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# VALUES DISPARITY IN THE AGRO-INDUSTRY COMPLEX AND WAYS OF ITS ELIMINATION

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**Abstract** - This article discusses the price disparity is one of the important factors preventing sustainable development. For this reason, the importance of the price in the development of the agro-industrial complex, the factors causing the disparity of prices have been studied and the ways of forming parity prices have been substantiated.

**Keywords** - Price, Price Formation, Price Disparity, Parity Price, Cost, Wholesale Price, Purchase Price.

# I. INTRODUCTION

The optimal ratio of the level of prices between different enterprises of the agroindustrial complex is the main criterion for the effective operation of the agricultural sector.

World practice has shown that the prices of the means of production produced in industrial enterprises and the tariffs for services are growing several times faster than the prices on the market of agricultural products.

The problem of price disparity in the agro-industrial complex of the Republic of Uzbekistan is gaining special relevance. The most important element in the development of the economy of any country is the prices. The state can use prices as an economic tool to stimulate the development of priority sectors and production, or slow down the production of products that require a large amount of material costs and labor under unfavorable conditions.

Assessments determine the level of profitability of individual departments and sectors of the agro-industrial complex, the development of their mutual production

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relations on a beneficial basis, the conditions of development, and the level of material incentives for workers and employees.

## **II. LITERATURE REVIEW**

The following scholars have considered values disparity in the agro-industry complex and ways of its elimination in their research: Dobrynin V.A. [1], Kayumov F.K. [2], [3], [4], Minakov I. A., Kulikov N. I., Sokolov O. V. [5], Murtazayev O., Ahrorov F.B. [6], Petrenko I.Ya., Chuzhinov P.I. [7], Sidorov V.A., Kuznetsova E.L., Bolik A.V. [8], Tangirov A.E., Nurmanov Sh.Kh. [9].

### **III. RESEARCH METHODOLOGY**

The methodological basis of the research was formed as a result of the study of theoretical and practical information, legislation and other legal documents, literary sources and publications. The research is based on the connections between theory and practice, but also made extensive use of methods such as analysis, comparison, and synthesis.

# **IV. ANALYSIS AND RESULTS**

The mechanism of setting prices for the products of agro-industrial complex enterprises and tariffs for the services provided is of great importance for scientific research. First of all, the main attention is focused on establishing the equivalent inter-sectoral exchange of agricultural and livestock products, objective economic factors in determining the basic level of purchase prices, and full consideration of product quality in the prices. As a result of this, there is a need to develop a strategy for forming an effective price for agricultural industries.

At the same time, many managers of agricultural enterprises do not have enough experience in developing a balanced price policy, which is one of the reasons for the price disparity.

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Currently, the main method of determining the price in the country's economy is the market method. It is known that the market price is a complex of many indicators, such as costs, solvent demand, free competition, the level of government regulation of the economy, the degree of monopolization of industries and others. In fact, in current conditions, this method is not used to determine the price of most agricultural products, because the percentage of products sold at a loss is high in the composition of sold products.

In our country, the real market price for agricultural products is formed in the conditions of low demand of the population, lack of cultured market for selling products, active influence of various intermediaries, monopoly of processing enterprises.

Thus, market prices, based on their classical essence, are not actually used in the enterprises of the agro-industrial complex of our country.

In the current situation, the implementation of market prices without serious support from the state leads to the fact that agricultural producers work at a complete loss, because the supply prices formed on the basis of the interests of agricultural enterprises significantly exceed the demand prices in the free market.

The optimal ratio of the level of prices between different enterprises of the agroindustrial complex is the main tool for the effective operation of the country's agricultural network.

The disparity in the prices of industrial and agricultural products hinders the rapid economic development of agricultural producers. Grade disparity manifests itself in two forms:

- prices of goods and services delivered to agricultural enterprises are set higher than costs;

- setting purchase prices for agricultural products below the cost recovery level. At the same time, a number of economists deny the inequality of prices, saying that the ratio of prices will be formed anew with the transition to market relations.

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There are imbalances in the development of the components of the country's agro-industrial complex. For example, there is a disparity in the prices of agricultural and industrial products. World practice shows that prices on the market of agricultural products grow at a slower rate than prices of goods of industrial enterprises, production and technical, transport and construction services, which causes price disparity.

This negative phenomenon of market relations should be under state control. In such a situation, the state should regulate prices, taking into account the interests of both consumers and producers . State regulation of grades should be based on the concept of parity.

The state has to bear a disproportionate share of the costs associated with the development of the agro-industrial complex, which plays an important role in the country's economic development. To this are added the negative aspects of the market economy, in particular, disproportionate incomes of different strata of the population, high levels of inflation and unemployment, etc.

The problem of price disparity is mainly related to the agricultural enterprises themselves, most of them do not study the market situation and wait for what will happen. Many agricultural producers use the cost of production as the main method of forming prices and set prices, taking into account the expected increase in the prices of energy resources, agricultural machinery, seeds, feed.

At the same time, processing enterprises and large wholesale organizations have a strong influence on the formation and level of prices of products of the agroindustrial complex based on their benefits. The role of state structures in price formation (except for grain and cotton) is minimal. In such a situation, very few enterprises use the level of profitability necessary to form prices for their products.

In most cases, transactions for the sale and purchase of agricultural products are random in nature, which is associated with high transaction costs for finding partners, executing contracts and learning marketing information. At the same time, there are a number of reasons for the emergence of price disparity that do not depend directly on agricultural producers. The main reason is explained by low purchase prices, few buyers of agricultural products, i.e. competitors. As a result, refiners set purchase prices in a monopolistic manner.

The main reason for this situation is the current legislation. According to it, prices for the products of the agro-industrial complex are determined based on the state of the local market. Despite the fact that the methods of determining market prices have been successfully mastered and used by agricultural enterprises, contracts for the sale and purchase of products are concluded directly by independent intermediaries. This results in many agricultural enterprises being under the influence of a local monopolist.

All this leads to the fact that the current system of formation of prices for the products of rural producers in the region is officially based on the market. In practice, the formation of prices is mainly based on the interests of buyers, and the interests of rural producers are not taken into account.

Agricultural enterprises operating in the free food market of the region do not have the opportunity to compete with suppliers of imported products and with products brought from other regions with favorable production conditions, due to the fact that the prices of the offer, calculated taking into account the average production costs of the region, and the norm is that they use the rate of return.

Therefore, it is necessary to take measures to improve the channels of sale of agricultural products at the state level, which is also an effective way to reduce the price disparity. Otherwise, the system of channels for selling agricultural products will remain the weakest link of the agro-industrial complex. In addition, the inefficiency of sales channels leads to significant losses of agricultural products during the preparation, transportation, processing and storage of products, and is further increased by the seasonality of product delivery and supply of raw materials.

To increase the efficiency of the sales channels of the agro-industrial complex, the following principles, which are successfully used in world practice, can be used: - integration of enterprises of the agro-industrial complex for the purpose of establishing a closed trade cycle. This in turn reduces the number of intermediaries;

- through the active development of forms of wholesale trade of agricultural products, it is possible to significantly reduce the influence of monopoly on the level of prices in the sector;

- use of the practice of state orders;

- improvement of methods of integration of agro-industrial complexes as a mechanism of internal market regulation and their active use.

In the agro-industrial complex, it will be possible to achieve the efficiency of the directions emphasized on reducing the disparity in prices only if the domestic food market is separated from foreign markets. In our opinion, the existing production relations between the sectors of the agro-industrial complex and their interaction with the state do not allow for the stable and dynamic development of production forces.

The price mechanism in the system of economic relations in the market of the agro-industrial complex needs radical improvement. First of all, it is necessary to ensure price parity both in the ratio and dynamics of the purchase prices of agricultural products and the wholesale prices of the means of production produced by industrial enterprises.

# V. CONCLUSION/RECOMMENDATIONS

In conclusion, any increase in the wholesale prices of products of agricultural enterprises should be fully compensated by the increase in purchase prices of these products. As for the retail prices of the socially important products of the agro-industrial complex, they may be lower than the purchase prices, and the difference in the middle should be covered by the state or local budgets.

It is also necessary to simplify the terms of foreign trade for state agricultural producers and their penetration into foreign markets.

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In order to eliminate the price disparity in the country's agro-industrial complex, it is necessary to take the following measures on the scale of the republic and its regions:

- to create a modern material and technical base of the republic's agro-industrial complex and to form the infrastructure of the agricultural market;

- development of effective methods to prevent imported agricultural products from entering the republican market at dumping prices;

- determining the maximum level of prices for socially important types of agricultural raw materials and food products; - compensation of the difference in prices from budget funds for the enterprises of the agro-industrial complex, whose products are purchased for processing.

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