

## **PROBLEMS OF ENTREPRENEURSHIP DEVELOPMENT IN THE FIELD OF MILK PRODUCTION IN THE REPUBLIC OF KAZAKHSTAN**

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**Annotation.** The problem of improving state support for dairy farming and the development of entrepreneurship in the production of milk and dairy products remains relevant in the context of import substitution. State support measures have been taken to increase the number of livestock and increase the volume of milk production in the Republic of Kazakhstan, but the problems of the industry are still unresolved

**Аннотация.** Сүтті мал шаруашылығын мемлекеттік қолдауды жетілдіру және сүт және сүт өнімдерін өндіру саласындағы кәсіпкерлікті дамыту проблемасы импортты алмастыру жағдайында өзекті болып қалуда. Қазақстан Республикасында мал басын көбейту және сүт өндіру көлемін арттыру үшін мемлекеттік қолдау шаралары қабылданды, бірақ проблемалар әлі де шешілмей келеді

**Аннотация.** Проблема совершенствования государственной поддержки молочного животноводства и развития предпринимательства в сфере производства молока и молочной продукции остается актуальной в условиях импортозамещения. Для увеличения поголовья скота и повышения объемов производства молока в Республике Казахстан были приняты меры государственной поддержки, но проблемы отрасли все еще остаются нерешенными

**Keywords:** dairy farming, food security, state support, efficiency, subsidies.

**Түйін сөздер:** сүт шаруашылығы, азық-түлік қауіпсіздігі, мемлекеттік қолдау, субсидиялар.

**Ключевые слова:** молочное животноводство, продовольственная безопасность, государственная поддержка, субсидии.

In September 2020, President of the Republic of Kazakhstan K. K. Tokayev in his address to the people of the country "Constructive public dialogue – the basis of stability and prosperity of Kazakhstan" outlined a number of significant principles on which the new economic course of development of the country is based. The President pays special attention to private entrepreneurship, fair competition, opening up new markets for a new generation of entrepreneurs and increasing productivity, taking into account the increasing complexity and technology of the economy. At the same time, the President noted that a competitive economy cannot be created without a developed agriculture [1].

Kazakhstan is an agro-industrial country, where agriculture is the sphere of life of the main part of the population. Forty-three percent of the population lives in rural areas today, and the level of development of agricultural production largely determines the standard of living not only for those who work here, but also for those who are more or less connected with this sphere. The level of development of agricultural production is closely related to the welfare of the majority of Kazakhstanis [2]. The main priority in the agricultural sector today is the production of high-quality and competitive products. The agro-industrial complex should become a new driver of the economy, so it is necessary to pay special attention to ensuring the growth of agricultural processing, productivity, labor productivity and increasing the export opportunities of the industry[3].

Due to its large territories and abundance of natural resources, Kazakhstan has huge opportunities in the field of dairy farming. Today, the dairy industry is actively developing and plays an important role in solving the problem of food security in the country. In Kazakhstan, the share of cow's milk is about 95% of the total amount of milk consumed by the population. State programs for the development of the agro-industrial sector and animal husbandry contribute to the formation and development of the dairy industry in Kazakhstan. However, there are a number of problems that require an innovative approach on the part of manufacturers[4]. Today in the country there is an imbalance in the production of cow's milk among the producers, as the lion's share of milk producing households that do not have a business interest and use it for personal purposes, but only a third of the total volume of milk produced belongs to the individual entrepreneurs, peasant farmers and agricultural enterprises specializing in the production of dairy products. This ratio can be seen in figure 1.



**Figure 1. The Share of milk produced in Kazakhstan for January-August 2020 by category of farms, tons**

Note-compiled by the author on the basis of research data from the dairy Union of Kazakhstan.

According to the statistics Committee of the Republic of Kazakhstan, 4.3 million tons of cow's milk were produced from January to August 2020, 72 percent of them, which is almost 3.1 million tons of milk accounted for private farms. Next come with 21 percent and 872 thousand tons of milk — individual entrepreneurs and farmers or farms, the least was produced from agricultural enterprises almost 315 thousand tons of milk and 7 percent.

The regional distribution of milk was as follows: the largest amount of milk in the Republic was observed in East Kazakhstan (723 thousand tons), Almaty (549 thousand tons) and Turkestan (541 thousand tons) regions, while the lowest indicators were in Mangystau (5 thousand tons), Atyrau (46 thousand tons) and Kyzylorda (57 thousand tons) regions.

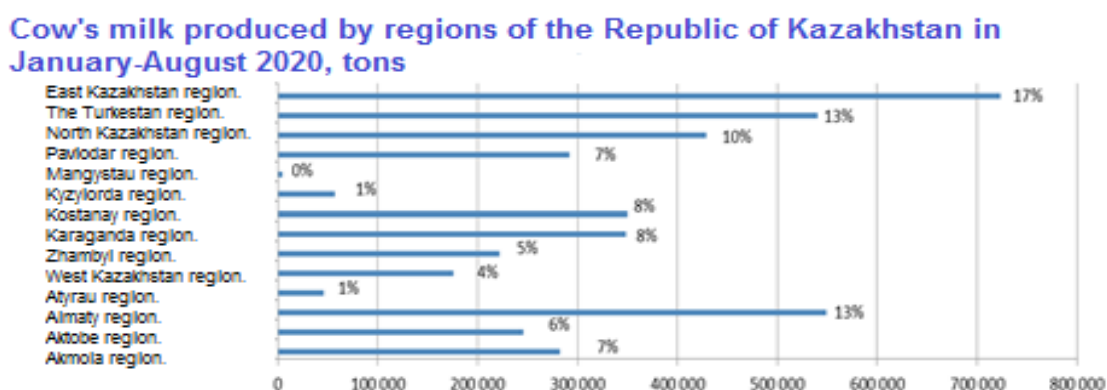


Figure 2. Milk yield by region for the period January-August 2020, tons  
Note-compiled by the author on the basis of research data from the dairy Union of Kazakhstan.

According to the statistical Committee of the Republic of Kazakhstan, from January to August 2020, 325 thousand tons of cow's milk were recorded in agricultural enterprises. Of these, 20 percent, which is 64 thousand tons, falls on the North Kazakhstan region, followed by Akmola region with 18 percent and 57 thousand tons, and Kostanay region closes the top three with 15 percent and 47 thousand tons of milk. The shortage of milk falls on the Karaganda and Atyrau regions of no more than 4.5 thousand tons and 1 percent.

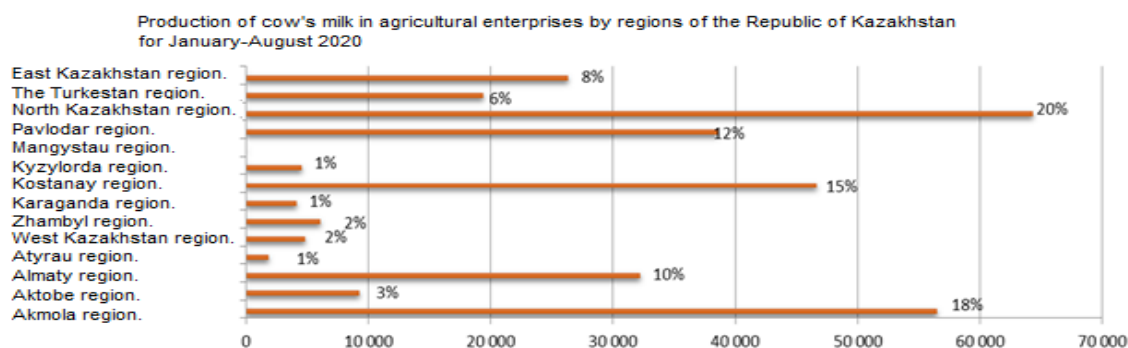
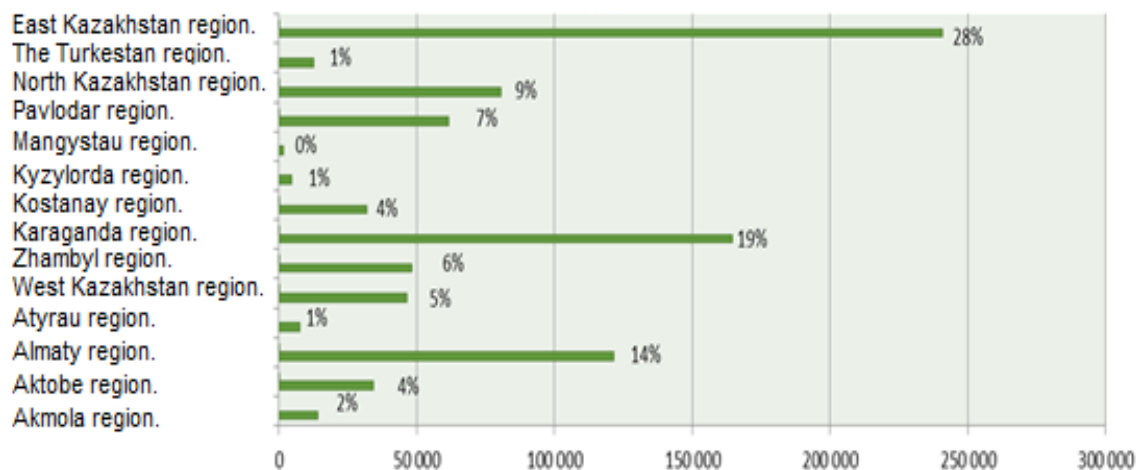


Figure 3. Milk yield In agricultural enterprises by region for January-August 2020

Note-compiled by the author on the basis of research data from the dairy Union of Kazakhstan.

According to the statistical Committee of the Republic of Kazakhstan, from January to August 2020, 872 thousand tons of cow's milk were recorded from individual entrepreneurs and peasant or farm farms, of which 28 percent, and this is about 241 thousand tons falls on the East Kazakhstan region, followed by 19 percent and almost 165 thousand tons of milk in the Karaganda region, the lack of milk falls on the Kyzylorda, Mangystau and Atyrau regions no more than 10 thousand tons and 1 percent.

**Produced cow's milk from individual entrepreneurs, farmers or farms in the regions of the Republic of Kazakhstan in January-August 2020, tons**



**Figure 4. Milk yield of individual entrepreneurs, agricultural enterprises and farms in January-August 2020**

Note-compiled by the author on the basis of research data from the dairy Union of Kazakhstan.

According to the statistical Committee of the Republic of Kazakhstan, from January to August 2020, the average maximum yield per milch cow in the category of agricultural enterprises falls on the Kyzylorda region-5859 kg, and the minimum in this category in the West Kazakhstan region-831 kg. In the category of individual entrepreneurs and peasant or farm enterprises, the average maximum yield falls on the Akmola region - 2271 kg., the minimum for the Mangystau region-468 kg. In the category of economy of the population, the average maximum yield falls on the North Kazakhstan region-2139 kg., the minimum on the Mangystau region - 468 kg [5]

As can be seen from the above figures 2,3,4, the situation for milk yields in the context of regions and business entities is different, since it is necessary to take into account the features and indicators of development of each region of the country, the lack of a large-scale feed base, climatic conditions, etc. There are a lot of problems and factors hindering the development of entrepreneurship in the field of milk production and dairy products. Below we present a figure with data on milk yields for agricultural enterprises, individual enterprises and households.

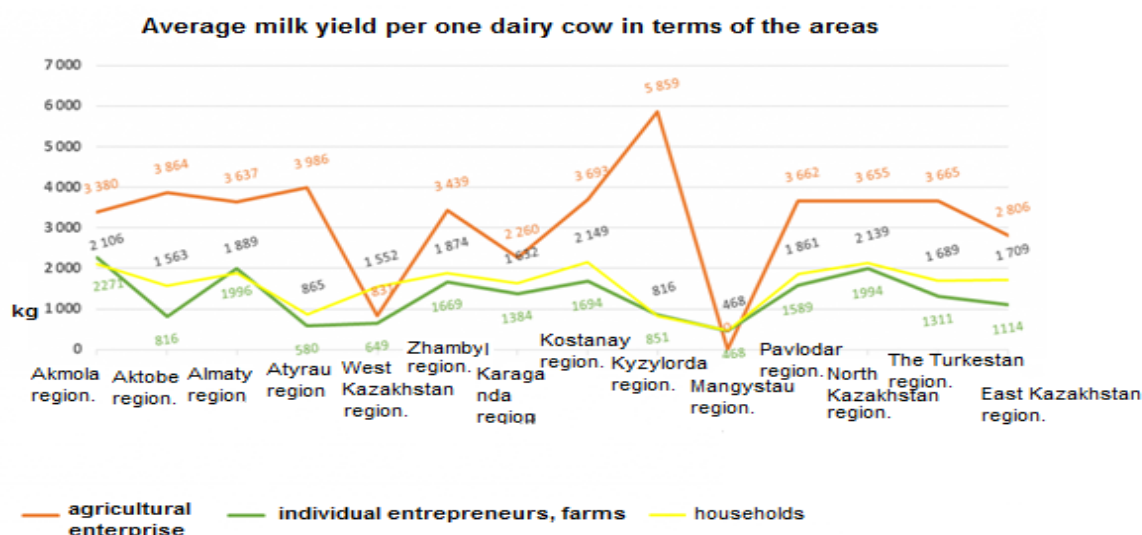


Figure 5. The average milk yield per one dairy cow in the cut areas

Note-compiled by the author on the basis of research data from the dairy Union of Kazakhstan.

As can be seen from figure 5, the highest rate of milk yield was achieved in agricultural enterprises engaged in the production of milk and dairy products. This is due to the fact that these farms use mainly imported meat and dairy breeds of cattle, the main characteristics of which are high productivity and efficiency of feed use.

The problem of the industry is that there are not enough specialized agricultural enterprises, farms and dairy farms in other words, subjects of small, medium and large businesses in the Republic of Kazakhstan. Since many residents of villages often do not have the opportunity to take out a loan and provide collateral as guarantees, the urgency of repayment of the loan is also a problem.

Today, the milk market, according to the dairy Union of Kazakhstan, is 5 million tons. Of these, only 1 million tons is commercial milk, that is, suitable for processing. About 78% of this milk is produced by small farms, the rest is accounted for by specialized farms. According to the Ministry of agriculture of the Republic of Kazakhstan, 164 enterprises are currently engaged in milk processing in the Republic. 35 dairies have their own dairy farms and do not depend on suppliers. The remaining 129 plants (80%) buy raw materials on the open market.

The total processing capacity of the plants is about 2 million tons of raw materials per year, in fact, the plants are half loaded. In winter, due to a shortage of raw materials, loading falls to 20%, which is why factories are forced to use milk powder, which is imported mainly from Russia, and some factories are closed [6].

The new livestock development program developed by the Ministry of agriculture aims to create a class of small and medium-sized farmers. It is expected that by 2027, the number of family farms in the country will reach 100 thousand, and they will become the basis for stable development of animal husbandry. Officials speak only positively about the program[7]. In order to increase farmers' interest in dairy farming and increase the share of dairy cattle in Kazakhstan, the Ministry of agriculture of the Republic of Kazakhstan has amended the rules for subsidizing the development of livestock breeding, increasing the productivity and quality of livestock products. By

order of the Minister Saparkhan Omarov of July 17 this year in dairy farming, the subsidy standards for the purchase of imported breeding stock have been increased from 225 to 400 thousand tenge per head, domestic-from 150 to 200 thousand tenge per head, as well as for reducing the cost of milk, the subsidy standard for one kilogram of trial weight now varies from 20 to 45 tenge. Previously, the "fork" of the standard was 10-35 tenge per kilogram.

In addition, in order to reimburse investment costs for the construction of industrial and family-type dairy farms, passport No. 6 is provided, under which 25% of the costs for the creation and expansion of facilities for raising dairy cattle with a capacity of 400 heads of breeding stock and for the purchase of equipment for a dairy farm with 50 heads of breeding stock are reimbursed.

At the same time, JSC "NMH" KazAgro " is working on financing the construction of industrial dairy farms with a remuneration rate of 6% and a period of up to 10 years. As previously reported, in accordance with The state program for the development of agriculture and plans for import substitution of dairy products, the Ministry of agriculture is actively working on the annual commissioning of 25 industrial dairy farms. In the 1st half of 2020, 6 large dairy farms with a total number of 3,810 head of cattle were put into operation in Kazakhstan, and 16 more dairy farm are planned to be launched by the end of the year.

In order to help farmers interested in the development of dairy farming and the construction of dairy farm, the Ministry of agriculture took several other measures in the summer. In particular, at the request of farmers, collateral requirements have been changed for financing investment projects for the construction of livestock complexes, as well as for lending for the purchase of livestock, machinery and equipment that will be secured in the future. The Ministry of agriculture has introduced a mechanism to guarantee up to 85% of the loan amount in case of a lack of collateral during the implementation of an investment project. As for livestock, it can now be purchased at a liquidity ratio of 1: 1.at the same time, after farmers receive subsidies, the security of hard collateral will be 15%. The remaining 85% will be provided by purchased livestock [8].

For farmers who do not want to associate themselves with the search for foreign suppliers and loans for the purchase of imported cattle, the meat Union of Kazakhstan offers to ask for help from them, where, under the terms of an agreement, the purchased cattle can be transferred to the farmer in a commodity loan with subsequent payment of offspring.

In order to stimulate the increase in exports of Kazakh products, the system of state support and state regulation should be focused on supporting entrepreneurship in the field of dairy production and dairy farming, accelerated growth of milk and dairy production and improving their efficiency.

Targeted subsidies, pricing policy, regulation of sales of milk and dairy products, and rural development should be important areas of state influence on the development and support of dairy farming.

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