

FACTORS DETERMINING THE TRANSITION OF THE AGRICULTURAL SECTOR TO MARKET RELATIONS

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Introduction. After gaining independence, the Republic of Azerbaijan accepted the transition to market relations as a strategic direction for future development. From this point of view, the development of agricultural market relations as a part of market relations as a whole in Azerbaijan became an objective legal process. Under the conditions of centralised management, the type of agricultural products that each agricultural enterprise would produce, in what quantity, where, to whom and for how much these products would be sold, was centrally determined. However, the central authorities undertook to provide the agricultural enterprises with the material and technical resources necessary to produce the product in the volume of the order placed for production and sale. As a result, those involved in the supply, processing and sale of agricultural products, as well as service enterprises, could not move freely in the management of these processes. On the other hand, in states where market conditions prevail, the producers of agricultural products, as well as those involved in the processing, sale and provision of services, are completely free in their activities. Because in the market countries, since the state monopoly over land has been abolished, the producers of agricultural products do not receive orders to sell their products, and at the same time the state does not take over the provision of material and technical resources for the producers of products. Thus, in market countries, the production, storage, processing, sale and service of products belong to the managerial functions of entrepreneurs, and they operate completely freely in all processes. From the above, it is clear that there is a big difference between the centralised management system and the market relations system. Therefore, the transition from the centralised management system to the market relations system requires the implementation of a series of measures in a complex, systematic and consistent manner. It is of great theoretical and practical importance to correctly identify and focus on the factors that determine the transition to market conditions in the system of this set of measures. The importance of the correct solution of the problem for the independent Republic of Azerbaijan is extremely high. First of all, because, as mentioned at the beginning, after gaining independence the Republic of Azerbaijan set itself a very important task, and its fulfilment is not a short-term, but a long-term process. Research shows that there are many factors that determine the transition to market relations. These factors can be attributed to the establishment of a legal basis in accordance with the principles of market relations, the abolition of state monopolies, the implementation of land reform, the distribution of property among those who have a right to a share in it, the development of entrepreneurship, the privatisation of the ownership of supply, processing, distribution and service enterprises, the development of diversified agriculture, the renewal of banking and financial, credit, tax and insurance policies, the liberalisation of prices, the improvement of customs policy on import and export operations, the expansion of scientific and technical cooperation with international organisations, the integration of the Azerbaijani economy into international markets, political stability in the country, etc. [1, p. 78].

Objectives of the article. One of the factors determining the transition to market relations in the agricultural sector is the freedom of private agricultural enterprises to manage their activities. At present, newly established private agricultural enterprises in the agrarian sector of the country do not receive orders from the state to sell products, the sale of products is carried out completely freely, the price of the product is determined on the

market in the process of negotiation between the seller and the buyer. Thus, preliminary research shows that the development of market relations is being observed in the agricultural sector of Azerbaijan. The support of competitive farms in the country is obvious. The activities of private agricultural enterprises are being adapted to the requirements of market relations. As a result, it leads to the socio-economic development of Azerbaijan and strengthens its integration into the developed market countries. In the conditions of market relations it is very important to clarify the indicators characterising the development of various forms of economy. In order to analyse the activity of his enterprise and reveal the sources of internal reserves, the businessman must first of all know the indicators characterising the development of production. For this purpose, it is advisable to use the following indicators. For instance, to analyse the development of the peasant economy in grain cultivation, one can use indicators such as the planting area, productivity, and total harvest. Similarly, it is possible to analyse the development of cotton-growing agriculture using indicators such as cotton planting area, productivity, and total harvest. Private agricultural enterprises involved in tobacco, vegetable, potato, grape, fruit, and tea growing can also be analysed and evaluated using the same approach. In market conditions, agricultural enterprises aim to make a profit through their activities. Otherwise, these enterprises will be forced to cease their activities and will not be able to compete in the market. Therefore, private agricultural enterprises must determine the cost value of the main types of agricultural products they will produce and know the selling price before starting production. The difference between the selling price and the cost reflects the level of profit or loss per unit of product [2, p. 56].

Creating a legal framework for the formation of market relations in the country's agricultural sector is a crucial initial step. Thus, historical experience confirms that the transition from one system of state building to another was not a short-term, specific measure, but a very crucial historical, socio-economic and legal process. This process requires, first of all, a reliable legal framework. It is in this sense that one can hope for the reliability of the state-building system that has begun to take shape on the basis of the rule of law in Azerbaijan. Also, in the process of implementing economic reforms in the agro-industrial complex system, which is the main sector of the economy, new property and production relations create real conditions for improving the socio-economic status of the population. The Law of the Republic of Azerbaijan "On the Principles of Agrarian Reform" states: "The tasks of the reform are the formation of new property relations on land and property, the creation and development of various types of enterprises in the field of production and infrastructure in accordance with the market economy, as well as the change and improvement of production relations." From this it follows that in order to establish market relations in agriculture, land and property should be privatised on the basis of legality, and different types of agricultural systems should be established and updated, taking into account the principle of voluntarism. The most difficult and complicated issue in this process is the renewal of land relations. In the years 1995–2000, a certain legal basis was created for the formation of the agricultural sector of the Republic of Azerbaijan. At the same time, a number of normative-legal acts were prepared and adopted for the implementation of the relevant laws. As a result of all this, the creation and operation of new forms of agriculture in the Republic of Azerbaijan can be observed, and the growth and efficiency of production in these forms of agriculture can be felt [3, p. 47].

The analysis of the progress of the reforms carried out in the agrarian sector and the legal guarantee of the formation of market relations shows that, on the basis of the legal system adopted in the Republic, the agrarian reform programme for the stabilisation of production and the implementation of reforms, and the level of development of agriculture, the formation of agrarian relations in this important sector of the economy and the improvement of their forms and directions have become an objective necessity. This necessity arose from these:

- The need for a regulatory role of the state in shaping market relations in the agricultural sector;
- the fact that agriculture has its own peculiarities and plays an important role in the socio-economic development of the national economy and is of great importance for the political and economic stability of the country;
- gradual development of market relations depending on the country's economic development and market infrastructure;
- the necessity of state protection aimed at improving social protection of the rural population and creating market characteristics;

The development of market relations in the agricultural sector is not a concrete measure that can be implemented suddenly in a short period of time. It is a historical and gradual process. The development of market relations requires state management. However, the formation of market relations in this sector depends on the complex implementation of a number of measures. Thus, at the time of privatisation of land and property in ag-

riculture, reforms in processing enterprises, technical equipment and technical service system, supply and sales enterprises, banking and financial system should be accelerated. In such a case, the complexity of the reform is ensured, favourable conditions for the formation of market relations and their acceleration are created, and the solution of agrarian problems in the country is facilitated. It is impossible to manage this process without determining the main directions of development of market relations in the agro-industrial complex system of the republic as a whole. According to the author, the acceleration of the development of market relations in the system of the agro-industrial code of the Azerbaijan Republic should be based on the regulatory mechanism of the state. Priority should be given to the establishment of an agricultural market in the country. First of all, the food market should be formed. It is considered that the food market in the country can be formed by the following indicators: the level of profitability of agricultural production, the formation of market infrastructure, the development of interregional relations, the organisation of the delivery of products from the place of production to the consumer, the protection of national producers on a foreign basis, the increase of purchasing power according to the needs of the population, and so forth [4, p. 55].

The experience of agricultural management in the developed market countries of the world shows that market relations develop on a legal basis. From this it can be concluded that in the system of the agro-industrial complex the higher management bodies should not try to shape market relations by force, and the administration should not be allowed to interfere in this process. The economic content of the concepts of market and market relations and their principles should be understood by entrepreneurs and owners. Currently, the main task should be to develop various forms of farming using the favourable conditions created in the country, produce high-quality agricultural products that can withstand competition, and meet the population's food needs with the help of own land. To this end, taking into account the main directions of development of agriculture, it is necessary to create a market for material and technical resources and services, a labour and land market, to rebuild and improve economic relations in agriculture, between its sectors and regions on the basis of supply and demand. In the conditions of market development, the main task is to create a market for land, real estate, labour, financial capital and securities. However, the market of agricultural products, food, material and technical resources, labour and services are all structural elements of the agrarian market and constitute the agrarian market system. The expected goal is achieved when there are close economic relations between the components of this market and when they act as a single organism [5, p. 83].

The intensification of agricultural production in the conditions of the market economy is connected with the application of the necessary amount of high-quality production means in this sphere, the increase of production means and the creation of their optimal structure, the increase of the degree of mechanisation and chemicalisation of production, land reclamation, the study and application of the latest achievements of science, technology and advanced practice, the provision of livestock with high-quality feed and equipment, the increase of the labour productivity of workers, the material and moral stimulation of their work and other problems. The solution to these problems requires a considerable amount of additional resources. The main source of these funds in enterprises and farms is their annual net economic profit by increasing production efficiency. The intensification of production, in turn, leads to an increase in crop and livestock products, a decrease in costs per product unit and thus an increase in efficiency [6, p. 32].

One of the important factors regulating the agricultural market is the economic mechanism. Economists and practitioners do not have a single opinion on the socio-economic nature of the economic mechanism. Some scholars believe that the economic mechanism, as a method of organising social production, has special methods and means of influencing the organisation and management group. Others believe that the economic mechanism is a set of rules established by society to carry out extensive reproduction according to the requirements of economic laws. According to D.M. Kazankevich, the economic mechanism or the management mechanism of agriculture is the current system of regulating the activity and development of the economy. In author's opinion, this interpretation of the economic mechanism does not take into account the profound structural changes that have taken place in connection with the transition to the market economy. Thus, in the conditions of the market economy, the economic mechanism is a complex process involving the mutual application of organisational, economic, social and legal methods to achieve the goal set before various hierarchical subjects. As for the structure of the economic mechanism, some believe that the management mechanism is a multi-planned, multi-purpose complex system consisting of relatively independent elements. The economic mechanism consists of organisational, managerial, economic, social and legal blocks that complement each other in time. Each block is independent and should not conflict with other blocks of the economic mechanism.

If this happens, the principles and contents of the blocks should be revised in order to fulfil the new purpose. In the economic literature, the term "economic mechanism" is sometimes used interchangeably with the term "market mechanism". This is methodologically incorrect and distorts the category of economic mechanism. In author's view, the market mechanism includes, above all, economic categories and types of activity such as demand, supply, price and profit, competition. The elements of the economic mechanism are derived from the functions of the state. For example, competition is an element of the market mechanism. Anti-monopoly, which is part of the economic mechanism, and its regulation by other measures are functions of the economic mechanism. The equilibrium price (supply and demand), which is an element of the market mechanism, is regulated by the market price regulation mechanism [7, p. 94].

The main role of the agricultural unit in the market economy is to provide food, employment, trade, product entrepreneurship and independent influence on the world economy. Supply provides food and energy for the population. It acts as a source of security for the rural population by meeting their basic needs. The agricultural sector is linked to the provision of quality and safe food. This is important for human health. Job creation leads to the creation of many jobs in agriculture, livestock and other businesses. This also increases the entrepreneurial potential of the population. In the area of contribution to national income, the production and sale of agricultural products makes an important contribution to national income and stimulates the growth of the country's economy. Domestic and international trade in agricultural products ensures that the country's economy is linked to world markets. Technological innovations in this sector represent a great potential for product entrepreneurship. Technological applications increase the efficiency of the sector and contribute to the development of the economy, the security of the rural population and the formation of the labour market. These functions increase the importance of the agricultural sector in the economy and reflect its strengthening as a dynamic part of the economy [8, p. 73].

Conclusions. The unequal economic development of regions is caused by the influence of the market mechanism, while the acceleration of the economic development of the backward regions is included in the sphere of the economic mechanism. The profit, which is an element of the market mechanism, has a decisive influence on the regulation of the market and the distribution of income, as it is regulated by the tax system. Economic elements such as limiting the volume of agricultural production, providing production support to agricultural producers, determining the maximum level of land rent, depriving landowners of the right to ownership in the event of non-use or misuse of land, and limiting the purchase of land for agricultural purposes are included in the economic mechanism. Thus, the economic mechanism under the conditions of the market economy is, by its economic and social nature, completely different from, and in most cases contradictory to, the economic mechanism existing under the conditions of central administration. There is a complex interaction between the economic mechanism and the market mechanism. For this reason, it is a legal necessity to regulate the contradictions between the market mechanism and the economic mechanism with state economic means.

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Jahan Guliyeva, Lecturer, Azerbaijan University of Architecture and Construction. **Factors determining the transition of the agricultural sector to market relations.**

The power of any nation or state depends largely on its political and economic development. The importance of the efficiency of the economy of an agricultural sector in ensuring the socio-economic stability of the country depends on the purposeful organisation of market relations operating in this sector of the economy and their direction in the appropriate direction. The purposeful organisation of the agricultural market means, first of all, regulating the market by economic means. In this way, the mechanism of interaction between producers and consumers of agricultural products is established in a form suitable for the country's economy. It is natural that the implementation of measures to regulate the agricultural market through economic instruments often involves state intervention. However, with the development of market relations, these instruments perform a self-regulating function. In modern conditions the regulatory policy is regulated by systematic use of price, money-credit, budget, tax, customs, insurance and other economic instruments. The state intervention in the agricultural market by means of economic regulation methods is also characterised by the fact that if the production of certain products to be put on the market does not meet the country's needs, the relationship between supply and demand is adjusted mainly at the expense of imported products. The concept of solving agrarian problems under market conditions was the subject of serious disagreement among Azerbaijani agrarian economists. Although there are different opinions about the way out of the situation in the country, the transition to market relations has become an objective necessity. Thus, after the destruction of the centralised planned economic system, after the creation of independent states, each country, including the independent state of Azerbaijan, has determined its own development path, determined the future development path and set the goal of transition to market relations. Therefore, the development of the agricultural sector, which is considered to be the leading sector of the economy, requires the correct determination of the directions and ways of transition to market relations.

Key words: market infrastructure, agricultural market, economic mechanism, price, profit, economic mechanism.

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Джахан Гулієва, викладач, Азербайджанський університет архітектури та будівництва. **Фактори, що зумовлюють перехід аграрного підрозділу до ринкових відносин.**

Міць кожного народу, держави залежить від його політичного, економічного розвитку. Значення продуктивності економіки аграрного підрозділу в забезпеченні соціально-економічної стабільності країни залежить від доцільної організації ринкових відносин, що діють в цій сфері економіки, та їх відповідного напрямку. Доцільна організація аграрного ринку в першу чергу передбачає регулювання ринку за допомогою економічних засобів. Саме таким чином взаємодіючий механізм між виробниками сільськогосподарської продукції та споживачами будується відповідно до економіки країни. Звичайно, що вжиття заходів з регулювання аграрного ринку економічними засобами у багатьох випадках здійснюється при втручанні держави. Але під час розвитку ринкових відносин ці засоби виконують саморегулюючу функцію. У сучасний період регулююча політика регулюється у систематизованій формі використовуючи економічні засоби: ціна, гроші та кредит, бюджет, податки, митниця, страхування та ін. Державне втручання в аграрний ринок за допомогою методів економічного регулювання характеризується також тим, що у випадках, коли виробництво місцевої продукції, яка виводиться на ринок, не відповідає потребам країни, співвідношення між попитом і пропозицією регулюється переважно на рівні за рахунок імпортової продукції. Серед вчених-аграрників Азербайджану існують дуже серйозні розбіжності щодо концепції вирішення аграрних питань в ринкових умовах. Хоча існують різні думки щодо виходу з ситуації, що склалася в країні, перехід до ринкових відносин став об'єктивною необхідністю. Таким чином, після руйнування централізованої системи планової економіки, після створення незалежних держав кожна країна визначила свій власний шлях розвитку, у тому числі незалежна держава Азербайджан, визначила шлях майбутнього розвитку та поставила за мету перехід до ринкових відносин. Тому розвиток аграрного сектору, який вважається провідним сектором економіки, потребує правильного визначення напрямів і шляхів переходу до ринкових відносин.

Ключові слова: ринкова інфраструктура, аграрний ринок, господарський механізм, ціна, прибуток, господарський механізм.