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## **FINANCIAL MECHANISM OF AGRICULTURAL ENTERPRISES' ACTIVITY**

**Introduction.** The development of the economic system requires continuous improvement of the financial mechanism on the scale of the whole country and at the level of individual branches and economic entities. The process of globalization requires the development strategies of agrarian enterprises to have an innovative orientation, as well as to provide a highly competitive position in the markets. Production of competitive products is related to the need of reorganization of the production, organizational and personnel structure of enterprises, adapting it to all the changes that take place. The same problem applies to the financial policy of enterprises, the main instrument of which is the financial mechanism. Therefore, there is a need for its improvement and identification of the constituent elements.

**The purpose of the research** is to substantiate the theoretical and methodological principles of the financial mechanism of agrarian enterprises' activity aimed at increasing its efficiency and ensuring competitiveness.

**Results.** The author investigated theoretical and methodological foundations of the formation and functioning of the financial mechanism of management, in particular, modern approaches to the definition of its constituent elements. The financial mechanism was determined to be a set of methods, levers and instruments based on the fundamental

principles, they ensure the rational use of financial resources of the enterprise and influence its effective development. Nowadays, the problem of financial support for the development of agrarian enterprises at the expense of external sources lies not in the absence of financial resources in general, but in the access of each individual enterprise to them, as well as to the forms and methods of their distribution between sectors of the economy and economic entities. Based on the peculiarities of the financial mechanism of agrarian enterprises, it was revealed that their main problems are the rational use, accumulation and formation of financial resources in the process of economic activity. Continuous adherence to the principles of scientific validity and rationality will ensure the effectiveness of the financial policy of the enterprise.

**Conclusions.** The development of agrarian enterprises is impossible without sufficient financial resources from all possible sources of financing. Since these enterprises have seasonal specifics of activity, the most acceptable source of their own financial resources is profit from business activity, while the outer source contains short-term and medium-term loans. In order to strengthen the financial situation of agrarian enterprises, it is necessary to apply a set of tools and methods that allow to involve local financial mechanisms effectively.

**Keywords:** *financial mechanism, financial security, financial instruments, resources, agrarian enterprises.*

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