry meat in slaughter weight, we need twice as much grain as in Europe and the USA) and the need to change the structure of compound feed, which can help reduce the broiler growing time to 38–40 days against the traditional 50–56 and increase in daily weights. According to experts, it is expected that, in the next 10 years, if the problem with feed and technical re-equipment of the industry is solved, Russia can turn from an importer of poultry meat into its exporter, along with countries such as the United States, the European Union states, and Thailand. In this regard, in modern conditions, the attraction of foreign investment is especially relevant. Further development of the poultry industry is possible through the formation of large integrated agro-industrial associations with the

participation of both domestic and foreign capital, which will create fundamentally new high-tech competitive vertically integrated structures covering the entire production and marketing cycle: from the production of primary raw materials to sales of final products (Pakhomova, 2012).

In recent years, under the influence of objective factors, even in conditions of an unfavorable investment climate in the country and a general decline in the inflow of foreign investments, there has been a tendency to redistribute them in favor of the real sector of the economy, primarily industries oriented towards the consumer and commodity markets where the return on investment has a real perspective. From the point of view of foreign investors, the food subcomplex of the agro-industrial complex, characterized by rapid capital turnover, whose products have guaranteed demand in the domestic market, is quite attractive. By the volume of accumulated direct foreign investments, the food subcomplex is one of the three leaders together with the fuel and energy sector and the financial and credit sector (Narzullaev, 2018).

The interest of foreign investors in the poultry industry is growing. Investments in the production of poultry meat pays off most quickly, since the production cycle in this sector is very short, a little over a month, and the production is the most technologically advanced. As the domestic production of the industry grows in popularity and the position of products of Russian poultry farms grows, Western investors have good opportunities to develop cooperation with Russian enterprises. The first large foreign project in Russian poultry was the creation in the Moscow region of a Russian-American joint venture for the production of broilers with the participation of “Elinar-Broiler” JSC, which includes all technological stages – from feed production and broiler growing to slaughtering, cutting and packing poultry. The capacity of the enterprise is designed to process up to 250 thousand broilers per week. The annual production volume is 10-12 million broilers per year. The structure of the complex also includes a compound feed production workshop, a granary, an incubator that processes plants and farms for raising chickens – producers of eggs and young animals. “Elinar-Broiler” is one of the few poultry farms currently offering Western-quality products (chicken farming technology is close to European).

In general, during the period from 2015 to 2020, 19 promising investment projects were implemented in the Tambov Region in such areas as pig breeding, poultry farming, dairy farming, as well as in the field of greenhouse growing, potato growing and processing. Among them there are large-scale ones – “the Tambov Turkey”, “the Tokarevka Poultry Factory”, “the Tambov Bacon”, with an investment of over 8 billion rubles each, which have been carried out in several stages for several years (Nikitin, Kuzicheva, Karamnova, 2019). So, the construction of facilities within the framework of the project of JSC “Tokarevka Poultry Factory” ends with a total investment of 10.7 billion rubles and a design capacity of 150 thousand tons of poultry meat per year. The incubator was commissioned, the construction of the poultry feeding platform No. 3 was completed, the number of poultry is more than 600 thousand heads. The poultry slaughtering workshop operates in the starting mode. It is planned to put into operation a feed mill with a capacity of 250 thousand tons per year and poultry feeding platform No. 7. Currently, more than 1000 jobs have been created at the project sites.

JSC “Tambov Turkey” is a joint project with the Spanish company Grupo Fuertes, the largest turkey producer in Spain. Since 2012, more than 9.8 billion rubles have been invested in the implementation of this project. This is an integrated full-cycle enterprise, which includes the entire production chain, from feed production to slaughter and processing. The complex includes an incubator, a feed mill for 150 thousand tons of

animal feed per year, an elevator for 120 thousand tons of grain, growing and fattening sites, a slaughter and butchering workshop, modern warehouse complexes and sanitary checkpoints. The enterprise owns 9.5 thousand hectares of land. The production employs more than 1,500 people.

## **MATERIALS AND METHODS**

At present, the determination and assessment of factors contributing to the formation of the investment attractiveness of an enterprise for potential investors is of increasing theoretical and practical interest. As studies of recent years show, many modern enterprises lack their own funds allocated for their further development. One of the ways to solve this problem is to actively attract investment resources. However, in order to interest investors and obtain the necessary funds, the company must be attractive for investment. In this article, we try to investigate how the changes in agriculture in the context of import substitution in the modern Russian economy affect the investment attractiveness and development of the regional poultry subcomplex. To assess the investment attractiveness of individual branches of the regional agro-industrial complex, we used a system of comprehensive comparative analysis of the development of investment processes in the poultry sub-complex of the Tambov region. The informational basis of the research was made up of statistical and analytical materials of the Federal State Statistics Service of the Russian Federation, the Ministry of Agriculture and the Territorial Body of the Federal State Statistics Service for the Tambov Region, materials of academic research, scientific conferences and periodicals. The methodological basis of the study is based on the fundamental principles and concepts of the theory of assessing the investment attractiveness of the development of individual enterprises, industries and their complexes, as well as assessing the efficiency of investments with various shares of foreign capital.

## **RESULTS**

In the Tambov region, about 300 investment projects are being implemented, which are at varying degrees of completion. According to the results of 2018, the share of investments in gross regional product amounted to 35%, significantly exceeding the national average (25%). The creation of a regional development and investment management support department in the regional administration, systematic actions to improve the investment climate and the formation of new investment sites allow us to predict the continuation of this positive trend in the future. The creation of large corporations, which is easier to attract investment, is one of the strategic directions for the development of the agricultural sector, which allows implementing the agricultural policy (Ivanova, Menshchikova, 2018).

Evaluation of the comparative effectiveness of various enterprises of the countries of the world and Russia shows the indisputable advantages of large enterprises, including, in particular: the best financial opportunities in comparison with small enterprises to acquire and effectively use modern expensive equipment and technologies; lesser need for machinery and equipment per unit of the processed area, and, consequently, greater workload and more efficient use of technical means in the production; increasing agricultural productivity, reducing production costs due to economies of scale and reducing the share of fixed costs in the price of products; better use of the resource base of the agricultural sector; more favorable loan terms; much greater opportunities for implementing the innovative path of development of production; the best conditions for

the rationalization of the production and economic process based on the optimal size of the main production and service structural units, their specialization and geographical location; the presence of prerequisites for the introduction of a closed production cycle, processing and sales of products in order to displace intermediaries and maximize profits; the possibility of attracting highly qualified managers and specialists on conditions of high pay and creating a set of social and living conditions; the availability of funds to improve working conditions, life, professional and cultural development of workers through the introduction of new technologies, the influx of young specialists (Nikitin, Smykov, 2019).

Russian poultry farms have significant potential, and in order not to lose the Russian market, foreign poultry farmers will look for different ways of cooperation. Poultry farming is one of the most integrated sectors of the agro-industrial complex. This determines the specifics of the organization of investment projects in this industry. A feature of the projects is the availability of components related to investments in enterprises for the production of feed and raw materials, processing and sales of products. At the same time, a high degree of integration of production and technological stages is ensured, a unified financial and marketing strategy is implemented, as well as a technological policy. Simultaneously, the implementation of such an investment project allows the formation of large holding-type product systems, which, in turn, makes it possible to create property complexes as collateral instruments. As noted earlier, the easiest way to organize an investment project in poultry is to assign the functions of a holding (managing) company to the parent enterprise for processing (wholesale) poultry products.

Another option is to create a separate management company. Such a company is created only for the purpose of implementing the investment project for the period of the full payback of the project, obtaining the planned profit and paying off borrowed funds with full payment of interest on the loan. In the future, it is liquidated as a legal entity, or procedures are being implemented to transfer property and other rights to a new owner. It is important to note that the preferred option is to create a management company with the tasks of technological and economic integration of poultry enterprises that have decided to become participants in the investment project. At the same time, other tasks can be solved to enhance the competitiveness of products, expand markets for goods and services, increase production efficiency and subsequent evolution into a powerful regional agricultural holding for the production of poultry products.

When integrating enterprises, it is planned to use the influence of leading enterprises to build controlled holding structures led by such enterprises. At the same time, important unprofitable links of this chain are included in the united technological chain. Various readjustment measures are applied to them. At the first stage of development, the holding plays the role of a trade and purchasing organization, a leasing and analytical center, which provides design and consulting services. In the future, the holding is supposed to evolve into a powerful investment institution, closely cooperating with financial institutions. The management company will be a single borrower and not be liable for the repayment of loans and interest on it. In addition, the management company will be a contract holder, lessee and lessor. It is planned to create a management company in the form of a closed joint-stock company whose profits will be generated, first of all, by leasing machinery, mechanisms and equipment for holding companies, trading and purchasing activities, providing fodder storage services and performing other types of activities that have a commercial effect. The management company will conclude agreements with holding enterprises on leasing for these enterprises machinery,

mechanisms and various equipment, as well as sales of mechanisms and equipment with deferment of payment.

## DISCUSSIONS

A prerequisite for the successful implementation of an investment project and minimizing project risks is the creation of conditions that ensure stable and reliable operation of all enterprises included in the holding. In this regard, the holding enterprises must be bound by strict contractual obligations. It is assumed that enterprises that unreasonably fail to fulfill their obligations may be subject to judicial sanctions, including the initiation of appropriate bankruptcy proceedings. At the same time, the task of the managing company will be constant monitoring of compliance with contractual obligations by the holding enterprises, prevention and prevention of conflict situations, maintaining a balance of interests of enterprises, the maximum reduction in receivables, using forfeiting mechanisms (Nikitin, Smykov, 2018). For the purpose of effective manage of the implementation of the investment project and holding structures, it is necessary to attract qualified management, forming the executive directorate of the management company. The managerial staff and key specialists of the management company should be selected on a competitive basis.

The management company is expected to include a number of enterprises and organizations (their shareholdings) in the holding. The reproductive poultry farm provides reproduction of the livestock of poultry eggs and broilers, meat production and processing. Several poultry farms of egg direction provide the production of eggs and poultry meat, as well as the processing of poultry meat. Poultry farms for meat production provide the reproduction of livestock of broiler birds, meat production and processing. The feed mill provides the production and delivery of feed to the poultry farm. The administration of the region facilitates the organization and implementation of this project, provides organizational and legal support to the activities of the holding company. The trade association provides the supply and marketing functions of the company. The consolidation of financial and production resources, attracting investments for development and modernization, the introduction of progressive technologies for the production and processing of poultry products, and the development of inter-farm cooperation will increase the load on existing production capacities and ensure that poultry farms are fully provided with balanced feed. Timely deliveries of high-quality feed, bypassing intermediaries, will reduce the total unit costs, increase the daily gain of broilers, increase the profitability of all industries, sell the final products through the established dealer network, which will make it possible to obtain consolidated profit at the final stage of the technological chain, the distribution of which between the participants of the association (company) will contribute to their further economic development.

## CONCLUSION

The organization of large integrated structures will improve the investment climate of industries associated with the production of agribusiness in the region, stimulate innovation processes and, thereby, increase the competitiveness of agribusiness sectors. The region has created the necessary regulatory and legal framework in the field of investment activity. There is a system of measures to support investors aimed at stimulating investment activity in priority sectors of the regional economy. It provides for various types of state support, guarantees transparency of all

procedures and ensuring equal rights for investors. To stimulate the creation of new industries in the Tambov region, a business development and support structure was created, including the Regional Development Corporation, the Credit Assistance Fund of Small and Medium Enterprises, the Entrepreneurship Support Center, the Business Support Coordination Center, combining the Cluster Development Center, and the Export Support Center, Regional Engineering Center.

A unique joint project of the region administration and regional development institutes "Business Space", "Business Geometry" was implemented. On the territory of the business space in the "single window" mode, all the necessary infrastructure for supporting the business of the region is presented, as well as the windows of the MFC and other organizations necessary for the activities of entrepreneurs are also open (Nenasheva, 2015). In accordance with the Decree of the Administration of the Tambov Region dated January 29, 2020 No. 56 "On approval of the list of priority areas of investment activity of the Tambov region for 2020, according to which a competitive selection of investment projects for providing state support is announced", the production and processing of agricultural products are at the first place in the list of priority areas of investment activity of the Tambov region for 2020. Successful implementation of investment projects in the poultry product complex, state support for promising areas and further efficient agricultural production will allow the region to maintain its leading position in this sector of the economy and worthily represent its high-quality products not only domestically but also abroad.

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