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ABSTRACT

of the submitted dissertation
for the degree of Doctor of Philosophy

**IMPROVING THE STIMULATION OF SMALL
ENTREPRENEURSHIP IN AGRICULTURE**

Specialty: **5308.01- General economics**
5312.01 - Field economy

Science: **Economic sciences**

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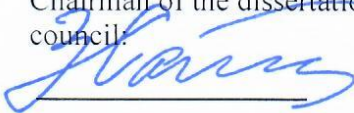
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GENERAL CHARACTERISTICS OF THE WORK

The relevance of the topic and its degree of processing.

Small-scale forms of farming based on entrepreneurship in the agricultural sector play an important role in meeting the needs of the population for food and other agricultural products at all stages of economic development. Adopted Law of the Republic of Azerbaijan "On Entrepreneurial Activity", "On State Assistance to Small Entrepreneurship" The Law of the Republic of Azerbaijan, "Strategic Roadmap for the production of consumer goods at the level of small and medium enterprises in the Republic of Azerbaijan", "Strategic Roadmap for the production and processing of agricultural products in the Republic of Azerbaijan", "State Program of socio-economic development of the regions of the Republic of Azerbaijan in 2019-2023" also focus on small business and stimulating its development.

The importance of small farms in the agricultural sector is reflected in the need to identify resources to increase the economic efficiency of agricultural production and ways to make full use of production resources. At present, the more efficient operation of small farms and the provision of the necessary level of economic development should be the basis for finding a new mechanism for their operation. In this regard, the definition of priorities creates favorable conditions for the development of agrarian tourism by improving the socio-economic policy aimed at improving the quality of life and increasing employment, ensuring the sustainability of small businesses in rural areas, updating and disseminating the necessary information base.

Increasing the level of profitability, production efficiency and use of local resources in small businesses based on entrepreneurship in agriculture is conditioned by the adaptation of trends in state support to them to modern requirements. Creating the necessary conditions for this purpose will ensure the long-term sustainable development of not only rural areas, but also the entire socio-economic system of the country, aimed at ensuring the interaction of small businesses with other farms.

Under the leadership of the President of the Republic of Azerbaijan, the Supreme Commander-in-Chief, Mr. Ilham Aliyev, there is a real opportunity to implement the above in the territories liberated from occupation and especially suitable for agriculture. These areas are extremely important for the development of the agricultural sector and promise important prospects for the harmonious development of various economic entities.

As we know that the infectious disease caused by a new type of coronavirus COVID-19, which is now widespread in a number of countries around the world, has not passed our country. In such circumstances, as in a number of advanced countries, in order to prevent possible economic losses and support businesses in our country, the Cabinet of Ministers issued a decree on the implementation of paragraph 10.2 of the Presidential Decree No. 1950 of March 19, 2020 "Coronavirus The Action Plan was approved on a number of measures to reduce the negative impact of the pandemic and, consequently, sharp fluctuations in world energy and stock markets on the economy of the Republic of Azerbaijan, macroeconomic stability, employment and entrepreneurship in the country. The above mentioned issues confirm the urgency of the problem and the need for research in agrarian economics.

Extensive economic research has been conducted to provide scientific solutions to the problems of businesses operating in the agricultural sector. In these studies, various aspects of entrepreneurship development have been the focus of economists. The prominent economists of our republic like, Z.A. Samedzade, I.H. Ibrahimov, Q.N. Manafov, S.V. Salahov, R.A. Balayev, G.E.Genjiyev, R.B. Aliyev, B.Kh. Ataşov, M.J. Huseynov, V.S. Eyyubov, I.H. Aliyev, V.H. Abbasov, O.Q. Mammadli and others have conducted fairly wide ranged research in this regard. Foreign scientists like R. Cantilyon, A. Smith, J.B. Sey, Y.A. Schumpeter, Q. Schmoller, M. Weber, A.A. Schulus, M. Vizer, V. Zombart A.A. Şutkov, A.F. Serkov, A.M. Xodaçek, A.V. Qordeev, V.A. Dobrynin, V.Q. Fedotova, A. Kolesnikov, L. Kolesnikova, V. Afanasyev, L.İ. Xolod, S. Stroev, Y.S. Starostin, A. Busıgin, A.V. Savchenko, V.M.

Popov, S.Ī.Lyapunov, V.M. Yakovlev and others have extensively studied the development of entrepreneurship in their researches.

However, the lack of complex nature of the research highlights the need for more systematic implementation of scientific support in the field of stimulating the development of small business in the agricultural sector, ensuring its sustainability.

In view of the above, the dissertation can be considered as a research work in need of fundamental research, and these factors reflect the relevance of the research topic.

Object and subject of the research. The object of research is small businesses operating in agriculture - individual entrepreneurs, family farmers and households. The subject of the research is the issues of improving the stimulation of small business in agriculture.

Objectives and tasks of the research. The purpose of the study is to study the theoretical and methodological foundations of the formation and development of small business, to analyze the situation of small business stimulation in agriculture, to identify existing problems in this area, to develop scientifically sound proposals to eliminate them and ensure sustainable development of small business.

In this regard, the objectives of the research are as follows:

- Research of the mechanism of activity of small business entities in agriculture;
- to determine the impact of incentives on the development of small business;
- development of proposals to improve the financial situation of small businesses in agriculture;
- assessment of the main directions of state support to small businesses in agriculture;
- identification of development prospects of business and small entrepreneurship in the agricultural sector;
- identification of areas for improving the incentives for small businesses.

The methods of the research. To fulfill the set tasks some methods like comparative analysis of economic analysis, grouping,

analysis, synthesis and mathematical-statistical methods were used in the research work.

The main provisions of the defense. The main provisions submitted for defense are characterized by the following:

- generalization of scientific ideas and opinions on the formation and stimulation and development of small business;
- to study the features of small business, to determine the impact of these features on the development of small business;
- identification of internal and external environmental factors affecting small business;
- study of mechanisms to stimulate small business in agriculture;
- study of the current state of small business development in agriculture;
- Research of directions of ensuring sustainable development of small business in agriculture.

Scientific novelty of the research. The scientific novelty of the research is as follows:

- competition, investment climate, risk, etc. for the development of small business in the agricultural sector. the impact of important factors such as;
- Features of small business development in agriculture have been identified;
- Priorities for development of individual entrepreneurs, family peasants and households based on small business in agriculture have been identified;
- Prospects for the development of relations between agrarian business and small business have been identified;
- The main directions of stimulating measures to expand the access of small businesses to domestic and foreign markets have been identified;
- Measures to ensure the sustainable development of small businesses in agriculture have been identified.

Theoretical and practical significance of the research. The theoretical provisions of the dissertation can be used in the formation and justification of strategic directions for the development of small

business. The results obtained can be used to determine the mechanism of development of small businesses in agriculture, to determine the impact of incentives on the development of small business, to identify measures to stimulate small businesses and areas for their improvement.

Approbation and application of the results of the dissertation. The results of research on the topic of the dissertation were discussed and approved at scientific-theoretical and practical conferences, 14 scientific articles and theses on the topic were published. The results obtained on improving the mechanism to stimulate the development of small business were adopted by the Samukh State Agrarian Development Center of the Ministry of Agriculture of the Republic of Azerbaijan on April 22, 2021 (reference № 82, April 22, 2021).

Name of the organization where the dissertation work was carried out: The dissertation work was carried out at Azerbaijan State Agrarian University.

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, 3 chapters, a conclusion, a list of 124 references and 200319 characters. The introduction is 6 pages of 9774 characters, the first chapter is 34 pages of 59719 characters, the second chapter is 24 pages of 45229 characters, the third chapter is 43 pages of 76054 characters, the results are 7 pages of 9543 characters and the list of used literature is 11 pages of 13417 characters. The total volume of the dissertation is 127 pages of computer writing. 1 dissertation, 2 schemes and 10 tables are given in the dissertation.

GENERAL CONTENT OF THE WORK

In the introductory part of the dissertation the relevance of the topic is substantiated, the object and subject of research, goals and objectives, the main provisions of the defense are explained, the scientific novelty, theoretical and practical significance of the work is reflected.

The first chapter of the dissertation is entitled "Theoretical and methodological bases of formation and stimulation of small business." This chapter discusses the scientific views on the economic nature of the concept of small business, the factors that stimulate small business by the state and the characteristics of small business in agriculture.

Entrepreneurship, a complex economic category, has come a long way in evolution and development. A review and analysis of the activities of various views on small business in the economic literature allows us to conclude that the concept of small business needs to be clarified. This would allow it to fully define its modern socio-economic content. The economic content of the concept of "small business" is a set of economic relations formed between the subjects of social production in the course of independent, enterprising, risky and innovative economic activity.

Along with the concept of small business, there is also the problem of identifying small businesses in practice. At present, there is no generally accepted rule that allows a business entity to be classified as a small business entity. This is due to the characteristics of national economies, as well as the specifics of the state's stimulation of small business in any country. In almost all countries, there are special limits to the classification of enterprises as small enterprises. In international practice, when categorizing enterprises as small businesses, either quantitative or qualitative criteria are usually used and quantitative criteria are preferred. The quality criteria include:

- Independent management;
- Local area of activity;
- The volume of enterprises operating in the field as a whole is relatively small.

When an enterprise meets at least two of these quality criteria, it is classified as a small business. The advantage of the approach of enterprises to quality criteria is reflected in the achievement of certain achievements in its theoretical substantiation and taking into account the quality criteria specific to different enterprises. However, this approach has its drawbacks. This approach is very

difficult to apply in practice due to the difficulties in obtaining information within the firm.

Quantitative criteria allow the organization of statistical observation to differentiate between the categories of entrepreneurship in order to create a generally favorable environment for activity and to stimulate the needy entrepreneur in various forms by the state. In most countries, the number of employees, annual turnover, and quantitative indicators of the enterprise's assets are used as quantitative criteria for classifying enterprises as small enterprises. Small business has the following advantages over medium and large business:

- has high flexibility and efficiency in decision-making;
- is sensitive to innovations in production and management systems;
- adapts quickly to external influences and local conditions;
- management costs are not so high;
- the funds at your disposal are rapidly circulating.

The experience of countries with highly developed market relations shows that the state's stimulation of small business development allows the policy to achieve high results in achieving balanced economic growth. The organization of an effective market economy is important only when the ratio between monopolistic structures and small businesses in the markets of goods and services is balanced. Therefore, comprehensive stimulation of small business is one of the main goals of the state policy. This determines the need for government involvement in the development of small business.

There are a number of characteristics of small business in agriculture. It should be noted that one of the features of this agriculture is that land is the main means of production in this area of the economy; the seasonal nature of production and the unequal production of labor, material and financial resources that will be associated with it; slow turnover of capital compared to other sectors of the economy; inconsistency of periods of production and sale of products in the working period; existence of additional risks related to natural and climatic conditions; with the participation of biological and natural factors in the production process, etc. comes from. There are also sharp differences in the specialization of

production in our country by industry, farm and region, which necessitates a comprehensive approach to the production, processing, transportation and storage of perishable products.

In addition to the sectoral characteristics of agriculture, small business activity here is characterized by:

- Within a small enterprise, several types of activities are interrelated. Because in most cases it is not possible to rely on a single product development model within a small enterprise;

- In this area of the economy, small businesses are trying to achieve the highest possible independence.

- Small businesses that are successful in agriculture cannot go beyond local markets.

Forms of small business in the village as a whole have a number of features in relation to the small business sector as well as large agricultural producers.

The second chapter of the dissertation is entitled "The current state of development of small business in the agricultural sector". This chapter reflects the analysis of the level of development of small business in agriculture, the dynamics of key economic indicators of small businesses, the situation with the stimulation of small business.

Small business, characterized by numerous and complex economic processes, plays an important role in the development of the country's economy and increase its socio-economic efficiency. In general, entrepreneurship, including small business, which is one of its main areas, is a special form of innovation in production, has a decisive advantage in certain historical and socio-economic conditions and stimulates the dynamic development of all reproduction. Changes in production relations, affecting the structure of market conditions, also give rise to specific features of entrepreneurial activity and specific adaptive features related to adaptation to changing conditions. From this point of view, the opportunities for entrepreneurship expand as the changes in the market situation become more pronounced. All this affects the economic results of entrepreneurship. Entrepreneurial activity, characterized as a set of economic behaviors, focuses on the

effective use of potential opportunities and the realization of opportunities to enter new markets. In order to ensure the effective development of agriculture, small businesses have an important role to play in conducting specialization in various directions. In this regard, it is important to increase state support for small businesses, including individual entrepreneurs, family farmers and households, as well as the implementation of measures aimed at implementing targeted investment programs. There is a need to expand comprehensive measures to stimulate agricultural production, increase competitiveness, meet the population's demand for food products through local production and expand exports.

As a result of the research, it was found that in the last five years: compared to 2015, in 2019 the number of individual entrepreneurs engaged in agricultural production in the country decreased by 40.7%. The number of agricultural enterprises, state agricultural enterprises, collective farms, cooperatives and private farms decreased by 2.8%, 2.2%, 50%, 22.5%, 3.8%, respectively [Table 1].

Table 1. Number of entities operating in agriculture

Years	Agricultural enterprises	State enterprises	Collective farms	Cooperatives	Private	Individual entrepreneurs
2015	1 695	180	2	49	1507	1 534
2016	1 716	187	1	55	1 519	1 468
2017	1 727	189	1	55	1523	955
2018	1751	168	1	45	1564	907
2019	1648	176	1	38	1450	910

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

The above also affected the total number of farms. Thus, the decrease in the total number of farms was 9.3% in the years of

comparison. Compared to 2016, the number of agricultural enterprises in 2018 increased by 2.6%. Compared to 2015, the growth in 2017 was 4.8% in state enterprises, 10.9% in cooperatives. The number of collective farms and individual entrepreneurship structures decreased - 50% and 37.8%, respectively [Table 1].

The analysis shows that the number of all categories of farms has decreased over the comparable period. Although the number of economic entities indirectly affects the overall results of production and economic activity, it is not directly reflected in the main economic indicators. From this point of view, it is important to look at the indicators that characterize the activities of farms based on entrepreneurship.

The dynamics of the indicators characterizing the volume of individual entrepreneurial farms shows that in 2015-2019, the area of agricultural land decreased in all years [Table 2].

Table 2. Indicators characterizing the volume of individual entrepreneurial farms

Indicators	2015	2016	2017	2018	2019	In 2019, in comparison with 2015
Land suitable for agriculture, thousand hectares	32530	29780	16631	15297	13494	41,5 %
On average, the area of agricultural land per farm, ha	21,2	20,3	17,4	16,9	14,8	69,8 %
Number of family members involved in production, person	5973	5666	3665	3532	2703	45,3 %
Labor productivity - the total product per family member	4315	4527	6330	6168	10994	2,5 times
Fixed assets of agricultural production	14726	33622	31256	11668	17980	122,1 %

Compared to 2015, the decrease in 2019 was 58.5%. Accordingly, on average, the volume of agricultural land per farm decreased by 30.2%. There was also a decrease in the number of family members involved in production, compared to 54.7% in the comparable period. In contrast to these figures, the value of gross

product per family member increased sharply in 2019 compared to 2015 - 2.5 times. In the corresponding period, the increase in the value of fixed assets of agricultural production was 22.1% [Table 2].

As it is known, the agrarian economy in all countries plays an important role in improving the food supply of the population and ensuring social stability. Therefore, in all the documents adopted in connection with the development of the agrarian economy in our country, the formation, support and development of small business is set as the main goal. Because small business is important for the growth of the country's economic potential, the creation of new jobs and, consequently, the growth of employment, filling the consumer market with goods and services.

Analysis of the physical volume index of agricultural production by individual entrepreneurs shows that compared to 2010, the figure in 2015 was 18.1%, in 2016 - 21.1%, in 2017 - 25.1%, in 2018 - increased by 31.0% in 2019, 41.2% in 2019. The volume index of agricultural production in the relevant years was 18.7%, 20.6%, 27.2%, 34.3% and 50.4% in crop production, 17.4%, 21.4%, 23.2% in livestock. 28.0%, 33.5%, respectively. [Table 3].

This shows that in the years of the analysis, there was a dynamic increase in gross output.

It is clear from research that in a modern market economy, small enterprises as a whole remain important elements of the economic system. This is closely related to the changing role of small business in the economic system of society. This is also due to changes in market demand and high development characteristics of scientific and technological progress. In recent years, the role of small business in the economy has undergone significant qualitative changes [Table 3].

Thus, in modern conditions, small entrepreneurs not only react to changes in market conditions, but also flexibly adapt to changes in the business cycle. Small businesses are already active participants in innovation processes and play an important role in the application of scientific and technological progress in production.

Table 3

Physical volume index of agricultural production by individual entrepreneurs (in comparable prices), in comparison with 2010, in percent

Years	TOTAL	plant products	livestock products
2015	118,1	118,7	117,4
2016	121,1	120,6	121,4
2017	125,1	127,2	123,2
2018	131,0	134,3	128,0
2019	141,2	150,4	133,5

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

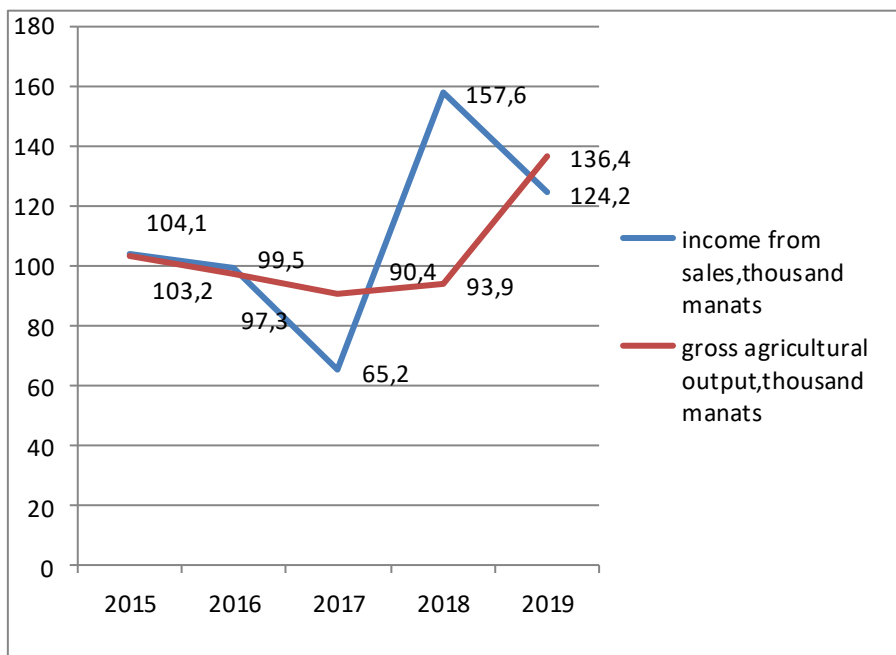
When looking at the main economic indicators of individual farms, it is clear that there have been various changes in the indicators. The number of these farms decreased by 40.7% in 2015-2019, the number of loss-making farms by 78.6%, and the number of profitable farms by 40.3%. The amount of profit increased by 1.0%. Revenues from sales increased by 24.1% in 2019 compared to 2015, including 31.9% in crop production and 2.8% in livestock. In the comparable period, the value of gross agricultural output increased by 15.3% [Table 4].

Table 4. Main economic indicators of individual farms

Indicators	2015	2016	2017	2018	2019	In 2019, in comparis on with 2015, in %
Number of farms, unit Including:	1534	1468	955	907	910	59,3
income earners	1520	1465	951	904	907	59,7
those who work at a loss	14	3	4	3	3	21,4
Amount of profit, thousand manats	7417	8691	4676	6303	7494	101,0
Revenue from sales, thousand manats Including:	19667	19132	12475	19657	24422	124,1
in crop production	3817	5045	2544	3902	5036	131,9
In animal husbandry	1796	1840	1613	1886	1847	102,8
Number of family members involved in production, person	5973	5666	3665	3532	2703	45,3
Gross agricultural output (at actual selling prices), minmanat	25776	25648	23198	21784	29717	115,3
Labor productivity, gross product per family, manat	4315	4527	6330	6368	10994	254,8
On average, the area of agricultural land per farm, ha	21,2	20,3	17,4	16,9	14,8	69,8

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

In the main indicators characterizing the final result of economic activity - income, profit, labor productivity, etc. a positive trend is observed. Changes in the level of agricultural production and income from sales of individual entrepreneurs operating in the agricultural sector can be clearly seen in the graph. Thus, the dynamics of gross agricultural output shows that this indicator increased by 4.1% in 2015 compared to 2014, in 2016 by 0.5% compared to the previous year, in 2017 by 9.6%, in 2018 decreased by 6.1% in the year. In 2019, compared to 2018, there was another increase - 36.4%. There are various trends in the dynamics of sales revenue. Specifically, the indicator increased by 3.2% in 2015, and decreased by 2.7% and 34.8% in the next two years, respectively. In 2018 and 2019, sales revenue increased by 57.6% and 24.2% compared to the previous year [graph].



Graphic. Dynamics of gross output and sales revenue on individual farms, in% compared to the previous year.

Looking at the output of small businesses by type of economic activity, it is clear that compared to 2015, in 2019, this figure decreased by 19.6% in all sectors of the economy, and the number of individuals - individual entrepreneurs increased by 57%. The output of agriculture, forestry and fisheries decreased by 51.3%, while individuals - individual entrepreneurs - increased by 76.3%. The share of small businesses in output was at the level of 4.3-5.3% (only in 2017 this figure was 1.1%) [Table 5].

Table 5. Production output of small businesses by type of economic activity, million manat

Indicators	2015	2016	2017	2018	2019	In 2019, compared to 2015, in %
In all sectors of the economy - total	6 072,6	5 951,7	5 986,3	4666,1	4884,7	80,4
of which individuals - individual entrepreneurs	3 032,7	3 404,5	4 073,4	4620,2	4760,8	157,0
including:						
agriculture, forestry and fishing	127,1	251,6	62,1	53,3	61,9	48,7
individuals - individual entrepreneurs	30,3	24,8	25,8	50,6	58,2	176,3
The share of small businesses in output, in%	4,3	4,8	1,1	5,3	4,7	X

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

The dynamics of the main macroeconomic indicators of small businesses in the country shows that the value added in 2019 in these forms of economy compared to 2015 is 2.1 times, the average

monthly nominal wage is 9.2%, investments in fixed assets 2 times, output increased by 56.9%.

Only the average annual number of employees decreased - by 6.5% in 2019 compared to 2015 [Table 6].

Table 6. The main macroeconomic indicators of small businesses

Indicators	2015	2016	2017	2018	2019	In 2019, compared to 2015, in %
Value added, million manat	1987.8	2928,0	3051,9	3136,4	1423,2	2,1 times
Average annual number of employees, thousand people	87,6	100,9	101,9	101,7	85,1	93,5 %
Average monthly nominal salary, manat	302,1	322,2	331,5	336,4	437,0	109,2 %
Fixed capital investments, mln manat	807,2	1828,6	2064,8	2103,6	494,2	2,0 times
Production output, mln	3 032,7	3 404,5	4 073,4	4620, 2	4760, 8	156,9 %

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

Thus, individual entrepreneurs, family peasants and households play an important role in the agrarian sector of the Azerbaijani economy, and therefore they need to be supported by the state through various economic means. From this point of view, in order to stimulate small business, it would be expedient to implement the following measures:

- state protection of new small entrepreneurs;

- support for individual entrepreneurs in the regions and in the agricultural sector, who have a low level of development or bear a heavy social burden;
- further improvement of the credit and financial system, information and commodity promotion infrastructure;
- further improvement of cooperation between large and small businesses;
- taking additional measures at the regional level to eliminate unilateral specialization;
- implementation of guardianship policy;
- selection and proper coordination of relations at the regional and national levels;
- improving the staffing of small businesses, assisting them to use the latest achievements of science and innovation;
- expanding the scope of involvement of the rural population in entrepreneurial activities;
- structural, regional and technological improvement of entrepreneurial activity in the agrarian economy;
- strengthening the role of small business in restructuring the agrarian economy, increasing competitiveness and adapting to economic globalization;
- further improvement of small business in solving the country's social problems.

The third chapter of the dissertation, entitled "Stimulating measures for the development of small business in agriculture and ways to improve them" describes the directions of state stimulation of small businesses, prospects for mutual development of agrarian business and small business and sustainable development of small businesses in agriculture.

The amount of agricultural products, one of the most important sectors of the economy, has a significant impact on the socio-political environment and the stability of the state. Under market conditions, agricultural commodity production operates on the principles of this economic system and develops in the same direction as other sectors of the economy. However, this area has a number of features. The natural factor is one of the most important

of these. From this point of view, there is a great risk of entrepreneurship in agriculture. This is due to the unpredictability of the final results of the economy. At this stage, its successful development is not possible without support and regulatory measures.

The need to regulate small business in agriculture is mainly due to the following factors:

- With the strengthening of property guarantees by the state, there is a basis for the rapid growth of agricultural production, but the number of the population and, accordingly, the needs are growing;

- Although interest in agricultural production is growing, there is a lack of funds to increase productivity in certain cases;

- In the competition between economic entities, especially among small and large enterprises, mainly those with greater economic power gain an advantage;

- As population growth increases the demand for agricultural products, other sectors of the economy are also interested in developing relations with the agricultural sector.

Research shows that the state is always interested in supporting producers in terms of efficient use of production resources. The state also plays an important role in solving social problems, because it is impossible to form a purchasing power demand without increasing social incomes.

In world practice, government intervention in economic processes plays an important role in the development of small business. A study of the current state and development trends of small business can lead to the conclusion that this process is in fact an important tool for improving the competitiveness of the economy.

The scale of entrepreneurship depends primarily on the national and natural features of the country, as well as existing traditions. The analysis shows that the importance and role of small business is especially high in countries with economies in transition.

Based on the research, it is expedient to summarize the following results:

1. Small business is in dire need of government support. Therefore, the state must take care of them, create a healthy competitive environment for them to operate effectively, create conditions for those who want to build their business for the first time, and protect innovations. This is due, among other factors, to the fact that agricultural production is more risky;

2. It would be expedient to improve state support, which is one of the main factors in the further development of small business, in the following areas:

- Determining different interest rates taking into account the natural and climatic conditions and economic opportunities of the regions when granting loans, which is one of the important areas of state regulation and plays an important role in meeting the current needs of agricultural producers, ensuring the continuity of large-scale reproduction;

- implementation of incentive measures to prevent inappropriate interference in the level of prices for agricultural products, increase producers' incomes and keep them stable; abolition of compensations for each hectare of sown area.

3. Stimulation of solvent demand in the field of improving state support for agricultural producers and further improvement of work in the field of property insurance.

All this, of course, can have a positive impact on the further development of small business in our country and play an important role in solving the food problem.

The volume structure of enterprises operating in agriculture consists of a combination of small, medium and large-scale production. The existence of large and high-capacity enterprises in the economy is reflected in their attempts to direct other producers. Experience shows that modernized producers, such as such enterprises, taking into account natural, historical, economic and demographic factors, try to make more profit and always take a leading position in competition. Of course, the advantage of large agricultural enterprises in this regard is that they have more efficient specialized production relations and adapt more quickly and flexibly to changes in the market, are able to meet costs faster and earn more.

In small farms, on the contrary, even the availability of sufficient financial resources does not allow them to effectively organize the application of high-productivity equipment, advanced technology on small plots of land, to fully use their labor potential. As a result, small farms are deprived of opportunities for high efficiency and profitability. Therefore, it is important to implement state support for small businesses in various areas.

From this point of view, the legal and normative regulation of economic activities of small businesses in the agricultural sector serves to improve the conditions and forms of their interaction with large enterprises. As it is known, the relations between economic entities are regulated by the general norms of the legislation. However, in foreign practice, mutual relations with the participation of small enterprises are regulated by special legislation in order to protect the interests of small business.

One of the important problems of small business in the country is lending. Loans are provided only on the basis of collateral or collateral, which small businesses are often hesitant about. Loans obtained by small businesses are offered at almost high interest rates. Research shows that there are no private banks that directly serve small businesses. Therefore, small businesses also face difficulties in obtaining the loans they need on time. The impossibility of obtaining credit or high interest rates does not allow small entrepreneurs to compete with other enterprises.

Research shows that, in fact, large enterprises are interested in cooperating with small enterprises, such cooperation compensates them for delays in finding and solving new technological problems, access to new markets. Such cooperation allows you to transfer the risks of this or that operation to smaller partners. On the other hand, it is expected that many large enterprises are reluctant to cooperate with small enterprises.

The system of market economic relations determines the conditions not only for the exchange of goods, but also for their production, the scale and structure of production in accordance with social needs. This requires taking into account the territorial

differences of market factors, material elements, organizational structures, various regulators of production and sales.

Summarizing the above suggests the implementation of the following measures for the development of small business:

- comprehensive consideration of factors influencing the development of small business in modern conditions;
- determining the priorities for the development of small business in agriculture, depending on the direction of specialization;
- supporting the development of infrastructure;
- stimulating the access of small businesses to foreign markets;
- identification of demand in this area and implementation of measures to meet the needs of small business in financial resources;
- implementation of measures to expand and improve the application of the insurance system.

The "Results" section of the dissertation contains scientific and practical suggestions and recommendations arising from the essence of the research:

The following results were obtained by solving the problem of stimulating and developing small business in the agrarian field in the dissertation work:

1. It has been established that small business in agriculture, as one of the main sources of economic development, is one of the leading forces in the development of the agrarian economy in general. Because the economic essence of small business includes the implementation of various forms of ownership and economic interests of economic entities. Small business manifests itself as an entity that earns entrepreneurial income through personal activity through creative use of available means and production resources, and develops a system of socio-economic relations between the subjects of entrepreneurial activity. From this point of view, the formation of organizational and legal relations through socio-institutional structures allows a deeper definition of the activities, content and nature of small businesses.

2. The economic content of small business is similar to that of general entrepreneurship. The difference between these common features is the multifaceted socio-economic events. Small business is an independent and enterprising economic activity of citizens and their voluntary associations in order to make a profit at their own risk and financial responsibility.

The development of small business is directly related to agribusiness structures. The development of small business and the main criterion of efficiency are reflected in social issues such as rational use of resources, increasing social activity and employment, materialization of scientific knowledge, increasing the level of education of labor resources.

3. Defining the essence of small business as an economic category, being a special type of general entrepreneurial activity, is based on the following methodological approaches:

- Small business is a special type of economic activity, because this activity is aimed at generating more income and success in their activities;

- small business constantly requires the introduction of innovations, new searches and new opportunities;

- contains scientific innovations as one of the main activities;

- is based on a number of principles and conditions for the full implementation of commodity-money relations;

- participates in all stages of reproduction;

- promotes personal responsibility in situations where it is possible to make the greatest profit in risky situations

4. The essence of small business is manifested in the functions of the entrepreneur as a subject of this process. In this case, the following are considered as the main directions:

- subject of property (owner, lessee, lessee, co-owner, etc.)

- subject of economic activity. It manifests itself in organizational, managerial and commercial decisions based on the results of economic activity, knowledge and personal responsibility.

- influences economic development as an entrepreneurial activity that coincides with certain interests, organizational skills,

desire for self-realization and freedom, explained by active activity, and personal interests;

- as a carrier of socio-economic values, has a serious positive impact on socio-economic processes.

5. The most important advantages of small business in the development of small business are:

- economic-production activity (dynamism, agility, assistance in providing the market in a flexible and uninterrupted manner, adaptation to the external market environment);

- to achieve opportunities for operative participation and application in the creation of new techniques and technologies.

6. Subjects of small business activity operate mainly in places that serve the implementation of projects of public importance, where their (subjects') personal interests are realized. This indicates that the interests of small businesses in some cases do not coincide with the interests of society. Entrepreneurship, as the main contradiction of this type of activity, is reflected in the level of economic relations. It is argued that as an internal contradiction, the ratio between the high degree of personal risk of the entrepreneur and his goal - the direction of the entrepreneur's income can act as a common interest.

7. A comparison of the content, nature and mechanism of development of small business and agribusiness shows that it is a multidimensional process, both qualitatively and quantitatively. Its main features are the dialectical union of property, individual management and control in the person of the business entity. This proves that the above is a kind of entrepreneurial activity based on the scale of economic activity of the enterprise to meet social needs, to obtain entrepreneurial income. From this point of view, the activity of small businesses is based on innovative and risky bases, full economic responsibility for the results of economic activity.

8. International experience shows that in order to expand small business, it is necessary to ensure the formation of socio-economic, organizational and legal conditions at the state and regional levels, to create a mechanism of financial support to businesses. It may be expedient to stimulate the activities of banking structures, investment

funds, government agencies and financial services providers that can expand the capabilities of small businesses.

The essence, purpose and legal provision of the system of state support for small business in the field of normative and legal provision is to serve the development of small business. The definition of legal guarantees should include the protection and freedom of entrepreneurial activity, the elimination of legal disputes, the elimination of provisions that hinder the development of this sector, and the continuous improvement of the legal framework. In order to develop entrepreneurial activity, especially small forms of farming, it is necessary to implement the following measures:

1. Taking into account the impact of investment climate and risk factors on the development of small business in the agricultural sector, one of the most important issues is to ensure access of entrepreneurs to the necessary financial resources. One of the main measures is the centralized allocation of funds to entrepreneurs in need, the allocation of funds for the formation and improvement of financial infrastructure.

2. Realization of comprehensive support to the organizations engaged in rural credit cooperatives, taking into account diversity and features of economic and natural conditions of agriculture. Allocation of additional funds from the budget to the development fund of rural credit cooperatives for the implementation of scientific research, dissemination of best practices, the implementation of special programs for the service activities of rural credit cooperatives can give positive results.

3. Due to the existence of various forms of ownership and large-scale farming in agriculture, it is necessary to ensure the equal operation of small businesses with other agricultural producers, especially at the beginning of their activities. Given the international and local experience in supporting small businesses, the creation of a guarantee fund based on budget funds that can be used to provide entrepreneurs with access to credit resources can be considered as one of the main tools to eliminate the need for financial resources.

4. Taking into account the fact that low-income business entities are widely included in the concept of development of the

agrarian sector in the world practice, it is important to take into account the existing problems in agriculture, including small business, the interests of the state and various groups. To achieve these goals, it is necessary to develop a mechanism for the development of economic entities at lower cost.

5. In the agricultural sector, various business structures and small businesses are involved in the creation of value added, ie the effectiveness of important stages of the value chain, such as production, distribution, exchange and consumption, is possible through the cooperation of these entities. In this regard, it is important to develop the activities of agrarian business and small business in an integrated manner.

6. Improvement measures are needed to address accounting problems in small businesses in agriculture. In this regard, the widespread application of International Accounting Standards can help address the shortcomings in this area.

7. One of the ways to increase the efficiency of small business is to diversify production. Along with the production of agricultural products, diversification measures are of special importance in terms of maintaining the financial condition of small enterprises, organizing the processing of products and other activities.

8. One of the factors influencing the sustainable development of small businesses is the provision of production resources and their efficient use, in order to stimulate more efficient use of land, labor and financial resources, the system of public procurement of products produced by small businesses Ensuring the purchase through can be considered one of the main areas of pre-warranty on the outcome of production.

The main provisions of the dissertation work and practical suggestions are reflected in the following scientific works:

1. Advantages of using leasing in the development of small and medium business. Ganja, ASAU: "Innovative development of agrarian science and education: world experience and modern

priorities". Materials of the international scientific-practical conference, III volume, October 23-24, - 2015, - p. 417-420.

2. The main directions of improving state support for small and medium enterprises. Nakhchivan: Nakhchivan University. Scientific works. 2017. №2 (5), p. 55-63

3. The role of risk in the development of small enterprises. Republican Scientific Conference "Quality Assurance in Higher Education". Lankaran: LSU, 2016, - p. 285-287.

4. The place and role of individual farms in the agrarian economy. Ganja, Scientific Works of ASAU. 2017 №2, - p. 145-148

5. State support for small business in agriculture. "Priorities and ways of economic and financial development." International scientific-practical conference. Sochi: 2016, c. 22-26

6. Development of small business in the field of tourism. International Journal of Tourism and Hospitality Research. Special edition. Conference materials. Baku: ATMU, 2017, - p.136-142

7. Ways of infrastructure development in small business. Ganja, Scientific Works of ASAU. 2017 №1, - p. 137-138

8. Factors affecting small business in agriculture. Tourism and hospitality research. Baku: ATMU, 2017 № 2, p. 89-96

9. Features of small entrepreneurship in agriculture. RF: Economics and Entrepreneurship. 2017 № 4, Rospechat "Newspapers. Magazine »s. 490-493

10. Trends in the development of small business in agriculture. Baku: Azerbaijan University. Silk Way. 2017 №3. pp.136-140.

11. The essence of small business and the criteria and indicators for its definition. Nakhchivan: Nakhchivan University. Scientific works. 2017. №2 (5), p. 55-63.

12. Development of innovative business in agriculture: problems and prospects. Tourism and hospitality research. Baku: ATMU, 2017 № 3, p. 223-230

13. The role of small enterprises in solving economic, social and political problems. Materials of the International scientific-practical conference "Strategic economic reforms: preventive tax policy". Baku: ANAS, 2017. - p.130-134

14. Prospects for adapting foreign experience in taxation of small and medium enterprises in agriculture. Austria, Vienna. European Science Review, - 2020 № 7-8. s. 68-7

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