

JÓZSEF VARGA
Kaposvár University, Hungary

ZOLTÁN SÍPICZKI
Kaposvár University, Hungary

THE FINANCING OF THE AGRICULTURAL ENTERPRISES IN HUNGARY BETWEEN 2008 AND 2011

Abstract:

Mainly due to the cyclicity in the agriculture and in farming the financing of the business means a remarkable challenge in this sector. Our goal is to be able to take stock the agricultural producers' foreign liabilities besides their own capital appropriate the balance sheets, to analyse the technological and business conceptions connecting to a variety of financing products in the agricultural financing and to develop effective models.

We can calculate on liabilities of 900-1000 billion HUF in the agriculture in 2011. The most important item is the direct bank loan (short and long term). The second largest item is the accounts payable. Another large items are the other short term liabilities and the integrator loan which is estimated at 100-150 billion HUF.

It depends on the market position of the company's in which measure it can use the opportunity of the accounts payable. If the firm is able to encash its customers' liabilities effectively and with a short deadline, while it is able to negotiate a longer payment term from its suppliers, it can significantly reduce or even eliminate the need for additional funding. However, if through its weak market position it's facing with tight deadlines, it is no matter, how disciplined it is and how good course of business it has: additional funding will be necessary for it. In addition funding with accounts payable is to be said as the cheapest solution, so the weak market position also means more expensive financing.

In the Hungarian agricultural sector it is typical mainly for medium-sized and large companies that they are able to dictate the terms of payment, while the micro and small enterprises the accounts payable as a financing alternative is less dominant. Therefore, our objective was to develop an agricultural structural subdivision and an effective financing model for each sector.

Keywords:

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