

AZERBAIJAN REPUBLIC

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ABSTRACT

of the submitted dissertation for the degree of Doctor of
Philosophy

GRAIN PRODUCTS IN THE REPUBLIC OF AZERBAIJAN MARKET DEVELOPMENT DIRECTIONS

Specialty: 5312.01 – “Field economy”
Science: Economic sciences

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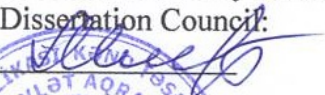
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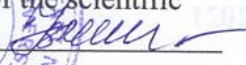
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GENERAL CHARACTERISTICS OF WORK

The actuality of the subject. Among the global issues in the world, food security is considered one of the most complex problems that worries international organizations and countries. According to a report by the UN in 2018, there were 821 million people worldwide suffering from hunger by the end of 2017. The world population is currently 7.6 billion people, and by 2050 it will be more than 9.8 billion people. In light of these global problems, food security issues will remain relevant for many years.

After the independence of our country, socio-economic reforms were focused on improving the living conditions of the population, increasing incomes, reducing poverty and unemployment, especially economic security and, in this context, providing necessary food. Grain products play an important role in increasing food supply and satisfying the population's demand for essential food products. To balance the production of grain products, especially the production and stocks of wheat, is a strategic objective. Despite the implementation of development programs, these processes require the identification and implementation of more sustainable measures to solve the problems of plant growing development based on modern technologies and the adaptation of the agricultural sector as a whole to international best practice.

One of the challenges is to develop and ensure the effectiveness of the market of grain products. Despite the consistent implementation of strategic approaches to this area in the country and sufficient mechanisms of state support, the dynamics and balance of the grain market has not been achieved. The structure of the market is not diversified to the required level and its measures to increase development capacity are at an inadequate level. It is necessary to strengthen the infrastructure and improve existing mechanisms for the dynamic and efficient organization of all stages of the grain market in one cycle, including production, storage, processing, sale.

Another goal is to increase the effectiveness of measures taken to reduce the dependence of our country on imports of wheat, which

is an important grain crop. In recent years, it was not possible to increase the total grain yield, if 2999.4 thousand tons of grain were produced in 2015, then this figure is amounted to 2928.8 thousand tons in 2017. There was also no increase in wheat production. Thus, the volume of wheat production in 2016 amounted to 1795.7 thousand tons, and in 2017 - 1765.3 thousand tons. The degree of dependence on wheat imports in our country in 2017 amounted to 41.9% and during the year 1.27 million tons of wheat were imported . According to these indicators, the total self-sufficiency of wheat in our country in 2017 is amounted to 58.1%. All this highlights the strategic consideration of the problems of increasing production and strengthening stocks of cereal products, primarily wheat, and the intensification of the process of taking the necessary measures in this direction.

In the near future, it will be necessary to take comprehensive and systematic measures to improve mechanisms and increase the efficiency of state regulation of the grain market in Azerbaijan. The solution of the strategic tasks are required in order to increase the efficiency of grain production, increase productivity, introduce high technologies and advanced management methods in these areas, stimulate the activities of grain farms at a higher level, enhance the multiplier effect of state support mechanisms, ensure grain and stock production in accordance with the needs of the population, achieve dynamic and adequate grain market and for this we need to improve existing mechanisms in these areas, increase the effectiveness of government regulation. All this requires basic research, development of relevant recommendations and preparation of proposals.

Given the aforementioned, the thesis can be considered as study that needs fundamental research, and these factors indicate the relevance of the topic.

Problem Study Status. Ensuring the development and efficiency of the market for grain products, increasing the efficiency of their activities, improving the structure of its field, creating a perfect organizational and economic mechanism, theoretical, methodological and applied aspects of the grain market in the context of food security, as well as studying food security problems, were

considered in the scientific works of the group scientists of the country - academicians J.A.Aliyev and Z.A. Samadzadeh, as well as V.H.Abbasov, I.H.Aliyev, B.H.Atashov, R.Z.Huseyn, I.H.Ibrahimov, E.R.Ibrahimov, E.A.Guliyev, S.V.Salahov, N.A.Shalbuzov, .A.F.Abbasov and others. The scientific works and studies of classical and world-class economists such as A. Smith, A. Marshall, J. Say, R. Kouz, E. Diaz-Bonilla, R. Cooper, and M.Y.Borisov, J.T.Kulchikova, Y.I.Margulis, N.I.Pijikova, Y.A.Boloneva, S.A. Vyschkina, A.T. Getman, N.Y.Yevdokimova, R.S.Maksimov, Y.A.Medvedev, N.V.Meshkov, M.P.Rodionova, A.F.Sirash, S.V.Trufanova, S.A.Shilovskaya and others draw attention.

Nevertheless, fundamental scientific research is needed to develop and improve the efficiency of the grain market, assess the developmental features and potential, regulate existing mechanisms and develop the grain market taking into the challenges of global food problems, increase the efficiency and effectiveness of state support tools in this area.

The purpose and objectives of the study.

The main purpose of the research is to identify ways to improve the development and efficiency of the grain market in terms of new requirements. In this regard, the following tasks are set in the research:

- ✓ generalization and development of theoretical aspects and methodological features of the problems of grain market formation as a system in accordance with the principles of market economy;
- ✓ discovery of legal compliance with the formation and operation of the grain market and justification of conceptual approaches to it;
- ✓ studying international experience on the effectiveness of the grain market and exploring the possibilities of its application in the country in accordance with local conditions;
- ✓ defining the role of the grain products market in ensuring the country's food security;
- ✓ study of the current state of grain production and market, revealing the factors influencing its development;

- ✓ analysis and evaluation of development characteristics of grain farms;
- ✓ justification of directions for improvement of marketing services and acceleration of integrated development of the grain products market and increasing its efficiency;
- ✓ preparation of recommendations, submission of proposals, etc. on the development of mechanisms of state regulation of grain market and improvement of efficiency.

The country's grain market and the grain farms of Ganja-Gazakh economic region were selected as **the object of the study**.

The subject of the research is the problems of further development of the grain market, its efficient activity and strengthening of grain farms, the factors and issues that condition them.

The theoretical and methodological foundations of the study are the conceptual provisions of modern economic and agricultural science, the works of domestic and foreign scientists on the issue under study, the Laws of the Republic of Azerbaijan, decrees and orders of the President of the country, the Development Concept "Azerbaijan 2020: A Look into the Future", Strategic Road Map and State Programs, materials of the Ministry of Agriculture of the Republic of Azerbaijan.

The study used observational, comparative analysis, balance, logical generalization, a system-target approach, economic-statistical, group, forecasting and other methods.

Analytical materials, statistical collections, reports, data, electronic resources provided by electronic sources of state bodies, ministries and committees of Azerbaijan, especially the State Statistics Committee, the Ministry of Economy and the Ministry of Agriculture, the Center for Agricultural Research, relevant research reports of various institutions form **a research database**.

The scientific novelty of the study. The main scientific novelty of the work is the formation of modern scientific and practical approaches to the development and improvement of the grain market, taking into account global challenges. Other scientific innovations include:

➤ theoretical and methodological bases for ensuring the efficiency of the grain market in the context of global changes and economic and agrarian reforms are systematically investigated;

➤ block-diagram of the basic conditions and principles of the formation and organization of agriculture in a market economy with an approach to a strategy to ensure the efficiency of the grain market was developed;

➤ key elements and functions of the formation and development of the grain market are defined and a block scheme is developed, taking into account the trends and challenges of the global grain products market;

➤ justified and identified methodological approaches that are strategically important for the formation and development of the grain market in the context of the country's food security;

➤ Analyzing the current state of the production and market of grain products in the country, the importance for renewal and adaptation of state regulatory mechanisms to international best practice of grain production, supply, storage, creation of reserves is justified;

➤ The strategic importance of intensifying processes related to the provision of innovative approaches in the development of grain farms and processing enterprises, high technology transfer and their application have been revealed

➤ Analyzing the role and importance of the Ganja-Gazakh economic region in the economy, the potential of this region to increase its market share in the market for grain products was assessed, and the possibility of creating crops or a regional grain cluster was considered essential;

➤ the main functions and tasks of marketing services for the production, sale and processing of grain in order to enhance the development of the grain market in the country are determined taking into account modern requirements;

➤ directions of acceleration of the integrated development of grain production and processing enterprises to increase the efficiency of the grain market in the country were identified, mechanisms were justified and a block diagram was developed;

➤ new scientific approaches were introduced about the need to develop and implement a special state program to create basic grain stocks of wheat in accordance with the needs of the population and minimize dependence on imports;

➤ ways to improve the mechanisms of state regulation and increase the efficiency of the grain market in Azerbaijan were identified and a block scheme was developed;

➤ The importance of the development and implementation of the “State Program for the Production, Development and Increase of the Market of Grain Products in the Republic of Azerbaijan (2020-2030)” was emphasized in order to ensure the growth and development of the grain market in line with the population growth forecast.

The practical significance of the study is to determine the development and effectiveness of the grain market, as well as measures aimed at solving important organizational and economic problems in regional grain farms. Conclusions and suggestions obtained as a result of the study can be useful in the development and implementation of projects and programs to further increase production, market development and productivity of grain products. In addition, research materials can be used in the teaching and training of economically oriented universities, in lectures when teaching such subjects as “Actual problems of food security”, “Agrarian policy”, “Actual problems of agrarian cooperation”, “Agrarian market relations” and “ Fundamentals of agricultural entrepreneurship”.

Approbation and application: The main provisions and main results of the research are reflected in the authoritative local and foreign journals recommended by the Higher Attestation Commission, as well as in the materials of scientific and practical conferences of national and international importance.

The proposals and recommendations put forward in the study were accepted for application by the Goranboy State Agrarian Development Center of the Ministry of Agriculture of the Republic of Azerbaijan (reference №54, March 1, 2019).

Name of the organization where the dissertation work was carried out: The dissertation work was carried out at the Agrarian Research Center.

The total volume of the dissertation with a sign, indicating the volume of the structural units of the dissertation separately. The dissertation consists of an introduction (17861 characters), three chapters (Chapter I 101302, Chapter II 64183, Chapter III 70464 characters), conclusion (13127) and a list of references (187 titles), the total volume is 164 pages. There are 11 tables, 10 schemes, 9 diagrams, 1 picture, 1 graph. The total text of the dissertation (excluding tables, diagrams, charts, graphs and bibliography) is 262677 characters.

GENERAL CONTENT OF THE WORK

In the introduction of the dissertation the relevance of the topic, the state of study of the problem, the goals and objectives of the research, object and subject, theoretical and methodological bases, sources of information, scientific novelty, practical significance, testing and use of results, etc. reflected.

The first chapter of the dissertation is entitled "Theoretical bases of formation and development of the grain market", the scientific and theoretical bases of the grain market, the role and methodological features of the grain market in the context of food security, international experience in grain market efficiency.

Grain products are of strategic importance as one of the key components of economic and food security of any country. In this regard, the effectiveness of value chain links, covering the stages of production, distribution, exchange and consumption of grain products, determines the need for the formation and development of the grain market. The formation, operation and development of the grain market takes place under the influence of general economic laws. From this point of view, the activity of the grain market is formed in accordance with the general laws of market relations. Therefore, when determining the prospects and directions of development of the grain market, it is important to study and analyze

scientific and theoretical views in this area. The use of methodological and theoretical approaches to the development of market economy models of different countries is of particular importance in the scientific and theoretical substantiation of the formation of the grain market.

The study of the functioning of the grain market provides a deeper understanding of the mechanism for the development of this type of market, as a result of combining its demand for resources, goods and services with stimulus measures. This factor also includes creating conditions for the balance of supply and demand, using different economic instruments, stimulating economic development in accordance with the set goals, mitigating social inequality and maintaining the balance of interests, changing economic conditions through diversification of property and economic forms. allows for adaptation.

The state is taking important steps and taking regulatory measures to balance the country's demand for grain products, especially wheat. The legislative framework in this area has also been formed, as the Law of the Republic of Azerbaijan "On Grain" has been in force since June 16, 2000¹. The main purpose and objectives of this law is to regulate the legal framework for the organization of grain production, supply and market in our country, quality management of grain and grain products. Article 8 of the law contains provisions on the establishment of a state grain fund. Among the main strategic goals and challenges in the near future are to minimize the country's dependence on grain reserves, to adapt grain production to advanced world practice, increase productivity at the local, regional and national levels. The development of the infrastructure of the grain market is to achieve the dynamics of this market.

It is important to improve methodological approaches to the formation and development of the grain market, which is an important element of the country's food security, and to update it in the light of global challenges. The grain market is an institution with

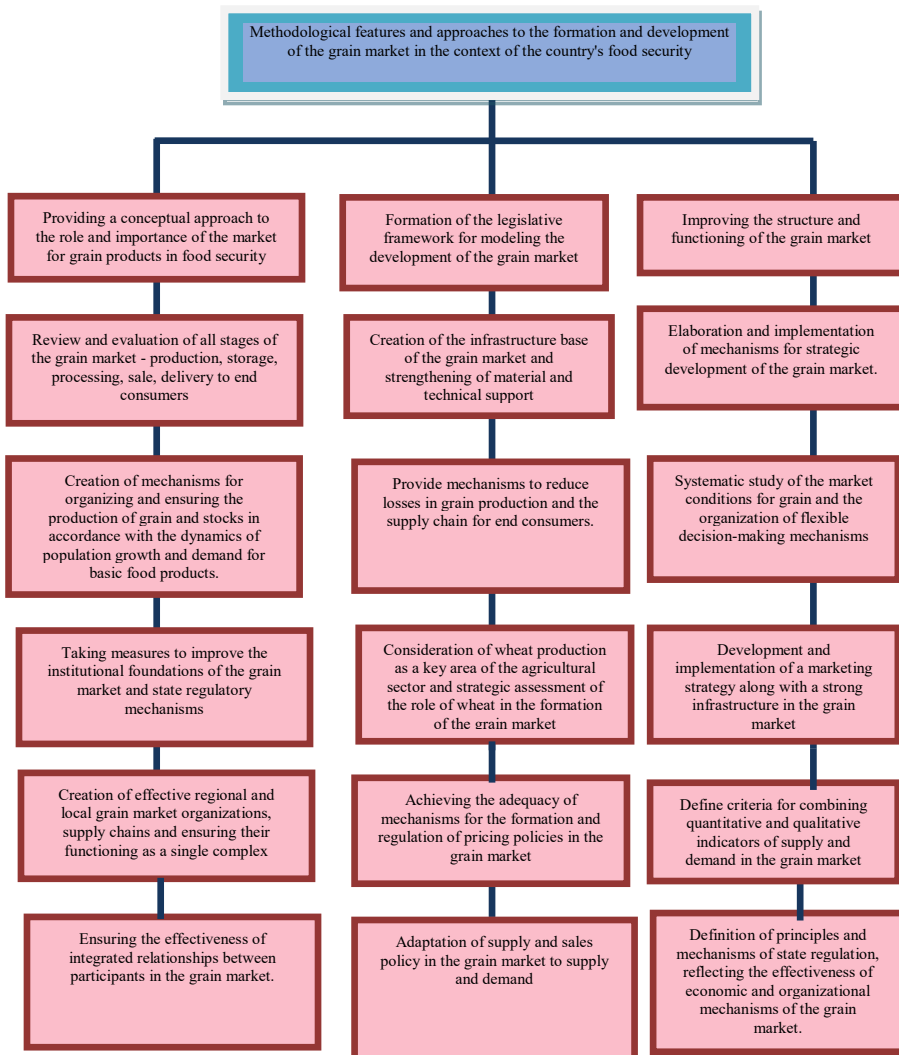
¹ Law of the Republic of Azerbaijan "On Grain", Baku, June 16, 2000, № 898-IQ.

a complex structure that combines the most important elements of the economic system. Its structure is based on the assessment of the consumption characteristics of different types of grain products and their purpose. The sectoral structure of the grain market is related to meeting the demand for grain products and the use of these products. It should be noted that more effective mechanisms should be applied in the important initial processes of formation and development of the grain market in the regions, the level of grain losses should be reduced and special attention should be paid to strengthening the infrastructure for supply, storage and stockpiling of grain products. In assessing the adequacy of supply and demand for the development and operation of the grain market, special attention should be paid to the role of this market in agricultural production, in determining the processing priorities of the agricultural sector and, as mentioned earlier, in creating an important food supply base².

A brief analysis of Scheme 1 shows that among the methodological features and approaches to the formation and development of the grain market in the context of food security of the country, first of all, the importance of raising this market to the level of conceptual approach, ensuring legislation, improving market structure and functioning. It is important to strengthen the infrastructure network, maintain the optimality of practical mechanisms of action, seriously assess the market situation, expect the effectiveness of all stages of delivery of grain products from production to final consumers, the development of integrative relations between grain market participants.

The grain market is a type of grain farming activity where market relations are not limited to the sphere of exchange, but combine the whole cycle of reproduction and the relations that regulate the production, sale and use of grain, forming economic relations between entities. In this regard, it is important to have strong and balanced grain reserves in order to enhance the role of the grain market in the context of food security in our country.

² Pyzhikova N.I. Development of the grain and grain products market in the region. Diss. Dr. econ. sciences. Novosibirsk, 2010, 279 p..



Scheme 1. A flowchart of methodological features and approaches to the formation and development of the grain market in the context of the country's food security.

From this point of view, the “Rules for storage and use of the State Grain Fund” approved by the Resolution No. 105 of the

Cabinet of Ministers of the Republic of Azerbaijan dated July 7, 2009 are important³.

In general, the legislation regulates relations in the field of grain production and is aimed at addressing a number of issues: regulation of the rules of production, processing and storage of grain; setting and ensuring grain quality standards; setting fixed tariffs for grain transportation services.

We have summarized some ways to use a number of methods and tools by regulating supply and demand to stabilize grain prices in many countries of the world:

1) Minimum guaranteed prices - agreed between farmers and government representatives to reduce the financial risks of grain producers. This price is usually higher than the world prices, and at the end of the year, the government pays farmers price differences. This difference is determined based on average market prices in order to stimulate higher-quality grain production and encourage producers.

2) Concessional loans or supply prices - they are paid to the farmer during the harvest. By nature, it is the equivalent of minimum guaranteed prices. If market prices exceed supply, the farmer can sell and repay the loan in the grain market. Providing concessional loans for harvesting allows to extend the sale of grain throughout the agricultural year.

3) State stocks - are used to regulate the domestic grain market. If the government considers it necessary to raise prices determined by the current state of supply and demand in the domestic market, it will artificially increase demand by purchasing grain additives and subsidizing its exports. When prices in the domestic market exceed government prices, the state controls the price level by selling grain from its warehouses, which is essentially an intervention on grain.

4) Payment for the area - in this case, farmers will be paid for the area of arable land. The state is seeking to reduce world prices by

³ "Rules of storage and use of the State Grain Fund". Approved by the Resolution of the Cabinet of Ministers of the Republic of Azerbaijan No. 105 dated July 7, 2009.

reducing the amount of guaranteed prices, government procurement or soft loans.

5) Stabilization measures to compensate for the decline in farmers' incomes - this form provides payment for areas excluded from crop rotation. In favorable years, the area under cultivation is reduced to 15%, and in less productive years this reduction is 5%. Such measures are taken to prevent excessive grain production. Removing land from crop rotation implies that crops are not grown on this land, and it is also forbidden to use it as a pasture.

6) Minimum guaranteed grain prices - To avoid rising food prices, processors are subsidized for a fixed amount, taking into account the prices of competitive imported products.

7) The provision of free financial support for the acquisition of fixed assets by the state - at the same time, significant funds are allocated for research to improve and grow new crops, to develop new growing technologies.

8) Joint participation fees - are applied in the form of deductions from each sold ton of grain to ensure that producers are equally responsible for additional production. When the domestic market stabilizes, they seek to protect it from external influences by controlling grain imports and use flexible import duties as a regulatory tool. In conditions of excessive production of grain and its saturation in the domestic market, producers pay export duties for the sale of grain to the state, and when production is low, on the contrary, subsidies are provided.

9) Import quotas are another way to protect the national food market. For this, foreign producers of grain have limited access to the national market. Farmers' incomes are regulated by quotas.

10) Many developing countries use various methods of providing secret subsidies to developing countries in the form of humanitarian assistance - loans for production to expand markets. These privileges are an important part of international competition in the process of redistribution of agricultural markets.

Based on international experience in the production and efficiency of the grain market, we see that agriculture in economically developed countries is a priority sector of the national

economy, where a protectionist state policy is being implemented to develop the food market. The important approaches and principles used by foreign countries to solve these problems can be applied to grain production in our country, as well as in the grain market, and positive results can be achieved. However, when transferring and applying international experience in this field, we should objectively evaluate the characteristics of the development of crop production in our country, mainly the cultivation and storage of wheat products, in general, the priorities for improving the efficiency of the grain market in the country.

Chapter II of the dissertation entitled "**Analysis and assessment of the current state of the grain market**" examines the current state of grain production in the country, including the Ganja-Gazakh economic region, the efficiency and factors affecting the grain market, development characteristics of grain farms and potential assessment. Issues related to the production and analysis of the grain market in our country are quite relevant. Thus, the increase in grain production, the creation of modern grain farms is in the focus of the country's leadership. President Ilham Aliyev, while getting acquainted with the activities of Karabakh Grain LLC, a private pilot grain farm, said: "Today, we are still not fully self-sufficient in wheat. There are objective reasons for this. But we are approaching this goal. At the same time, we must have a great export potential in grain growing. But, of course, we must first meet our domestic needs⁴".

As can be seen, there are strategic approaches to increasing the production of grain products, especially wheat. For this purpose, the state is constantly developing and implementing support mechanisms.

⁴ Ilham Aliyev got acquainted with the activities of the private pilot grain farm of Karabakh Grain Limited Liability Company in Beylagan. Official website of the President of Azerbaijan. <http://www.president.az>.

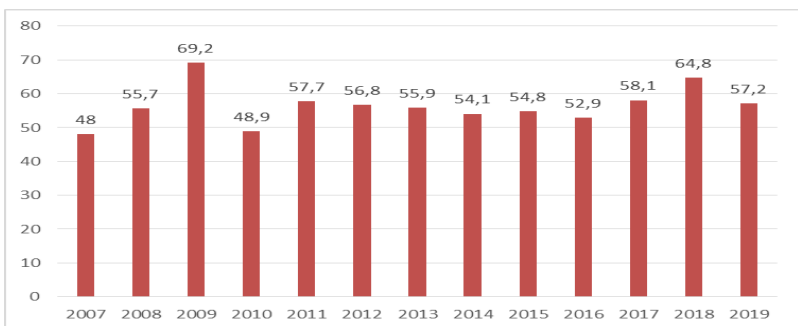


Diagram 1. General level of self-sufficiency in wheat production in Azerbaijan, in%, 2007-2019.

Diagram 1 shows the general level of self-sufficiency of wheat products in Azerbaijan for 2007-2019. It turns out that if in 2007 this figure was 48%, in 2010 it was 48.9%, in 2015 it was 54.8%, and in 2019 it was 57.2%.

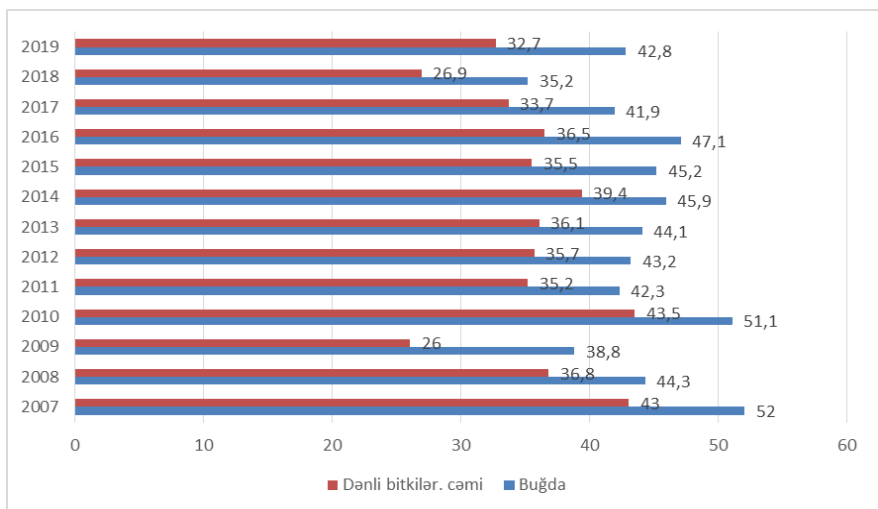


Diagram 2. Level of dependence on imports in the supply of cereals and wheat products in Azerbaijan, in%, 2007-2019.

Diagram 2 analyzes the level of dependence on imports in the supply of cereals and wheat products in Azerbaijan in 2007-2019. If

in 2007 the dependence on imports for wheat was 52%, as well as for cereals was 43%, in 2019 this figure was 42.8% and 32.7%.

Table 1 analysis of the production and market of grain products in the Ganja-Gazakh economic region shows that in 2019, compared to 2014, production in this economic region increased by 122.1%. The increase in production was 2.1 times in Gazakh region, 1.5 times in Tovuz region, 70.7% in Shamkir region, 181.0% in Samukh region and 100.3% in Goranboy region. The largest grain-growing region of this economic region is Tovuz, and in 2019, about 45,000 tons of wheat was produced in this region.

Table 1. Autumn and summer wheat production in Ganja-Gazakh economic region for 2014-2019, tonnes

Indicators	2014	2015	2016	2017	2018	2019	In 2019, compared to 2014
Ganja-Gazakh economic region, total	166801	154236	163596	198019	229908	203705	122,1 %
Ganja city	55	50	13	247	168	217	3,9 times
Gazakh region	14947	12844	18830	29840	33310	31428	2,1 times
Aghstafa region	22221	17153	26927	26373	26488	31359	141,1 %
Tovuz region	30379	30546	31636	62994	63018	45342	1,5 times
Shamkir region	40110	37086	37819	26822	41507	28369	70,7 %
Gadabay region	3086	2332	2735	3319	4375	5351	1,7 times
Dashkesan region	1756	1837	1440	1569	763	721	41,0 %
Samukh region	16392	15773	10641	14938	23210	19343	181,0 %
Goygol region	11332	20620	17888	12550	14617	14946	131,8 %
Goranboy region	26432	15916	15589	19289	22397	26537	100,3 %
City of Naftalan	91	79	78	78	55	92	101,0%

Improving economic relations between grain producers and grain processing enterprises of different forms of ownership and management to ensure the preservation of all harvested grain products, significantly reduce their losses, create conditions for rational use of grain resources, accelerate the movement of commodity resources from producer to end consumer; allows to increase the efficiency of using the production potential of the grain processing industry.

Table 2 summarizes the data on the dynamics of the fall of barley in 2014-2019 in the Ganja-Gazakh economic region. Analysis

of table 2 shows that in this economic region in 2014-2019 there was no increase in barley production. It is worth mentioning the specialization of the main barley areas - Shamkir and Goranboy.

Table 2. Production of fall and summer barley in Ganja-Gazakh economic region for 2014-2019, tonnes

Indicators	2014	2015	2016	2017	2018	2019	In 2019, compared to 2014
Ganja-Gazakh economic region, total	69633	96615	83355	75573	79987	96234	138,2%
Ganja city	9	-	-	334	389	431	4,7
Gazakh region	5012	4879	4923	6629	8677	10902	217,5 %
Aghstafa region	3643	5288	4677	4510	4 215	4701	101,4%
Tovuz region	571	845	1308	2210	2780	4710	8,2 times
Shamkir region	14655	22785	20113	16233	10932	15763	107,5%
Gadabay region	8	42	247	209	188	325	4,06 times
Dashkesan region	58	252	87	157	118	154	2,6 times
Samukh region	13462	14374	13381	7935	13390	12700	94,3%
Goygol region	7355	4355	5349	3907	5198	5854	134,4%
Goranboy region	25972	40286	32618	32770	323603	39875	153,5%
City of Naftalan	888	807	652	679	587	819	92,2%

Note: the table is compiled by the author on the basis of data provided by the SSCAR - <https://stat.gov.az>.

Table 3 shows the volume of oatmeal production in Ganja-Gazakh economic region for 2014-2019.

Table 3. Oatmeal (oat) production in the Ganja-Gazakh economic region for 2014-2019, tonns

Indicators	2014	2015	2016	2017	2018	2019	In 2019 compared to 2014
Ganja-Gazakh economic region, total	289,3	479,0	245,4	187,2	478,8	615,5	212,7%
Gazakh region	174,8	454,0	245,4	88,4	168,4	192,5	110,1%
Aghstafa region	-	25,0	-	-	-	-	-
Shamkir region	106,1	-	-	97,0	310,5	369,0	347,7%
Gadabay region	8,4	-	-	-	1.8	-	-
Goygol region	-	-	-	-	-	-	-

Note: the table is compiled by the author on the basis of data provided by the SSCAR - <https://stat.gov.az>.

Table 3 shows the level of profitability of cereals and legumes sold in Ganja-Gazakh economic region in 2014-2019. As can be

seen, this figure for the economic region in 2014 was 58.8%, in 2015 - 93.8%, in 2016 - 81.1%, in 2017 - 47.2%, in 2018 - 90.5% and in 2019 decreased significantly to 38.5% per year.

Taking into account the direct impact of prices on profitability, the analysis of the indicators given in Table 6 shows that different results were obtained for different regions. Thus, a comparative analysis of the profitability of grain and grain legumes sold in the Ganja-Gazakh economic region shows that in 2019, the level of profitability in this economic region fell to its lowest level in the last 5 years. However, the level of profitability remains high in some regions included in this economic region. For example, in 2018, the highest rate is -228.0% in the Goy-Gol region. Profitability was also high in Shamkir region - 151.8%, this indicator was stable in Samukh region at 120.0%. In other regions, the profitability of cereals and legumes is much lower.

It should be noted that, in addition to other measures to achieve effective results in grain growing, in addition to the state price policy, stimulus measures (planting the necessary crops) in order to effectively locate, deepen specialization and increase the concentration of grain production in different regions and farms with the most favorable natural and economic conditions to provide additional funding for the expansion of their areas compared to the previous year, to determine subsidies, to reimburse the costs associated with storage at production sites, etc.). In recent years, significant measures have been taken in this direction, 200 man per hectare of grain fields. subsidy is provided. We believe that targeted state and regional programs, which reflect strategic priorities and protection of economic rights and interests of market participants, should be one of the main forms of state regulation of the grain market. This allows for a targeted grain policy and ensures the country's food security.

Chapter III of the dissertation entitled "**Directions for the development and increase of efficiency of the grain market**" shows ways to improve marketing services in the grain market and grain farms, accelerate the development of grain production and

processing enterprises, improve the mechanisms of state regulation of the grain market and increase efficiency. driven.

One of the main conditions in the economic mechanism formed in accordance with the requirements of a market economy is the effective establishment of a reciprocal relationship between the consumer and the producer. Economic relations between commodity producers, sales market and processing enterprises are one of the most problematic issues in the grain semi-complex. The solution to these problems is directly related to the marketing service.

The mechanism of organization of marketing activities in the agricultural sector can be characterized as follows:

- Analysis of market opportunities - marketing research, marketing information, marketing environment, wholesale and retail markets;

- Selection of target markets - study of demand, market segmentation, selection of target segments, determination of market position;

- Development of marketing complex - development of goods, pricing, distribution of goods, stimulation;

- Auxiliary marketing system - information system, planning system, control system, organizational structure.

The development of integrated relations of grain production and processing enterprises in the agro-industrial sphere is one of the main conditions for the efficiency of the stages of the production and sales process in the regions. The economic basis of the integration of grain production and processing enterprises is characterized by the concentration and deepening of specialization of production at all stages of the production cycle.

Integration processes in the grain semi-complex of the agro-industrial sphere take various forms. The most actively developing forms of integration are:

- formation of agro-industrial structures on the basis of large agricultural enterprises;

- contract system of interaction of agricultural commodity producers, processing, sales and other enterprises and organizations;

- agro-industrial organizations (cooperatives, corporations, etc.) created by full or partial merger of participants' property;
- agricultural production and processing enterprises established by non-agricultural enterprises and organizations.



Scheme 2. Directions and mechanisms for accelerating the integrative development of grain production and processing enterprises

Optimal organization and application of practical tools for each of the areas of accelerating the integrative development of grain production and processing enterprises is important. In other words,

each element of integrative development has its own place and importance, and it is important to objectively assess and take into account the boundaries of their sphere of influence.

One of the strategic tasks of the state is to balance the demand of each country for grain products and increase the effectiveness of mechanisms for state regulation of the grain market. In the modern economic environment, the state actually assumes the main functions of regulating the formation of a market environment and ensuring the sustainability of economic growth. Improving and updating existing mechanisms for the production, supply, storage and stockpiling of grain products, based on global grain and food challenges, is also an important condition for meeting the demand for grain products.

At the end of the dissertation, valuable suggestions and recommendations were made regarding the research.

MAIN RESULTS

Based on the issues covered in the three chapters of the dissertation, the following substantiated proposals are put forward to form a market for grain products, assess the current situation, develop the market and increase efficiency, and ensure its use in grain farms:

✓ Positive aspects of market relations and mechanisms, first of all, efficient allocation of resources, flexibility, adequate response to transformations, maximum effective application of scientific and technical achievements, freedom of movement of consumers and entrepreneurs, opportunities to balance economic processes, potential to improve the quality of goods and services. It is related to increasing the efficiency of economic processes through transparent and healthy competition.

✓ The main elements and functions of the formation and development of the grain market are directly related to meeting the needs of the population in grain products, organizing the supply of raw materials to the food industry, its strategic importance in the formation of food access.

✓ The grain market is a complex system of economic relations, which includes factors such as socio-economic, organizational and economic. The grain market stimulates production in grain farms, balances supply and demand, solves problems related to the production, storage, processing and sale of grain, and acts as a guarantor of food security in the country.

✓ Since the provision of food security of the country and regions covers such issues as competitive and better quality product supply, purchasing power, efficient use of resources, and all this is directly related to the grain market, as well as regional grain farms, market formation and development features, natural and economic characteristics of grain farms, the level of resource provision, the processes of specialization and diversification of production must be taken into account in a comprehensive manner.

✓ When studying the problems related to the production, storage, processing and sale of grain, it is clear that the positive results in this area are closely linked to infrastructure and logistics. In particular, the introduction of products to local and foreign markets, quality storage, ensuring the release of products on the market at appropriate times increases the importance of infrastructure and logistics.

✓ Assessing the role and importance of Ganja-Gazakh economic region in the country's economy, taking measures to increase the share of this region in the production and market of grain products adequately to the existing potential of the region, increasing the investment attractiveness of wheat production in several regions - Tovuz, Gazakh, Agstafa, We consider it expedient to strengthen the specialization of Shamkir and Goranboy regions in the field of grain, to increase productivity at the expense of high technologies without increasing the sown areas, to establish special grain farms, to organize a regional grain agro-park or regional grain cluster.

✓ Relevant state regulation mechanisms should be developed and applied in order to ensure adequate grain production forecast in Azerbaijan until the population growth forecast until 2050, to

develop and increase the efficiency of the grain market. In order to ensure the gradual implementation of these measures, we consider it important at the initial stage to develop and implement the "State Program for the production of grain products, market development and efficiency in the Republic of Azerbaijan" (2020-2030).

The main content of the dissertation is reflected in the following scientific works:

1. Some issues of perspective development of the agrarian market in Ganja-Gazakh economic region. Az.EKTI and TI "Materials of the republican scientific-practical conference dedicated to the economic problems of reliable provision of the population of the Republic of Azerbaijan with food products". // - Baku, -2009, - p.176-177.

2. The role of efficient use of natural resources in the development of the agrarian sector in the Ganja-Gazakh economic region. // - Baku: "Materials of the international scientific-practical conference dedicated to the problems of formation of innovative agricultural production" of Az.EKTI and TI, -2010, -p.236-238.

3. Some issues of grain growing development in Ganja-Gazakh economic region. // -Baku: Az. Scientific works of ECTI and TI, №2, -2010, -p.119-124.

4. Issues of technical support of grain-growing farms in Ganja-Gazakh economic region.// - Baku: Azerbaijan Agrarian Science, - 2015, №1, -p.163-165.

5. The role of the grain market in ensuring food security of the country.// -Baku: Azerbaijan Agrarian Science, -2016, №1, -p.104-106.

6. The relationship between the level of development of the agricultural sector and the efficiency of the agricultural market. // Problems of the development of the agro-industrial complex of the region. Scientific and practical journal. -Makhachkala, -2016, No. 4 (28). -p. 132-134.

7. The main directions of state support for the development of grain and viticulture. // - Baku: Azerbaijan Agrarian Science. -2017, №2, -p.128-130.

8. Directions of price regulation in the market of grain and viticulture products.// -Baku: Azerbaijan Agrarian Science, -2018, №2, -p.144-147.

9. Regulation of the activity of the grain market in Ganja-Gazakh economic region.// -Baku: "Cooperation" scientific-practical magazine, - 2019, №1 (52), -p. 69-75.

10. Problems and prospects of development of the grain market in Azerbaijan in modern conditions. International scientific journal ISJ Theoretical & Applied Science, No. 03 (71), -2019. Impact Factor JIF. USA, Philadelphia. -p. 517-524.

11. The formation of the grain market and its role in food security.// -Ganja: Scientific works of ASAU. -2019, №1, -s.141-144.

12. Organization of marketing services in the grain market. // – Baku: "Audit" scientific-practical journal, -2019, №1, -p.115-125.

13. International experience on the efficiency of the grain market. " // World Science Problems and Innovations "Penza MCHNS" Science and Education "- 2019.- p.61-64.

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