

YOUNG FARMERS' POSITION IN THE HUNGARIAN AGRARIAN SOCIETY

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Abstract: *Important breakthrough of the aging Hungarian agricultural sector may be obtaining the young farmers' motivation for production. Beyond the environmental factors and traditions of production of this particular area an appropriate incentive system should be established. The base of the system could be manifest in preferences for "young farmers" and in agricultural subsidy measures. Besides the love of farming and cherishing traditions the farms founded by "young farmers" should play a sustaining role in the families as expected tender obligation from the 3-4. year of operating the farm not only as the main range of activities, but also in a full-time self-employed form. The agricultural micro- and small- individual businesses directed by "young farmers" using EU funds can achieve spectacular growth thereby they may contribute to the development of the country.*

Keywords: *young farmers, EU funds, rural development, subsidy system*

INTRODUCTION

The accession of European funds represented and represents a real touchstone and conclusions that would need to be taken into account in the future underscore the need:

- Organising regular information sessions and conferences on various European issues by the local authorities to ensure both transmission through civil society of strategies and community objectives of/or local development and also for its consultation to identify problems, finding optimal solution, to establish a common action plan. Constant contact between local authorities and civil society will generate, in time, participation and co-involvement of citizens in implementation of development strategies (TRIFU ET AL., 2014).

The allocation of financial resources by types of activities was not based on extensive studies, correlated with other factors of conditionality related to the need to develop rural space. The need to create new jobs through diversification of activities and improvement of living conditions in rural areas should be an absolute priority throughout the process of planning activities and allocation of financial resources (GOSA ET AL., 2014). The strengths of young farmers are the professional background and expertise. The main obstacle for the development of capital deficit since start business the new enterprises generally completely live up their savings (BENKŐ-KISS ET AL., 2010).

The current situation is rather contradictory, because even in France – where subsidies for young farmers are the most structured and comprehensive among all EU member States – the number of young farmers is falling. This confirms that subsidies are not in themselves sufficient; rather the development of a suitable social environment and atmosphere is necessary. Greater efforts, more rational measures and an increase in subsidies are required in the EU:

- Operation of a continuously maintained information system about young farmers.
- Subsidisation of a greater proportion of the necessary investments and high expenditure required for starting a farm.

- Modernisation of the early retirement institution and its more effective promotion.
- Easing the handover of farms, both socially and legally.
- Modernisation of education, training and related network development (FORGÓ, 2006).

Young farmers have resorted to a high proportion of EU funds, and their majority was satisfied with the changes of the new rural development support "Start-up support for young farmers" (HANTOS, 2010). Nevertheless, the accession to the EU was assessed negatively the business point of view by 28% of them. Accession to the EU is likely to increase competition in the market and it has a negative impact on the young farmers, and this can not even be compensated from the funding opportunities. In the European Union and in Hungary the proportion of people employed in agriculture is continuously decreasing. In order to ensure alignment with the strategy "Europe 2020: smart, sustainable and inclusive growth", the pillar of rural development of the Common Agricultural Policy will be based on six priorities in the fields of agriculture, forestry and food processing. Apart from achieving these goals, young agricultural producers will be taking a prominent role as the engagement of young people in the agrarian sector is indispensable for the future of the sector (KÓSZEGI, 2014).

In our study the various reasons were examined why young agricultural producers had started agricultural activities, and to what extent they consider it their key task to make agriculture sustainable and to protect the land and their environment.

MATERIAL AND METHOD

This primary study was focus on the young farmers of the South Great Plain Region. Research was carried on the results of tenders for young farmers which were done so far. Data and experiences were collected since 2007, and also interviews were conducted with the young entrepreneurs. The objective assessment of the situation of young farmers in Hungary was worked out with SWOT analysis.

RESULTS AND DISCUSSION

Important breakthrough could be of the aging Hungarian agricultural sector the recovery of the willingness of the "young farmers" to production. Beyond the environmental factors of production and traditions of the particular area an appropriate incentive system should be established for this. The agricultural support measures for "young farmers" could be the base of this system. Beside the love of farming and cherishing of traditions the farms founded by "young farmers" should play a sustaining role in the families' life. As expected tender obligation the farm should operate from the 3-4. year not only as the main range of activities, but also in a full-time self-employed form.

The "assistance to young farmers' setting" goal appeared a total of four times from the European Agricultural and Rural Development Fund between 2007 to 2015 in Hungary. The maximum grant was 40,000 EUR for all candidates who fulfilled a minimal appropriate farm size. This system does not gain major attention in the Hungarian host society over the past approx. eight years with the amount of available support, but also with the pre-financing system. This was proved that, despite the increasingly complex compliance factors, this source was always 4-6 times oversubscribed. The pre-financing system ensures that the winning farmers receive 90% of the grant without any actual economic performance within 90+60=150 days from the date of the receipt of the winning.

The advantages and the potential pitfalls as well of the subsidy schemes are also in this moment.

Possible development

In possession of 90% amount of the grant 18 to 40 years old "Young Farmers" during the five-year long required operational year can behind different career. The question is whether the agricultural past and present market environment, which provides breakthrough point for an individual agricultural based business establishment, subsequent maintenance and operation of non-compliance penalties in addition to the expected viability and financial indicators. The support directionally manages the Hungarian agricultural sector segments, thereby regulating the developmental possibilities.

The development path diverts to the animal production and horticultural branches "only". Thereby limiting the arable crops and grassland management of the "big" producers, but motivates and encourages the high penetration of the labour-intensive agricultural branches. It is true that the grant proposals for each the above mentioned two dominant segment in the sectoral composition is higher with min. 50-84% (in 2007-2008 50% of announcements; in 2014 84% of announcements) in the animal husbandry, horticulture or a combination of the two sectors.

In any case, the fact is that this very favourable pre-financing support scheme gives the most of its work for the supervisors (Agricultural and Rural Development Agency) and the professionals of the Managing Authority (Ministry of Agriculture). The "Young farmers" superficially do not embrace during the years of operation the complexity of the evaluation and control system, therefore, most of the time they collide with these authorities, with serious penalties in the above mentioned greatly impeding progress.

Future prospects for young farmers

The decrease in the purchasing power of the grant received, high land prices, selling and breeding of the "Young Farmers" must face with the fact that depending on the aid application from the 3-4. year of the operation of their farms mean not only the main range of activities, but also a full-time self-employed form. This means that discarding their previous place of work, they should earn their wages in addition to obligation to pay contributions subject to the expiry date.

The other factor which is greatly influencing the "young farmers" financial success beyond the self-employment is the employment of additional one, two or more persons as full-time employees in the fourth year of operation. So over 2 years by the above mentioned rule, the main consequence of the employment by taking full-time, well educated prescribed by law as minimum wage and contributions to be paid. If the animal production and/or horticultural production sectors' income indicators (Hungarian relations) between these criteria will not be favourable, the system for young farmers becomes unenforceable. The list of evaluation criteria (undertaking number of employee → higher score, more chances to win) is also associated with serious non-compliance with financial sanctions, which again limits the young farmers' development.

On the other hand, if the farms are professionally well managed and prepared, with proper market information, and managed the individual businesses by the help of agricultural special advisers they can achieve spectacular growth. They can get a better position by themselves and contribute to the development of the country.

SWOT analysis

This method systematized all the relevant information that will help to navigate this complex application system, and provide answers on understanding and evaluating this specific support scheme based pre-financing (Table 1). It is pointed out how can be used the scheme's strengths, how to tackle the weaknesses and grab the opportunities, how to protect the farmers against the threats using the Strengths. Finally a strategy could built up that protects the farmers from the identified weaknesses and threats, taking into account all the personal, economic, environmental and political factors.

Table 1

SWOT analyses of the support system for young farmers

Strength	Weakness
The rate of animal production and horticulture is high (50-84%) High rate of young farmers with agricultural diplomas High proportion of people with special qualifications Subsidy scheme is pre-funded in 90% Strong intent for investment Tendency of high diversification activity on farms Many followers of the family traditions Young farmers has an association for interest representation (AGRYA)	Low level of profitability Absence of differentiated animal unit calculation Protracted authority decisions Lack of knowledge refresher trainings Performance of marketing is below the average There is no continuous physical and financial viability control Unfavourable demographic downturn
Opportunity	Traits
Wide financial possibilities of usage Widespread need for agricultural advisory support Strong susceptibility for manual labour-intensive agricultural production High rate of separation from self-employment High sectoral generalization	Difficult to obtain land Limited access to loans for start-up businesses High administrative burdens Complicated legal regulation Categorized system of sanctions Unfavourable tax forms of private entrepreneurs Limits of arable cropping and grassland management

Source: authors

CONCLUSIONS

The unfavourable market conditions, low profitability, high level of expectations, bureaucratic legislation, sanctions and penalties, and limited agribusiness segment discouraging potential "Young farmers" and greatly affect the ability of farmers who have been get the developmental winning decision. On the other hand to the unique form of financing, the use of broad financial possibilities, the family traditions, and the security offered by the Farmers Association encourages and stimulates them for the production of high labour-intensive goods. We think that this form of support can be a break point, despite the difficulties of the Hungarian agricultural society and refreshing by the "Young farmers" individual businesses, and with the European resources they can reach

spectacular growth. They can contribute through this increasingly to their and the country's development.

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