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Microeconomic Analyses of The Food Industry

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ABSTRACT

The main aim of this research to analysis economic impacts to agricultural industry. Main research purposes of this work directed to find main problems, deficiency and solutions of these problems. The author choose Azerbaijan's colourful agriculture industry and found some problems. After analyzing industry and economic relationship of Azerbaijan author gave some recommends and solutions for solve problems and improve this sector in Aazerbaijan.

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1. INTRODUCTION

Over the previous century, colossal advancement has been accomplished worldwide in improving human welfare. Social orders have changed profoundly on account of quantum jumps in innovation, fast urbanization, and advancements underway frameworks. However conditions in this day and age are a long ways from the world 'free of dread and need' imagined at the establishment of the United Nations. Thus, much stays to be done to satisfy the vision of the Food and Agriculture Organization of the United Nations (FAO): to make 'a world free of craving and lack of healthy sustenance and one in which nourishment and agribusiness add to improving the expectations for everyday comforts of all, particularly the most unfortunate, in a financially, socially and naturally economical way'. In the midst of incredible bounty, billions of individuals still face inescapable destitution, net imbalances, joblessness, ecological corruption, ailment and hardship. Dislodging and transient streams are at their most abnormal amounts since the Second World War. Many outfitted clashes have been settled, however new ones have risen. A lot of mankind's advancement has come at a significant expense to the earth. The effects of environmental change are as of now being felt, and – whenever left unabated – will strengthen significantly in the years ahead. All around incorporated generation forms have brought numerous advantages, yet present difficulties as far as their guideline and the need to control them towards progressively fair and economical results.

Populace elements will fundamentally change socioeconomics over the coming decades and towards the century's end. Anticipated development in the total populace is relied upon to be moved in Africa and South Asia and on the planet's urban communities. By mid-century, 66% of the worldwide populace will live in urban territories. Low-salary nations will see expansive additions in the 15-24 years age gathering. The populace will keep on developing in South Asia until mid-century, and in sub-Saharan Africa until in any event the century's end. Continuously

2100, Asia and Africa are relied upon be home to a joined populace of 9 billion, out of the anticipated 11 billion individuals who will possess Earth¹.

Populace development could give these locales a gigantic statistic profit and monstrous development in household markets. Be that as it may, taking advantage of this profit will challenge. Except if sufficient financial open doors are made, the help may well end up being a bane, one that powers mass relocation and, perhaps, clashes. Different locales, in the interim, should acclimate to quickly maturing populaces. The changing socioeconomics will additionally build the heaviness of low-and center salary nations in the worldwide economy. Notwithstanding, this does not really mean salaries will meet among countries and people. In late decades, quick development in rising economies has added to some decrease in dimensions of imbalance among nations. Be that as it may, this has been counterbalanced, all around, by rising imbalance inside most nations, whatever their salary level. Notwithstanding noteworthy financial development since 2000, the normal salary of individuals living in Africa is around 5 percent of the normal pay of residents living in the United States. This extent is not as much as what it was 50 years prior. This uncovers not just profound uneven characters in current dimensions of prosperity yet in addition the tremendous inconsistencies in the ability to spare and put resources into future pay age. While the full ramifications of this circumstance for future patterns are difficult to foresee, almost certainly, huge worldwide imbalances will endure for quite a while to come, regardless of whether low-salary nations do figure out how to profit by their statistic profit.

Azerbaijan is a net-bringing in nation of horticultural and nourishment items. As of late, costs for the nation's primary outside money source – fossil oil and petroleum gas – drastically declined. Against this foundation, the state's administration tries to upgrade the business atmosphere for the advancement of an aggressive rural and sustenance part that would contribute, among others, to reinforcing the nation's

¹ Willer H. and Lernoud, J. eds. (2017). The World of Organic Agriculture. Statistics and Emerging Trends 2017, Research Institute of Organic Agriculture (FiBL), Frick and IFOAM-Organics International, Bonn.

nourishment security and improving its country welfare (Strategic Roadmap on Agriculture, 2016). An extra vital goal is to build household creation potential for either import substitution or development of fares. This report assesses showcase prospects for Azerbaijan's present horticultural and sustenance items. It additionally surveys the segment's capability to utilize its generation limit because of recognized market openings. The report's goal is to give a brief outline of the division's exercises, its qualities and what influences its capacity to utilize its advancement potential. Progressively nitty gritty sectorspecific examinations are directed in segment explicit reports (on dairy/meat, poultry, fisheries and aquaculture, organic products, vegetables and potatoes) that expound on this present report's assessments introducing item explicit discoveries and suggestions for future venture openings.

1.1. RESEARCH METODOLOGY

To collect essential information, a point by point and far reaching meeting plan was set up based on the goals of the examination. Different components of sustenance handling units with considering their issues relating to the practical territories of the board have been considered while setting up the calendars and polls. The issues, for example, accessibility of crude material, access of credit office, accessibility of money, accessibility of talented and incompetent work, issues in regards to preparing, issues of advertising and so on have been thought about. Essential information have been gathered by leading meetings, casual dialog and no participative perceptions.

1.2. CURRENT PROBLEMS OF FOOD IDUSTRY(RESEARCH QUESTION)

Azerbaijan is situated in the southern piece of the Caucasus mountain go, comprising of 58% mountain and 42% fields and inclines. The Republic's physical topography incorporates nine out of the Earth's eleven atmosphere zones, and thus empowers the nation to deliver an assortment of excellent organic products, nuts, vegetables, tea leaves, citrus, and field crops that incorporate wheat and cotton, among others. Notwithstanding cultivating, planting, agriculture, angling, and

animals, the capacity to reasonably utilize its property for sustenance generation gave Azerbaijan a noticeable position among the Soviet republics. On Christmas Day of 1991, the Soviet Union crumbled and all aspects of the economy were influenced: including the disintegration of all state-controlled aggregate homesteads. In the wake of this monetary massacre, all grounds, property, and agrarian gear were separated among the neighborhood people based on offer standards. As new proprietors of private property, ranchers unexpectedly utilized their territories for new and apparently unconstrained purposes: in reality, the absence of characterized horticultural oversight and the executives lately has prompted brokenness among ranchers. While the Soviet framework remained imperfect, there was a focal administration that could manage. In the new market economy, each rancher was out for himself. Intensifying the monetary progress troubles was the manner by which land and gear were appropriated: one rancher may have gotten hardware, and a few others may have gotten bigger plots of land however were unsatisfactory for developing.

At times, residents got landplots to the extent 40 kilometers from their towns. Broad separations and poor foundation implied that huge numbers of these terrains were hard to get to and in the long run dissolved from latency. At the same time, the expense of getting to and developed these terrains, regularly no bigger than 10 hectares, surpassed urban living expenses, and horticulture went from involving 25% of GDP to a measly 5% as vast quantities of ranchers hung up their instruments in return for work in the urban areas. There are not kidding worries over decreases in horticultural fares: only twenty years prior, farming directed 30% of Azerbaijan's absolute fares, however at this point figure sits at a precarious 1.3%, well under the nation's ability, and very low—and diminishing year over year— in parity of installments. Notwithstanding vitality sends out, Azerbaijan's would have a fare import deficiency. Absence of arranging and legitimate administration of fares frustrates monetary incitement. The household advertise is carrying Azerbaijan's horticultural economy.

Because of the led investigations are portrayed underneath:

1. Inappropriate divisions amid agrarian changes:

- Fertile soil and valuable agrarian hardware having a place with the group and soviet homesteads (people in charge of the administration of the rural zone in districts, just as those ranches) were involved by principally previous authorities;
- Lack of arranging, straightforwardness and fairness in the dissemination of grounds.

2. Absence of limit among ranchers:

- Failure to follow agrotechnical rules amid the development time frame;
- Lack of mindfulness about recently risen infections in creature farming and plant-developing and leading erroneous examinations against them;
- Lack of writing.

3. The board framework does not meet present day necessities:

- Lack of faculty. For instance: According to the official information of State Statistics Committee, per the computations of 2011, 77,000 heads of extensive horned cows and 190,000 heads of little horned cows were recorded in Sheki. As indicated by the enactment of the State Veterinary Service (SVS) the proportion of veterinary doctors to the quantity of expansive and little horned dairy cattle has been distinguished as pursues: - cows horse - 1 unit (700 heads) - 1 veterinary doctor - sheep-goat - 0.5 unit (1400 heads) - 1 veterinary doctor The quantity of veterinary doctors working in the Sheki Veterinary Office comprises of 26 people, while the quantity of specialized staffs less. In this way, in consistence with the guidance of the SVS-just restorative staff ought to have contained 110 to 135 people, which is one fourth the quantity of current doctors.
- Lack of access to web organize in the towns;

- Not utilizing electronic report shapes (absence of familiarity with present day prerequisites among bookkeeping staff).

4. Marketing condition is immature;

- Lack of direct contact among generation and handling undertakings and neighborhood ranchers;

- Refrigeration is costly;

- Limited access to business sectors.

5. Poor framework in rustic regions.

6. Incapability and absence of existing agribusiness gear/advances.

7. Difficulties in the utilization of agroleasing administrations:

- Leasing conditions are unbending;

- Bureaucratic impediments;

- Services are costly;

- Equipment is costly.

8. Terrains were acquired a pointless condition for development:

- Cultivations without interims;

- Poor sustenance of the dirt;

- Lack of intends to give manures;

- Subsidies are given after development.

9. Greater part of city lands is left unexploited or neighborhood ranchers can't stand to rent those terrains because of high lease expense and bureaucratic hindrances.

As the nation's economy is considerably reliant upon incomes from vitality transporters and it makes difficult issues for nourishment security in the nation, the Government has begun to venture in to safeguard rural part from further decays. The improvement and recovery of rural segment wound up one of the need issues before the Azerbaijan Government. Various government programs have been endorsed by an extraordinary announcement of the President of the Republic of Azerbaijan.

2. THEORETICAL ANALYSIS

2.1. Theoretical and methodological basis of food industry

2.1.1. The concept of food industry in microeconomic scale

Standard microeconomic hypothesis will in general present cost investigation utilizing decent smooth bends with the goal that understudies can find where junctures happen and the ideal time when to work. Shockingly, in reality, not all data sources are infinitely separable. You can't utilize one portion of a mechanical production system; it is win or bust. As we will find in this section, the way that sources of info, for example, specialists and mechanical production systems come in discrete (not persistent) sums imply that the recognizable cost bends change from their typical, smooth shapes into new shapes that take after poor staircases.

Financial analysts like to call such discretely flexible sources of info knotty data sources. Working with uneven information sources additionally implies that as opposed to having the capacity to utilize analytics to tackle numerical issues, we have to fall back on increasingly essential math and some cautious reasoning. Along these lines, at any rate for the rest of this section, taking care of monetary issues will depend on the capacity to decide the base of a lot of numbers and the fundamental activities of expansion, subtraction, increase, and division. In the event that you can briefly overlook all that you found out about taking subsidiaries and setting them equivalent to zero, how about we do some certifiable financial matters as our forefathers would have done it².

When all is said in done, the writing has discovered that firm structure, observing, and pay dissemination lead to organization issues and insider control of a firm has brought about not exactly ideal execution. The first hypothetical papers did not recognize control by relatives who might be the executives and control by the board who are not relatives. The hypothesis is starting to take note of that family-controlled organizations may not show office hypothesis issues on the grounds that

² Linton, I. (2016). Seven Elements of the Domestic Marketing Environment. Demand Media

the experimental writing (i.e., Anderson and Reeb 2003) is discovering proof of preferable execution rather over less fortunate execution. In any case, office hypothesis issues might be bound to emerge with control being displayed by chiefs (e.g., momentary time skyline) who don't have the long haul time skyline that a family may have concerning control. As of not long ago, a significant part of the data with respect to administration was not openly accessible or expensive to get. In this manner, except for Anderson and Reeb (2003) and Ang, Cole, and Lin, the writing has been essentially hypothetical in nature. Therefore, express speculation trial of explicit office factors and their association with execution are gotten from these two papers. The idea of organization hypothesis has been depicted in the farming financial matters writing (e.g., most as of late by Cook and Barry) however experimental trial of the hypothesis have not been done on agribusinesses or sustenance organizations. This investigation adds to that writing with an observational investigation of office hypothesis as connected to a homogeneous industry (e.g., nourishment handling) and spotlights on the effect of hierarchical structures (e.g., family controlled and nonfamily controlled)³.

The past segment portrays the writing on organization hypothesis and talks about why it is significant. This segment examines reasons why the sustenance handling industry is a one of a kind division for examination.

Office hypothesis has been utilized to clarify the connection among inhabitants and land proprietors (Allen and Leuck), poultry makers and butcher and preparing plants (Knoeber; Martinez; Menard), and plantation leafy foods administrations kept running by beekeepers (Cheung). James, Klein, and Sykuta contend that the idea of the connections between pork, poultry, and soybean ranchers and the separate processors of these items (e.g., pork and poultry processors and oilseed smashers) clarifies the emotional development in authoritative structure in these businesses. Dorsey and Boland demonstrate that most vertical coordination has

³ Jeffrey H. Dorfman, *Economics and Management of the Food Industry*, 2014.

happened at stages past the maker and that a few businesses, for example, handling have premiums from combination and others, for example, eateries have limits.

Strategy Makers and Industrial Organization of Food Processing Sector

Understanding the idea of mechanical association in the nourishment economy industry has been recognized as a top need by arrangement producers in the U.S. Congress as confirm by the way that more than \$17 million has been appropriated since 2000 to think about the sustenance economy past the ranch door (e.g., not generation horticulture). These assets have been utilized in somewhere around 14 divisions of rural financial matters in land allow colleges and have been incorporated into yearly appointments subsidizing. This is more cash than has been appropriated for financial matters of creation agribusiness investigate excluding Hatch Act reserves. The nourishment preparing industry is far greater than the sustenance wholesaling and nourishment retailing industry with respect to resource size and customer brands (Schumacher and Boland). Sustenance Processing Sector has Unique Organizational Structures Cooperatives are a special hierarchical structure in agribusiness. Makers who are vertically coordinated through handling cooperatives control the administration of the helpful by extraordinary enactment gone by Congress in the Capper-Volstead Act and highlighted in many state fuse resolutions that are one of a kind to agribusiness (Baarda). What's more, cooperatives approach agreeable expansion administration assets as confirmed by Boyd et al. Boland gives various instances of cooperatives that have changed their authoritative structure as of late yet kept up control by makers. He likewise recommends that numerous cooperatives are investigating how family-claimed organizations progressed from value given by relatives to issuing open securities but then concocting an administration component to guarantee family control. Chaddad and Cook give a typography to better understanding these hierarchical structures however it ought to be noticed that most cooperatives that have rebuilt do as such for a mix of reasons.

Office Theory in the Food Processing Sector These certainties recommend that family-controlled nourishment processors may have a few qualities that propose they are more gainful than nonfamily controlled firms. Office hypothesis proposes that the control work through administration is urgent in clarifying execution. There has been no examination that has looked to dissect whether these one of a kind highlights of the sustenance handling segment (e.g., family control) have prompted better execution. The writing survey on office hypothesis would propose that execution would be less however the way that family control has stayed such a key authoritative structure in the sustenance handling industry would recommend this isn't the situation. This exploration tends to this issue. At last, past research has not considered the impact of money profits (instead of stock parts) on execution. This is a significant variable in light of the fact that most firms utilize held salary to back the association as opposed to pay money profits (Mayer). In any case, organization hypothesis would propose that family firms would pay money Boland, Golden, and Tsoodle: Agency Theory in Food Processing 627 profits on the grounds that the relatives of the establishing family have their riches tied up in the organization's value. Along these lines, the family would incline toward money installments after some time. None of the past writing has estimated pay conveyance as an office variable. In this manner, this exploration utilizes factors utilized in the observational writing (Anderson and Reeb 2004; Ang, Cole, and Lin;) and includes an extra factor for money profits.

Amusement hypothesis is a subdiscipline inside financial aspects that reviews basic leadership in an aggressive situation. In customary monetary investigation, an organization takes as given its cost structure and the interest bend that it is confronting and utilizes those to find systems that boost its profit or other target work, (for example, piece of the pie or a limited flow of profits over some multi-year arranging skyline). Diversion hypothesis recommends that most organizations are more intelligent than this (or work in a more intricate financial condition than this) and understand that contenders will react to whatever procedure they pick. At the point when an organization settles on choices in an amusement theoretic system,

the organization thinks about how to pick an ideal methodology given its cost structure, the interest bend it faces, and the foreseen responses of its rivals. For instance, if Coca-Cola is choosing an ideal estimating and publicizing procedure for the following year, it factors into those choices the no doubt reactions of Pepsi rather than the conventional financial presumption that Pepsi would simply proceed with whatever it had been formerly doing. Amusement theoretic thoughts go back to at any rate the mid-1700s when James

Waldegrave utilized it to create methodologies for a card amusement. The first utilization of diversion hypothesis straightforwardly to financial matters was by the French market analyst Antoine Cournot in 1838, who utilized the ideas to ponder a duopoly situation where firms picked the amount to create. ¹ Another French business analyst, Joseph Bertrand, in surveying Cournot's paper, gave a duopoly case costs being the picked systems rather than amounts. ² The monetary utilization of amusement hypothesis did not so much catch on until the 1960s. This was accelerated by John von Neumann and Oskar Morgenstern's 1944 book, *Theory of Games and Economic Behavior*, which completely built up the numerical develops behind diversion hypothesis and demonstrated numerous hypotheses about amusement arrangements. This set the stage so that as financial aspects turned into a scientifically based field during the 1960s, diversion hypothesis was prepared for business analysts to embrace and change to suit their motivations.

Current amusement hypothesis endeavors to formalize the hypothesis and science of basic leadership in a key situation. These models of basic leadership fuse familiarity with the results of those choices. The outcomes can be a reaction from contenders, for example, coordinating a contender's costs, or reactions from buyers, for example, lower future interest in light of value issues with the organization's item. Amusements can incorporate contenders participating with one another (even to the point of illicit intrigue), undermining understandings that were made to collaborate, and systems actualized so as to rebuff firms that break understandings.

⁴ Ang, J., R. Cole, and J. Lin. "Agency Costs and Ownership Structure." *Journal of Finance* 55(2000):81–106.

Some straightforward models and fundamental definitions will start to make these ideas more clear.

Amusements include at least two players who are the general population or organizations deciding, regularly alluded to as methodologies . When the choice, or system, of all players is known, every player gets a result dependent on the arrangement of all choices made by the players. The result might be an amount sold, a profit made, a piece of the overall industry, or a misfortune brought about, contingent upon the structure of the diversion. The settlements can be a ceaseless capacity of the procedures picked by the players or can be discrete, particularly when the methodologies picked are discrete.

A diversion in which the whole of all settlements is fixed is known as a steady amusement; a non-consistent amusement is one where the total of adjustments changes relying upon the techniques picked. Non-steady recreations will in general empower more collaboration and conspiracy among players since they can change the extent of the pie being partitioned, so side arrangements (figure "influence") can be made with expectations of benefiting everybody by separating up a bigger all out result.

Duopoly recreations have two players, oligopoly amusements have a "couple of" players, which is commonly taken to be somewhere close to three and ten. Diversion hypothesis turns out to be progressively entangled as the quantity of players turns out to be vast, since it turns out to be less conceivable that some other player truly thinks about the individual methodologies of another single player among many. In diversions with numerous players, some plan is required specifying how every player anticipates different players (either independently or on the whole) to react to their procedure decisions⁵.

Once in a while recreations are built with a couple of players working deliberately and the rest of the business spoke to as an aggressive periphery ,

⁵ Boland, M.A. "Governance and Outside Equity Issues Facing Cooperatives." Paper presented at U.S. Department of Agriculture Economic Research Service Workshop, Agricultural and Food Cooperatives in Rural Development: Implications of Business Dynamics for the Public Policy. Washington DC, June 16–17, 2004.

implying that those organizations go about as in immaculate challenge and don't rehearse vital conduct. Rehashed amusements are the point at which similar players rehash a similar diversion, either a set number of times (called rounds) or an infinite number of times. Rehashed amusements add more methodology to single-period diversions (non-rehashed recreations) in light of the fact that in rehashed recreations, players can support participation, yet undermine different players with disciplines in later adjusts. Disciplines by and large are completed by a player picking a system that prompts a troublesome result for the players being rebuffed. As will turn out to be clear underneath, disciplines include genuine reasoning in light of the fact that the player doling out the discipline generally should bring about a poor result itself so as to convey the discipline to its planned target.

Disciplines lead us to an extra definition. A rehashed diversion methodology is time-steady on the off chance that it is ideal when declared eventually in time is as yet ideal at future timespans amid the rehashed amusement. The option is a timeinconsistent methodology. In rehashed amusements with the likelihood of collaboration and deceiving, usually ideal to declare a methodology of arranged participation with discipline to be regulated should another player cheat. Notwithstanding, much of the time, when that point in time is achieved, it moves toward becoming imperfect to really oversee the discipline on the grounds that the discipline more often than not brings down the result to the player controlling it. Specifically, the less periods left in an amusement, the more probable it is that the discipline will progressed toward becoming problematic. Along these lines, the declared, starting procedure is time conflicting in light of the fact that it is the correct system when reported, however does not keep on being ideal through the later adjusts of the diversion⁶.

⁶ Cook, M.L., and P. Barry. "Organizational Economics in the Food, Agribusiness, and Agricultural Sectors." *American Journal of Agricultural Economics* 86,3(August 2004):740-43.

2.1.2. The impact of the food industry to the microeconomics

The financial effect of an organization or industry is estimated utilizing a standard methods for investigation called a monetary effect appraisal. The report evaluates four channels of effect that together involve the business' 'monetary impression'⁷:

- Direct effect - the financial advantage of the sustenance business itself;
- Indirect effect (inventory network) - the financial advantage and work bolstered in the sustenance business' production network in Singapore because of the obtainment of merchandise and enterprises;
- Induced effect (purchaser spending) - the more extensive financial advantages that emerge when representatives of the Singapore sustenance industry and its production network spend their profit, for instance in neighborhood relaxation and retail foundations; and
- Distribution impacts – the action upheld in Singapore among merchants, wholesalers, retailers, eateries, bistros and road sustenance sellers. From these channels, the all out monetary impression of the Singapore nourishment industry is displayed, utilizing five key measurements:
 - GDP, or all the more explicitly, the industry's gross esteem included (GVA) commitment to GDP. GVA measures the commitment to the economy of every individual maker. At the point when collected over all organizations, net esteem added aggregates to GDP.¹ GDP is one of the fundamental synopsis markers of a nation's monetary exhibition. All through the report 'net esteem added commitment to GDP' is alluded to as 'commitment to GDP'
 - Employment, as the quantity of individuals utilized, estimated on a headcount premise;

⁷ Jeffrey H. Dorfman, Economics and Management of the Food Industry, 2014

- Labor profitability - the normal estimation of yield produced by every specialist (estimated in this investigation as GDP per work);
- Tax, speaking to the salary and organization charge installments made to the Singapore government; and
- Central Provident Fund (CPF) commitments, in light of the commanded commitments of businesses and workers to the store. Notwithstanding the center monetary effects, this report looks at the more extensive impacts of the nourishment business' exercises in supporting profitability and prosperity in Singapore. These effects speak to the more extensive advantages that legislatures, customers, society and different ventures get from the sustenance business' exercises. For the sustenance business these are basically caught in the commitment the business makes to Singapore's improvement as a focal point of cutting edge nourishment assembling, and its more extensive financial and social advancement.

Beginning to acquire financial matters

The work standard is the most work per unit of time a laborer can achieve. This is estimated in some sort of yield/time units that bode well for the plant being contemplated. In a natural product pressing plant, the work standard would ordinarily be in pounds-per-hour (lb/hr). At times this is represented by an association contract or government or state work guidelines. Different occasions it is basically founded on how much work should be possible. For instance, at the arranging station a laborer can just figure out how to deal with a specific number of pounds every hour of organic product. In the event that you request any higher profitability, the laborer will fall behind and begin missing things. On the off chance that the plant administrator does not know the work standard for each station, at that point trials ought to be directed to set up them. The investigation can be as basic as estimating the workflow when a decent (yet not the best) laborer is going as quick a speed as can be kept up for a move.

The greatest work limit is resolved either by the physical limit of the apparatus at a specific station or by the mix of the work standard and the most extreme work team. For instance, the naming machine may just have the capacity to stick names on 5,000 lb/hr of natural product. Taking the work standard and duplicating it by the most extreme number of specialists at a station gives you an option figure. Whichever of the two methodologies yields the more modest number, that number is the greatest work limit with respect to that station. The plant limit is the base of all the machine limits of the distinctive stations. While it may astound see all the distinctive limits in a solitary plant, it is quite normal as hardware is bought from discrete providers and isn't really made for only one specific use.

At long last, the pay rates paid to laborers at each station ought to be gathered from the plant foreman or someone in the firm the board. The rates are probably going to shift over the stations, with specialists paid more at stations including more innovation or increasingly perilous gear. So the capacity station specialists get paid more than laborers at the dumping station in light of the fact that the capacity specialists drive a forklift, which takes some preparation

Organization speaks to receptionists, bookkeepers, sales reps, the plant foreman, and anybody not part of the generation procedure but rather as yet working inside the activity. They show up in the table to guarantee that they are incorporated into the work costs when you develop the cost capacity. With this work necessities table finished, you can start to build the hourly work cost work, which demonstrates the hourly work cost as a component of the pounds every hour of natural product being handled.

| Station | Min-Crew | Max-Crew | Labor Standard | Machine Capacity | Wage Rate |
|-----------------------|----------|----------|----------------|------------------|------------|
| Receiving/ Dumping | 2 | 2 | 3,000 lb/hr | 6,000 lb/hr | 8.00 \$/hr |
| Washing | 0 | 0 | n/a | 8,000 | n/a |
| Labeling | 1 | 1 | 7,000 | 7,000 | 8.00 |
| Sorting | 2 | 7 | 900 | 6,300 | 8.50 |
| Boxing | 2 | 8 | 900 | 7,200 | 8.50 |
| Storage | 1 | 3 | 2,000 | 6,000 | 10.00 |
| Administration | 2 | 2 | n/a | n/a | 20.00 |

Figure 2.1. Labor requirements table for a fruit packing operation.

Source: Jeffrey H. Dorfman, Economics and Management of the Food Industry, 2014

Pricing economics for food processors

Profit augmentation isn't exactly enough, in any case, to completely comprehend the conduct of the fixing purchasers and sales reps. All things considered, that just implies that in every exchange they attempt to get the most ideal arrangement. So does every other person. Now and again, the most ideal arrangement would at present leave the organization losing cash (all things considered, profit expansion does not imply that profit is sure, just that it is as substantial as could reasonably be expected). The purchasers and merchants need more direction than "proceed to sell the item for as high a cost as could reasonably be expected."⁸

Organizations give that direction through target valuing recipes. Every day, fixing purchasers are given a rundown demonstrating the cost for every fixing or thing that they buy that they should remain underneath ("purchase at this cost or less"). In some cases they get a rundown of value extents to remain inside, or a few costs that they can go for. Salesmen get a rundown of the considerable number of items they are offering with target costs to go for or above. In actuality, the rundowns

⁸ Jeffrey H. Dorfman, Economics and Management of the Food Industry, 2014

are to some degree more point by point than this, and later in this section you will figure out how the organization registers the value targets gave to its representatives.

The break-even pricing formula

To start, consider the costs at which an organization sells its item. Obviously, the primary thing you need to know is the cost at which your organization will make back the initial investment: acquire a profit equivalent to zero. All things considered, on the off chance that you sell your item for not exactly the equal the initial investment cost, all the time you will leave business. By definition, $\text{benefit} = \text{all out income} - \text{absolute expenses}$. $\text{Absolute income} = \text{value} \times \text{amount sold}$ and $\text{all out expenses} = \text{normal expenses} \times \text{amount created}$. On the off chance that we expect that the amount delivered and the amount sold are the equivalent, at that point we can modify the meaning of benefit as

$$\text{profit} = (\text{price} - \text{average cost}) \times \text{quantity}.$$

Communicated this way, it is anything but difficult to see that the profit will approach zero when the cost is equivalent to the normal expense. In this way, the earn back the original investment cost is the normal expense of delivering the item.

Presently, the normal expense could be the normal all out expense or the normal variable expense (recall that the normal all out expense is the normal variable expense in addition to the normal fixed cost). Given that fixed costs are sunk and ought not influence shortterm choices, the best methodology here is to utilize the normal variable expense in the disrupt notwithstanding evaluating guideline. On the off chance that the majority of the item an organization produces is sold at the equal the initial investment value, the organization will in the long run leave business, since it is just taking care of its variable costs, not add up to expenses. Notwithstanding, in spite of the fact that the organization won't sell every one of its items at the make back the initial investment value, regardless it needs to recognize what it is on the grounds that occasionally it bodes well to sell items at or close to that earn back the original investment cost:

$$AVC(q) = c(q) / q + r + u / q.$$

Review that every one of the units in condition are in p^{BE} (or another unit that the item is sold in), so we can set this normal variable cost equivalent to the cost to land at the defy notwithstanding estimating guideline:

$$p^{BE} = c(q) / q + r + u / q.$$

This earn back the original investment value, p^{BE} , is only the expense of delivering the firm's item. It fills in as the base value a sales rep ought to ever acknowledge in making an arrangement. Consenting to sell the item at a misfortune harms the organization's profit and could prompt the sales rep being fired. In spite of the fact that the equal the initial investment cost gives a lower bound cost to the business power, more direction would positively be useful to them.

What are agricultural cooperatives?

The development of current cooperatives happened on the eve of the mechanical transformation in Europe in the start of the nineteenth century and as an association spread in Europe as a methods for self-improvement in destitution conditions. All things considered, the foundation of Rochdale Society of Equitable Pioneers Ltd. in 1844 had the best effect on the meaning of the one of a kind standards of rural cooperatives. "Rochdale" buyer agreeable was built up in the UK by a gathering of individuals speaking to different callings. The primary objective and destinations of the organization were to meet financial and social instructive requirements of the agreeable. In 1864 credit and reserve funds helpful made in Germany by Friedrich Wilhelm Raiffeisen assumed a significant job in the advancement of cooperatives working as credit or banking organizations. Raiffeisen Bank gave reserve funds and credit administrations to cooperatives built up in urban and rustic territories with the possibility of self-improvement. Worldwide Cooperative Alliance clarifies the idea as: "An agreeable is a self-sufficient relationship of people joined intentionally to meet their regular financial, social, and social needs and goals through a mutually possessed and fairly controlled

enterprise."1 International Labor Organization characterizes the "helpful" idea as pursues: "Cooperatives are relationship of people with constrained assets joined to improve their monetary conditions through framing self-governing and vote based management."2 In the nations with exceptionally created market economies there exist agreeable proprietorship nearby open and private proprietorship. Cooperatives are portrayed by two kinds of property:

I. Producer cooperatives - a benefit association made with the reason for agrarian items inside the system of joined undertaking by residents. For this situation, members of the agreeable set an offer store by consolidating certain segment of their property or cash. The element's pay is appropriated among its individuals as per the proportion of their offer in the reserve.

II. Consumer cooperatives – a non-benefit substance made by pay from the shoppers of agrarian items with the perspective on gathering its individuals' requirements for produce and monetary assets and a viable clearance of items to make reserve funds or create extra assets. Individuals from the helpful have a chance to make generation progressively productive by methods for administrations they structure.

Focal points of Agricultural Cooperatives:

- fundamentally, it is a benefit making business – is the extension of the riches and property of horticultural ranchers;
- Collective administration – is significant minute to set up political fairness and popularity based foundations to pick up understanding;
- Employees of Agricultural Cooperatives make the most of their activity;
- Labor security (Once benefit diminishes, representatives is held by lessening workingn hours);

- Social equity, common trust and understanding make this business increasingly appealing;
- Spending reserves productively and budgetary straightforwardness;
- Elimination of destitution and joblessness;
- Property and fair administration, expanding salary;
- Providing administrations to address issues of its individuals (more multi-action – more salary);
- Increasing quality items;
- Increasing intensity and markets;
- Decrease in primary capital of item;
- The advancement of agribusiness underpins improvement of networks' way of life;
- Free endowments distributed by the administration are kept in the financial limit and appointed to other significant zones.

2.1.3 Introduction and economic position of the food industry

The sustenance and fiber segment comprises of ranches, input providers, nourishment processors, wholesalers, retailers, cafés, regular fiber materials, paper items, wood fabricating item assembling, little and huge nourishment markets, eateries, cooks, and sustenance administration offices. This is a huge financial area. In the United States, the sustenance and fiber part speaks to around 16 percent of the economy, or about \$2.5 trillion every year, and supports approximately 20 million employments. 1 Actual ranch level generation of farming wares speaks to just 14 percent of the nourishment and fiber part, totaling around \$350 billion or somewhat more than 2 percent of the complete total national output (GDP). The

following stage, sustenance handling, includes \$750 billion in esteem or around 5 percent of the absolute GDP⁹.

The nourishment business depends on the change of crude items into sustenance items. The nourishment business takes ranch items and sets them up for retail as indicated by purchasers' preferences and inclinations. Here and there, the change is inconsequential: a peach on the homestead transformed into a peach in the supermarket by fundamentally washing it and transporting it to the market; while different occasions the change is noteworthy: rice aged into sakī (a Japanese rice wine), packaged, named, and delivered to a remote nation available to be purchased. The nourishment business gets essential fixings to business sectors for individuals to buy, for example, meat, fish, natural products, and vegetables. The sustenance business likewise creates exceedingly handled, complex nourishments with numerous elements for the comfort of the shopper who does not have any desire to cook (or cook without any preparation); models here incorporate things, for example, solidified meals, canned soups, moment pasta bowls, and to-go dishes now broadly accessible in created nation markets. At the other extraordinary, cafés and cooks take the sustenance right to the plate and just necessitate that the buyer do the eating. Every one of these exercises occur for one straightforward reason: the organizations included plan to make a profit through their endeavors and by selling their items. What directs every one of the organizations that populate the sustenance business in this profit-chasing journey is open doors for exchange.

Arbitrage—a central concept for our analysis

Exchange is the most significant idea in financial aspects. The most prominent definition in this period of cutting edge financial building is that exchange is the procedure of benefitting from value differentials in various markets for a similar item. For instance, a gold merchant may purchase gold in London and offer it in New York in the wake of recognizing that gold is \$0.01 per ounce more affordable

⁹ Huber, M., Rembialkowska, E., Srednicka, D., Bügel, S., van de Vijver, L.P.L. (2011). Organic food and impact on human health: Assessing the status quo and prospects of research, *NJAS – Wageningen Journal of Life Sciences* 58: 103–109 (www.elsevier.com/locate/njas). f

in London. While making one penny for every ounce may not appear to be energizing, if the dealer purchases and sells 10,000 ounces, the benefit is \$100. Indeed, even \$100 may not appear to be energizing, yet since the exchange takes just seconds the hourly benefit (or annualized rate of return) can be high.

In a progressively broad, monetary sense, exchange is the exploiting value, contrasts in connected markets to acquire benefits. Inside the setting of the sustenance business, exchange is the reason an organization chooses to store an item for later deal instead of offering it now; it hopes to benefit from a more expensive rate later. At the point when a juice processor sees more expensive rates for juice than the cost of the crisp natural product in addition to preparing cost, it exchanges between those two markets by purchasing foods grown from the ground juice.

Organizations that purchase an item in one nation so as to exchange it in another nation at a value that is higher by more than the transportation cost are arbitraging between the item advertises in the two distinct nations. Basically, this more extensive perspective on exchange incorporates all profits earned from perceiving contrasts in an item's potential net an incentive between business sectors that can be connected by some physical, spatial, or worldly change. Exchange defined in this more extensive way is a very important procedure. At the point when a value distinction (balanced for change costs) exists between business sectors that can be connected, the arbitrageur is helping the buyer by moving assets from business sectors where their esteem is lower to higher-esteemed employments. The people or organizations doing the exchange are remunerated with benefits, yet they additionally serve society by allotting assets effectively among business sectors as indicated by the general quality of interest in those business sectors. In the sustenance business, markets can be connected by

- physical change: tomatoes into spaghetti sauce,
- spatial change: Georgia shrimp sent to New York City, or
- worldly change: apples gathered in the fall, put away, and sold months after the fact.

As far as the financial matters and the arithmetic, these changes work in an indistinguishable way. The change is the connection between two generally inconsequential markets. The chance to exchange and procure the subsequent benefits is the motivating force that makes firms in the nourishment business change items and connection the business sectors together. This change of items and the resulting connecting of business sectors prompts expanded customer and maker excess, financial matters crest for a world that is in an ideal situation.

2.2 Food industry policy in the world

2.2.1. The basics of the food industry

The sustenance business is a staggeringly differing part of the world economy, going from cultivating to nourishment preparing, wholesaling, retailing, and nourishment administration. A few pieces of it are exceptionally nearby, yet global exchange is a vast part. A few pieces of the sustenance business are very much recorded, for example, nourishment handling and the real ware showcases in created nations; different parts need far reaching information, for example, offers of homestead generation and little scale sustenance preparing in less created nations. Positively, the world nourishment industry speaks to in any event \$4 trillion in esteem.

In this work, the emphasis will be on the sustenance business from the ranch entryway to the supper table. Exchange will cover the financial aspects and the board of sustenance preparing firms, wholesalers (counting exporters and merchants), and retailers. The book will specifically spread basic supply retailers (general stores) and furthermore cafés. A considerable lot of the themes secured apply to firms at all three of those stages, and interregional exchange, chance administration, and amusement hypothesis will be shrouded in the sections to come. A few points apply to only two of the three phases: ideal stockpiling, for instance, truly applies generally to nourishment processors and wholesalers.

2.2.2. The business' perception of the food regulatory framework in the EU

A few interviewees brought up that through harmonization EU law gave a gift that can barely be overestimated. On the inward market of the 25 part expresses, a dimension playing field has been accomplished where the equivalent lawful conditions apply to all. It is seen specifically in connection to the ten new part expresses that joined the EU on 1 May 2004. Truth be told this dimension playing field goes past the fringes of the EU-25. To a vast degree EU sustenance enactment applies in the European Economic Area (EEA) that incorporates the EFTA nations, Iceland, Liechtenstein, Norway and Switzerland.¹⁵ Further neighboring rural economies that rely upon fares to the EU like Croatia and Serbia adjust their national enactment on nourishment beyond what many would consider possible to EU guidelines and mandates. A Serbian government official called attention to that it is for all intents and purposes difficult to fare to the EU if national enactment in the sending out nation isn't adjusted to EU enactment.

Inadequate challenge

In its effect evaluation of the cleanliness bundle, the FSA addressed another part of the dimension playing field. It expected an improvement of rivalry as opposed to unfriendly impacts. The cleanliness bundle may even drive out unsatisfactory challenge from the EU advertise, since similar measures are connected to all or gatherings of organizations.

Vulnerability

The institutional setting can build organization costs: expenses of social event data by organizations (specialists) to have the capacity to go along and venture speculation choices. 71.7% of the respondents thoroughly concur with the inquiry 'Your organization knows which European enactment applies to its exercises.

Table 2.1

Awareness of companies on European legislation a)

| Valid | All companies | | Companies > 250 employees | |
|--------------------------|---------------|------------|---------------------------|------------|
| | Frequency | Percentage | Frequency | Percentage |
| 1 totally applicable | 38 | 71.7 | 24 | 85.7 |
| 2 | 5 | 9.4 | 0 | 0 |
| 3 | 5 | 9.4 | 3 | 10.7 |
| 4 | 3 | 5.7 | 1 | 3.6 |
| 5 | 2 | 3.8 | 0 | 0 |
| 6 | 0 | 0 | 0 | 0 |
| 7 not applicable at all. | 0 | 0 | 0 | 0 |
| Total | 53 | 100.0 | 28 | 100.0 |

a) Informedness measured on a 7 point scale; 1 (= totally applicable) to 7 (= not applicable at all).

Source: Jeffrey H. Dorfman, Economics and Management of the Food Industry, 2014

Of the 28 respondents with in excess of 250 representatives, 85.7% thoroughly concurs with this announcement. It creates the impression that huge organizations are very much aware of EU enactment that applies to their line of business. SMEs once in a while express the inclination that some foreboding shadow is hanging over them. Consistence help can alleviate the cost organizations need to make and help them in anticipating hierarchical changes so as to come up to institutional requests. An interviewee related that overseers regularly take cover behind 'Brussels' accusing the EU governing body for unwelcome prerequisites as opposed to clarifying the purpose behind certain enactment.

Soundness

We solicited to what degree the solidness from the institutional setting is seen as desirable over the constructive outcomes of a changing lawful condition. The appropriate responses show that legitimate conviction is esteemed over the nature of the administrative structure, albeit much weight is joined to this quality also.

Table 2.2.

Opinion of companies on the need to change food legislation

| Food law should change the least possible | Frequency | Percentage |
|---|-----------|------------|
| 1 totally applicable | 5 | 33.3 |
| 2 | 4 | 26.7 |
| 3 | 1 | 6.7 |
| 4 | 2 | 13.3 |
| 5 | 0 | 0 |
| 6 | 2 | 13.3 |
| 7 not applicable at all | 1 | 6.7 |
| total | 15 | 100.0 |

Source: Jeffrey H. Dorfman, Economics and Management of the Food Industry, 2014

The announcement 'Sustenance law should change the least conceivable' got a normal score of 2.87 on a 1-7 scale (N=15, SD 2.066), which speaks to a normal inclination towards concurrence with the announcement, however a major spread round the mean esteem. Then again, the inquiry with respect to enhancements scored 2.60 (N=15). From these responses to the poll and the meetings, unmistakably the eagerness of the administrative structure is a weight to industry, despite the fact that adjustments in a positive sense are welcome. One interviewee recommended that if the lawmaking body went for fixing a particular date each year for the passage into power of new nourishment enactment, the division could adjust by focusing their endeavors on this date and afterward appreciate a time of security and union pursued by another exertion at getting ready for change.

2.2.3. Food industry situation in the developing and less developing countries

The EU is the biggest exporter and shipper of sustenance items, regardless of whether intra-communitarian exchange is avoided. The imports just as the fare of imports of the chose nations developed in the period 1996 to 2004. The development of offer of the esteem included of the sustenance business identified with all out assembling is the most elevated in the US and second in the EU. The Balassa file

demonstrates that the sustenance sends out are more significant in Australia and Brazil than in the EU, US or Canada. The significance of the EU is diminishing while it is expanding in every single other nation. The generation estimation of the EU nourishment industry is a lot higher than in the benchmark nations: 150% of the US esteem and 10 to multiple times the estimations of different nations. The intensity is delineated in figure 4.10.1, which demonstrates a frail focused position for the EU and a more grounded position for the US and Canada. The purpose for this may be the littler size of the ventures, the limited accessibility of crude materials because of share frameworks (for example milk and sugar) and a lower development of the populace which decides the amount requested.

Ireland and new part states, for example the Czech Republic and Hungary, have a more grounded intensity than the best performing benchmark nations (Australia and Brazil). Additionally substantial trading nations, similar to Spain, the Netherlands, Belgium and Italy perform superior to the US and Canada. Yet, the UK additionally has a better than expected position. Flimsier than the EU-15 normal is the biggest EU exporter France. Germany (as second biggest) is only somewhat over this EU normal yet at the same time beneath the US level.

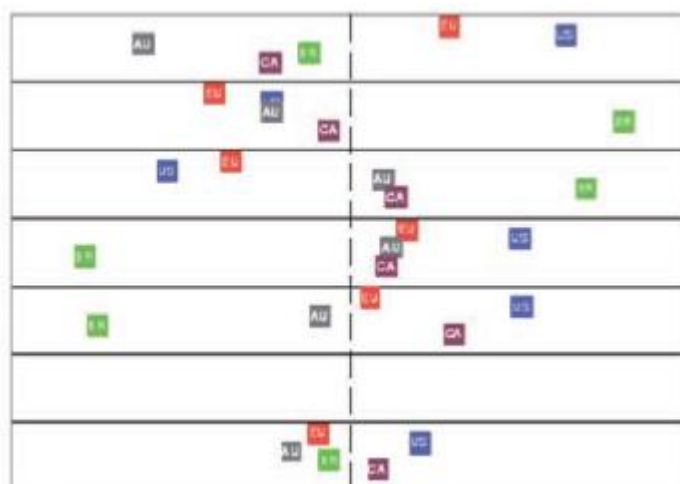


Figure 2.2. Competitiveness of the EU food industry

Source: Ang, J., R. Cole, and J. Lin.

2.2.4 . Main development directions of food industry in Azerbaijan

The agrarian part of Azerbaijan delivers a wide assortment of items. Most significant harvests (regarding volume) are grains (wheat, grain, maize), potatoes and (other) vegetables, organic products (counting melons, grapes and berries), though in animals exercises the generation of milk, hamburger, sheep and goat meat, poultry meat and eggs win. Contingent upon the common climatic conditions in the districts, yield and cultivation items are predominantly delivered by water system or downpour encouraged.

Table 3.1 demonstrates the advancement of the territories under yields and the quantity of the significant sorts of domesticated animals in Azerbaijan since 2010. In the course of the most recent 9 years yield zones have expanded by simply over half. The expansion in the quantities of dairy cows and sheep and goats is in a similar range. Poultry numbers have expanded even by 90%. These numbers demonstrate that both the domesticated animals and the harvest part in Azerbaijan have extended over the period considered. This segment proceeds by itemizing and clarifying the ongoing patterns by demonstrating creation improvements of the area's fundamental harvests and kinds of creature generation.

Table 2.3.

Structure of livestock by categories of holdings

| Years | Cattleand buffaloes | of which cows and buffaloes | Pigs | Sheep and goats | of which sheep | Horses | Poultry | Bee families |
|---|---------------------|-----------------------------|------|-----------------|----------------|--------|---------|--------------|
| Agricultural enterprises | | | | | | | | |
| 2010 | 1,1 | 0,9 | 18,9 | 3,5 | 3,6 | 1,6 | 31,1 | 0,7 |
| 2011 | 1,0 | 0,8 | 11,1 | 2,9 | 3,1 | 1,7 | 29,2 | 0,8 |
| 2012 | 1,0 | 0,8 | 9,8 | 2,7 | 2,9 | 1,6 | 30,6 | 0,6 |
| 2013 | 1,1 | 1,0 | 9,2 | 2,6 | 2,7 | 1,4 | 33,3 | 0,6 |
| 2014 | 1,3 | 1,1 | 10,4 | 2,5 | 2,6 | 1,4 | 33,0 | 0,7 |
| 2015 | 1,4 | 1,2 | 4,9 | 2,5 | 2,5 | 1,3 | 40,6 | 0,7 |
| 2016 | 1,4 | 1,2 | 3,8 | 2,4 | 2,5 | 1,1 | 34,9 | 0,6 |
| 2017 | 1,5 | 1,4 | 4,5 | 2,5 | 2,6 | 1,3 | 35,6 | 0,6 |
| 2018 | 1,7 | 1,5 | 6,1 | 2,4 | 2,4 | 1,3 | 40,9 | 0,6 |
| Private owners, family peasant farms and households | | | | | | | | |
| 2010 | 98,9 | 99,1 | 81,1 | 96,5 | 96,4 | 98,4 | 68,9 | 99,3 |
| 2011 | 99,0 | 99,2 | 88,9 | 97,1 | 96,9 | 98,3 | 70,8 | 99,2 |
| 2012 | 99,0 | 99,2 | 90,2 | 97,3 | 97,1 | 98,4 | 69,4 | 99,4 |
| 2013 | 98,9 | 99,0 | 90,8 | 97,4 | 97,3 | 98,6 | 66,7 | 99,4 |
| 2014 | 98,7 | 98,9 | 89,6 | 97,5 | 97,4 | 98,6 | 67,0 | 99,3 |
| 2015 | 98,6 | 98,8 | 95,1 | 97,5 | 97,5 | 98,7 | 59,4 | 99,3 |
| 2016 | 98,6 | 98,8 | 96,2 | 97,6 | 97,5 | 98,9 | 65,1 | 99,4 |
| 2017 | 98,5 | 98,6 | 95,5 | 97,5 | 97,4 | 98,7 | 64,4 | 99,4 |
| 2018 | 98,3 | 98,5 | 93,9 | 97,6 | 97,6 | 98,7 | 59,1 | 99,4 |

Source: Azerbaijan Statistical Committee

As table 2.3 shows, oats are the real yield as far as zones under harvests (60%). Oat generation contains primarily wheat (55% of all oat creation in 2015), grain (35%) and maize (7%). 2016 generation dimensions of grains and utilization of oats are exhibited in Table 3.2 together with the patterns since 2007 (displayed as a list, with 2007=100). Generation patterns for each of the three primary grain crops have been certain since 2007, with wheat and maize creation about 40% higher than in 2007 and grain creation even bent over to marginally under 1 million tons in 2016. Oats are for the most part utilized for feed (grain and maize) and nourishment (wheat and maize) utilization. The creation of non-sustenance/non-feed (for example bioplastic) items is still low (and not exhibited here). Creation of wheat and maize

in Azerbaijan is not exactly residential use, suggesting the nation is a net-merchant of these two grain types. Azerbaijan is a little net-exporter of grain.

Table 2.4.**Crop production, by farm categories**

| Years | Cereals and dried pulses | Potatoes | Vegetables | Watermelons and melons | Sugar beets | Sunflower for seed |
|---|--------------------------|----------|------------|------------------------|-------------|--------------------|
| All categories of farms | | | | | | |
| 2010 | 2000,5 | 953,7 | 1189,5 | 433,6 | 251,9 | 15,5 |
| 2011 | 2458,4 | 938,5 | 1214,8 | 478,0 | 252,9 | 19,6 |
| 2012 | 2802,2 | 968,5 | 1216,2 | 428,0 | 173,8 | 19,7 |
| 2013 | 2955,3 | 992,8 | 1236,3 | 429,8 | 187,9 | 17,7 |
| 2014 | 2383,3 | 819,3 | 1187,7 | 440,9 | 173,3 | 19,8 |
| 2015 | 2999,4 | 839,8 | 1275,3 | 484,5 | 184,3 | 18,4 |
| 2016 | 3065,1 | 902,4 | 1270,6 | 464,8 | 312,6 | 16,7 |
| 2017 | 2928,8 | 913,9 | 1405,6 | 438,1 | 410,1 | 29,8 |
| Agricultural enterprises | | | | | | |
| 2010 | 122,3 | 2,3 | 22,1 | 6,2 | 79,4 | 0,6 |
| 2011 | 147,7 | 3,8 | 29,3 | 7,7 | 73,7 | 1,6 |
| 2012 | 195,4 | 3,6 | 34,8 | 5,8 | 67,2 | 1,2 |
| 2013 | 239,9 | 8,8 | 38,8 | 3,8 | 48,1 | 0,9 |
| 2014 | 209,6 | 15,2 | 45,6 | 4,9 | 47,4 | 0,7 |
| 2015 | 272,8 | 7,7 | 48,6 | 9,2 | 48,9 | 1,4 |
| 2016 | 288,0 | 9,4 | 68,9 | 8,0 | 87,5 | 0,3 |
| 2017 | 263,7 | 10,7 | 119,0 | 3,8 | 35,1 | 1,2 |
| Private owners, family peasant farms and households | | | | | | |
| 2010 | 1878,2 | 951,4 | 1167,4 | 427,4 | 172,5 | 14,9 |
| 2011 | 2310,7 | 934,7 | 1185,5 | 470,3 | 179,2 | 18,0 |
| 2012 | 2606,8 | 964,9 | 1181,4 | 422,2 | 106,6 | 18,5 |
| 2013 | 2715,4 | 984,0 | 1197,5 | 426,0 | 139,8 | 16,8 |
| 2014 | 2173,7 | 804,1 | 1142,1 | 436,0 | 125,9 | 19,1 |
| 2015 | 2726,6 | 832,1 | 1226,7 | 475,3 | 135,4 | 17,0 |
| 2016 | 2777,1 | 893,0 | 1201,7 | 456,8 | 225,1 | 16,4 |
| 2017 | 2665,1 | 903,2 | 1286,6 | 434,3 | 375,0 | 28,6 |

Source: Azerbaijan Statistical Committee

Mechanical harvests, for example, sugar beet, oilseeds involve just constrained regions in the present Azerbaijan rural exercises. These harvests have been a significant yield for a long time with around 100,000 ha with 80-100,000 ha during

the 2000s until 2007, when regions began to decay to around 20,000 ha in 2013-2015. Normal territories in the period 2013-2015 have been around 5,000 ha for sugar beet, and the nation has 10,000 ha with sunflower seeds (the primary sort of oilseeds Azerbaijan is creating). Thusly, creation dimensions of these yields are somewhat unassuming with the impact that for sugar, oilseeds/vegetable oils household generation is not exactly residential use.

Table 2.5.**Main economic indicators of agriculture enterprises**

| The name of the indicators | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of total enterprises, unit | 2043 | 1917 | 1774 | 1669 | 1701 | 1659 | 1592 | 1608 |
| worked by profit | 1869 | 1761 | 1665 | 1590 | 1577 | 1530 | 1488 | 1512 |
| worked by loses | 174 | 156 | 109 | 79 | 124 | 129 | 104 | 96 |
| Sum of the profits, thsd manat | 32385 | 41912 | 52250 | 56340 | 67331 | 53275 | 92289 | 83721 |
| Sum of the loses, thsd manat | 4728 | 4992 | 4050 | 4057 | 3367 | 13512 | 17043 | 20906 |
| Balance profit (loses) thsd manat | 27658 | 36920 | 48200 | 52283 | 59028 | 39763 | 75246 | 62815 |
| Money profit from sale, thsd manat | 188635 | 207904 | 294726 | 333604 | 402402 | 391801 | 441506 | 504032 |
| Completely money profit from sale loses),thsd.manat | 22286 | 34209 | 44252 | 47259 | 55381 | 39840 | 71711 | 57661 |
| crops production | 8855 | 8980 | 14609 | 17534 | 16234 | 20241 | 40268 | 32235 |
| animal-breeding | 13021 | 25041 | 29036 | 27533 | 25842 | 19993 | 31330 | 24356 |
| Total profit (by faktual prices) thsd, manat | 71604 | 71623 | 86045 | 91903 | 102723 | 84990 | 119130 | 115025 |
| Average annual number of employees engaged in agriculture, thsd person | 17,0 | 16,2 | 16,1 | 14,6 | 14,7 | 15,3 | 15 | 17 |
| Wage fund calculated for employees, thsd manat | 28076 | 28445 | 30769 | 31129 | 35816 | 37071 | 35970 | 42795 |
| Labour expenditure of employees engaged in agriculture (thsd person- day) | 3980 | 3602 | 3880 | 3511 | 3652 | 3686 | 3526 | 4019 |
| Labour expenditure of employee engaged in agriculture daz during the year, (number) | 238 | 223 | 242 | 240 | 248 | 241 | 241 | 236 |
| Total production of agriculture (by faktual prices), thsd manat | 187694 | 198806 | 263180 | 304766 | 359315 | 374320 | 408711 | 383158 |
| Labour productivity-total production for an employee, manat | 11019 | 12283 | 16393 | 20862 | 24457 | 24477 | 27919 | 22491 |
| Existing of main funds, thds manat | 444242 | 439374 | 456605 | 427900 | 457969 | 489161 | 658097 | 812140 |
| of which main funds, thsd, manat | 415276 | 390227 | 417339 | 411999 | 443273 | 447028 | 576301 | 640886 |

| | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Average annual value of main funds of agriculture purposes, thsd manat | 393995 | 373022 | 391091 | 379196 | 391319 | 425159 | 504032 | 642065 |
| Average annual value of main funds on agricultural destination per farm | 192,9 | 194,6 | 220,5 | 227,2 | 230,1 | 230,1 | 317 | 399 |
| Total land area, ha | 225998 | 218760 | 224472 | 227078 | 226512 | 237773 | 231786 | 195200 |
| including agriculture arable land area, ha | 184632 | 183904 | 189885 | 195635 | 195535 | 208415 | 215524 | 177503 |
| including sown area, ha | 98400 | 89830 | 95007 | 95485 | 100316 | 102594 | 101651 | 99061 |
| Arable land per farm at average, ha | 90,2 | 95,8 | 107,1 | 117,2 | 115 | 125,6 | 135,4 | 110,4 |

Source: Azerbaijan Statistical Committee

With respect to practically all nations on the planet, the primary outlet of the Azerbaijan horticultural division is its household showcase. Remote markets are significant just for a little scope of foods grown from the ground items, despite the fact that Azerbaijan likewise trades sugars and some different items in a moderately little sum. In this segment, we portray a portion of the fundamental components referenced in the writing as drivers of interest for rural and sustenance items. The following two subsections assess the interest prospects for Azerbaijan items on the residential and remote markets. For the most part, drifts in populace and macroeconomic development are significant drivers of interest for rural items. The real drivers in demography are normal populace development (i.e., the proportion of births and passings) and movement (i.e., the distinction of landings and takeoffs). Future total populace development is basically controlled by the advancements in birth and passing rates.

Table 2.6.

**Manufacture of the most important types of industrial products in
natural value**

| Products | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Meat, thsd.ton | 246.6 | 253.4 | 272,8 | 273.8 | 278.1 | 285.0 | 288.8 | 302.6 |
| Sausage, thsd.ton | 2.1 | 2.4 | 4 | 6 | 6.6 | 5 | 13.3 | 13.5 |
| Dairy butter, thsd.ton | 20.9 | 21.1 | 21,8 | 21,9 | 23.4 | 23.9 | 25.6 | 25.3 |
| Cheese and curd, thsd.ton | 43.3 | 44.3 | 45,1 | 47,3 | 48.0 | 48.5 | 49.4 | 54.0 |
| Flour, thsd.ton | 1 320 | 1 328 | 1381 | 1438 | 1476 | 1507 | 1582 | 1601.3 |
| Bread and bakery products, thsd.ton | 1 162 | 1 166 | 1169 | 1181 | 1186 | 1198 | 1210 | 1223 |
| of which commodity | 730.0 | 732.4 | 734,4 | 741,8 | 745.6 | 754.8 | 762.0 | 770.4 |
| Semi-skimmed milk 1%-3%, thsd. ton | 812.8 | 813.5 | 820 | 830,2 | 840.1 | 857.4 | 880.5 | 913.9 |
| Milk and cream of more than 6%-29%fat, ton | 4 230 | 4 357 | 4460 | 4559 | 4671 | 5132 | 6296 | 6541 |
| Vegetable oils, thsd.ton | 88.7 | 80.0 | 99,8 | 100,2 | 106.9 | 106.7 | 82.3 | 80.4 |
| Fruit and vegetables tinned, thsd. ton | 137.1 | 149.6 | 147,3 | 153,3 | 159.1 | 147.9 | 156.5 | 159.0 |
| of which commodity | 49.0 | 61.5 | 57,3 | 61,7 | 44.2 | 51.1 | 50.3 | 46.1 |
| Caviar, ton | 0.3 | 0.1 | 0,03 | 0,1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Confectionery, thsd. ton | 43.5 | 45.7 | 46,9 | 47,7 | 50.1 | 55.9 | 59.5 | 81.1 |
| Salt, thsd.ton | 11.6 | 20.9 | 28,6 | 32 | 35.2 | 39.5 | 63.9 | 67.0 |
| of which commodity | 4.4 | 5.1 | 5,3 | 6,3 | 5.2 | 4.7 | 4.7 | 5.0 |
| Iodinated salt, thsd.ton | 8.5 | 17.8 | 25 | 27,5 | 32 | 36.3 | 60.6 | 63.6 |
| Natural tea, thsd.ton | 10.9 | 11.0 | 10,7 | 7,5 | 8.0 | 6.2 | 9.4 | 10.8 |
| Cigarettes, billion unit | 2.2 | 2.0 | 1,8 | 1 | 2.0 | 2.0 | 1.7 | 1.2 |
| Soft drinks, thsd. dkl | 19 866 | 20 978 | 25362 | 26658 | 28269 | 24885 | 17853 | 18290 |
| Mineral water, thsd. dkl | 5 073 | 6400 | 7809 | 7923 | 7946 | 8174 | 9638 | 12598 |
| Ice-cream, thsd.ton | 0.4 | 0.8 | 0,4 | 0,5 | 2.6 | 1.0 | 0.7 | 0.5 |
| Margarine products, thsd.ton | 20.2 | 21.8 | 23,1 | 24,5 | 24.8 | 24.9 | 47.6 | 51.7 |
| Macaroni products, thsd.ton | 13.0 | 10.7 | 10,9 | 7,2 | 9.3 | 9.2 | 8.4 | 7.9 |
| Vodka, thsd. dkl | 884.9 | 820.6 | 696,7 | 844,9 | 668 | 770.7 | 571.2 | 549.2 |
| Wine, thsd. dkl | 1 170 | 754.7 | 1063 | 835,5 | 1003 | 1035 | 1049 | 1130.5 |
| of which commodity | 914.4 | 696.3 | 766,9 | 771,1 | 951.2 | 1011 | 1049 | 1130.5 |
| Champange, thsd. dkl | 27.9 | 19.5 | 26,8 | 16,3 | 9.2 | 4.5 | 3.0 | 1.2 |
| Cognac,brandy, thsd. dkl | 81.4 | 112.7 | 87,4 | 132,5 | 134.2 | 3.8 | 15.0 | 6.3 |
| Beer, thsd. dkl | 3 771 | 3 904 | 4757 | 5215 | 5149 | 4197 | 3263 | 4100 |
| Compound feeds, thsd.ton | 4.8 | 4.7 | 18,9 | 6,5 | 6.5 | 12.8 | 25.5 | 36.3 |

| | | | | | | | | |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Sugar, thsd.ton | 335.5 | 334.7 | 355,7 | 423,1 | 410.6 | 335.6 | 418.7 | 228.4 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|

Source: Azerbaijan Statistical Committee

As we can see from above table using and harvesting of food industry products as, flour, meat, milk and cream, cheese and curd, dairy butter and others increased during 2017 – 2018 years.

At the provincial or national dimension net relocation is an extra factor. In past years, quick populace development has represented the greater part of the expansion in sustenance interest for farming items, with a littler impact from salary changes and different elements. Future patterns, however, demonstrate that the worldwide interest for sustenance will be resolved increasingly more by the advancement of livelihoods per capita and less by the development in the populace (FAO, 2012; OECD-FAO, 2015). Gross domestic product development, however, is jumpers among nations and areas and by and large vacillates from year to year. The worldwide monetary and financial emergency that began in 2008 and the moderate recuperation from it as of late strongly affects the prospects for the coming years though desires on oil value improvements are an extra significant factor impacting macroeconomic development to petroleum product sending out nations, for example, Azerbaijan and Russia. Request patterns of the past demonstrate current inclinations of customers. Purchaser inclinations as far as nourishment can't be comprehended or anticipated by basic models: sustenance inclinations emerge from a blend of various elements and drivers, for example, developing livelihoods, decrease in family unit estimate, expanding number of ladies in the workforce, changes in way of life (time weight), sustenance alarms, developing worries for wellbeing and prosperity and morals. Projections of sustenance utilization designs in Azerbaijan and different nations that are potential fare markets should expand on the development of the main thrusts and the resulting changes in nourishment utilization in the course of the most recent decade. Two different viewpoints influencing nourishment request ought to be referenced notwithstanding the abovementioned.

One is that continuous urbanization, particularly in districts outside the created nations, is required to be a significant driver of the structure of nourishment request. Wealthier, urban populaces devour increasingly creature based and handled items, which call for progressively industrialized and protracted sustenance supply chains (for example UNEP, 2016). A second perspective is that sustenance utilization is influenced by a lot a bigger number of variables than just salary. Access to sustenance is exceptionally controlled by the nourishment condition, which is involved the physical and social surroundings that impact what individuals (particularly in urban zones) eat. Sustenance organizations, eateries, nourishment merchants and retailers, (for example, grocery store chains) are effectively impacting this nourishment condition to entice individuals to settle on specific decisions. This impacting could be in different ways, going from publicizing, bundling, area, to making smells or introduction in shops or cafés.

The sustenance condition additionally incorporates formal principles on marking, sanitation and quality necessities. Purchaser worries about sanitation, wellbeing and natural effects have driven in created nations to progressively stringent measures on, among others, cleanliness, quality and pesticide use.⁴ This procedure of quickly developing and fixing nourishment principles and guidelines has impact affected the sustenance frameworks in created nations as consistence with norms includes interests underway and advertising techniques, just as risk understandings among market entertainers. Through global exchange Azerbaijan has turned out to be progressively engaged with the mission for overseeing sanitation. A well-working national sanitation control framework and creation strategies that are in consistence with universal benchmarks are a noteworthy precondition for growing the agrarian segment's global market position.

3.FUTURE DIRECTIONS OF FOOD INDUSTRY DEVELOPMENT

3.1 SOLUTION AND DEVELOPMENT OF FOOD INDUSTRY IN THE WORLD AND AZERBAIJAN

For solution of our thesis problem can suggest following ways:

1) Based on the experience of created nations, appropriations are conceded to ranchers because of the volume and nature of the last item. Such a genuine methodology empowers ranchers, which leads not exclusively to expanded profitability, yet in addition to expanded nature of items;

2) In request to encourage the closeout of items developed by ranchers, the administration ought to decide the normal cost for a wide range of items before planting and ought to guarantee it will buy last items that are not sold on the private market. For this situation, generation limit will increment and the issue regarding sustenance security will be dispensed with in the nation;

3) There are numerous items that are developed all through the nation, with the goal that expanding the volume of their creation can make conceivable to address the issues of the populace. For instance: lemons in Lankaran, grain in ShekiZakatala and Tartar, apples in Guba, pomegranates in Goychai, and tomatoes in Aghdash. So as to ensure the interests of local makers, the State ought to create separate marketable strategies for each monetary district and increment generation by supporting the planning of local advancement plans as indicated by the conditions each zone is found and item types. In the meantime, import points of confinement ought to be connected to certain items so as to avert the progression of the previously mentioned items from abroad. High taxes ought to be forced if the import surpasses as far as possible. In such a case, it will avoid the outpouring of the cash available for use and will dispense with joblessness issue.

4) Azerbaijan will soon accede to the World Trade Organization (WTO). The administration clarifies the postponement in participation with the

accompanying reasons: the issues of agribusiness will altogether influence ranchers and remote products will exceed residential makers in the market. In any case, the more drawn out this procedure takes, the more it will diminish neighborhood ranchers' aggressiveness. When the participation concurrence with WTO is marked, a ten-year bundle of motivating forces for farming could likewise be marked that would guarantee the aggressiveness of Azerbaijan's rural division over these years.

5) over the span of the foundation of cooperatives, the models of the U.S., Israel, Germany, Denmark, and other created western nations ought to be examined and connected as per the nearby condition. So as to strengthen joint rancher gatherings (cooperatives) to work, the administration should lead solid mindfulness crusades among the populace and urge them to deliberately join together. There is a requirement for an exceptional way to deal with empower cooperatives: access to moderate and long haul credit, genuine duty motivations, limited protection bundle connected, open help for logical examinations and the utilization of developments in farming, concedes, and free instruction to prepare masters;

6) It is imperative to include outside accomplices and remote speculation for the improvement of cooperatives. Since, this will prompt the presentation of new advancements into the nation. In this way, the administration ought to give motivating forces, force charge limits on outside ventures, and advances imported in this area ought to be exempted from all traditions obligations;

7) Individual homesteads ought to be free in structure relations with remote financial specialists and wrong obstruction ought not be made;

8) Export-arranged movement focuses ought to be built up in the districts so as to help ranchers. These focuses ought to give web, interpretation, and different administrations for ranchers and should help them in looking after

sound, ordinary and continuous associations with outside accomplices. The Ministry of Agriculture ought to give subsidizing to the foundation of such focuses and backing to prepare pros;

9) Regions should come back to their recorded customs, including the appropriation of their item, specialization must be completed by locales;

10) All ranchers ought to have equivalent access to the utilization of arable grounds claimed by the state and districts. Open control openings over the utilization of these terrains ought to be extended;

11) Hidden interests in the import of practically equivalent to items should be made innocuous so as to build send out capacity of rural items in the fare of farming produce;

12) The foundation of different associations that ensure the interests of ranchers and can impact the administration choices identified with the rural segment ought to be upheld;

13) Comprehensive investigations on the advancement of efficiency ought to be directed in each monetary locale;

14) Specialists in the agrarian part ought to be prepared comparing to the necessities of present day condition;

15) An expansion administration ought to be set up for effort and training exercises to the all-inclusive community.

5.EMPIRICAL RESULTS and RESEARCH FINDINGS

1. The discoveries of overviews led among 611 ranchers in five monetary areas of the nation demonstrated that the mentality of the respondents towards the foundation of Agricultural Cooperatives are essentially separated into four different ways of reasoning:
2. Those who lean toward the Soviet arrangement of agribusiness the executives those who incline toward the Soviet arrangement of horticulture the board are normally midlife and more seasoned ranchers who flourished under the Soviet framework. Amid the Soviet Union's breakdown, each resident at first expected that they would at long last profit by their very own work, run their very own agrarian standards, and better parity their family and expert lives free of reliance on others or thick formality. In any case, poor dissemination of property and an absence of control towards standards and rules prompted unbeneficial cultivates and expanded wistfulness for the disposed of Soviet frameworks. Huge numbers of these ranchers trust that state control will discharge them from administrative duties and enable them to concentrate exclusively on reaping crops. These individuals trust that state control and endowments should manage development, water system, specialized viewpoints, farming, and different divisions.
3. Those who accepted there was no requirement for another law (the individuals who utilize their private terrains as they can and wish) This fragment claims more land than normal, and they sow and develop the land as they wish. They will probably either rent the land either for long haul or inside and out purchase at a less expensive cost, notwithstanding the terrains and property they claim. They don't will in general work together and intentionally; they note that they have enough resources and doubt different investors. In spite of their positive additions, a significant number of these ranchers face issues with respect to the executives framework and are unconscious of present day improvement models. Another key factor is that the greater part of them can proceed with their exercises through sponsorships distributed by the state:

therefore, the farming framework they built up does not permit accomplishing manageable improvement as per most goal and emotional variables. Research demonstrates that the greatest worry of individuals having a place with the gathering, which contradicts embracing of the new law on cooperatives, is that as per the new law so as to build up Cooperatives, the state and district terrains might be mandatorily reclaimed from the tenants to guarantee national sustenance security (reference to Article 73 of the Land Code of the Republic of Azerbaijan). Such a case, obviously, has no advantage for the general population. Research results uncovered that however a few ranchers hold long-term rents on several hectares of state and region lands, they can't develop those land fields because of absence of individual skill and money related troubles. Their failure to completely meet their own money related necessities undermines national sustenance security as ranchers center around developing for benefit, as opposed to national need. Vahid Maharramov, a specialist on rural issues, trusts the new law isn't required. As he would like to think, increasingly compelling results could be accomplished by making changes or corrections to the old law. In contrast to the old law, the upgraded one infers to complete the issue of incorporating ranchers and business people who have land shares through the foundation of appropriate motivators. Adequacy of the law involves political will: if there is no political will set up, even the best law won't work. In 1996, the law on cooperatives was embraced that comprised of nine parts and 35 articles. Afterward, this law was revoked upon the need to build up another law to fulfill current needs.

4. Those who consider prompt use of dynamic models essential to accomplishing manageable improvement of the farming segment A gathering of individuals working in the rural field understand that the present circumstance in the field of horticulture is exceptionally entangled and needs premonition. They think about that if the circumstance proceeds as seems to be, it will put the horticultural area of the nation into increasingly troublesome state. Precedents, for example, an absence of a current framework with respect

to the executives here, not making benefit because of absence of shared grounds, the expense of primary capital of generation, improper dimension of setting market relations, absence of access to expanded benefit through multifunctional execution, absence of intensity, and different variables represent the need of adjusting models right now utilized in created nations. Proficient specialists who foresee future sustenance security issues infer that there is an extraordinary requirement for the improvement and modernization of agribusiness. In sessions of the Parliamentary Assembly of the United Nations, the improvement of the rural part is always underscored. Various significant worldwide associations and contributors do wide-scale extends and grow research to investigate the cutting edge systems of building up the farming division. Banks, protection, and renting organizations are putting forth markdown bundles for building up the rural division. Obviously, monetary emergency, worldwide joblessness, and the issue of nourishment security influence Azerbaijan, yet oil, petro-compound industry and different zones are quickly developing and assume a huge job in the country's economy. An extraordinary number of extensive scale social, financial, and development ventures are additionally being done. Azerbaijan's economy is quickly incorporating into Europe and terms and conditions confronting the Government of Azerbaijan become harder and necessities get expanded. Given the majority of this, the heads of government, the administrative body, nearby specialists and a gathering of individuals working in the agrarian field express the significance of utilizing strategies dependent on new present day necessities in the advancement of Azerbaijan. In his comments, the leader of the nation noticed the significance of adding new projects to the improvement of horticulture and giving greatest thoughtfulness regarding this territory later on, just as its involving security, monetary and social issue, in light of the fact that practically 50% of Azerbaijan's populace dwells in farming regions.

Eldar Ibrahimov, the leader of the Committee on Agrarian Policy in the National Assembly, opines that setting up cooperatives is the main

framework that will guarantee a progressing procedure among maker and customer. According to him, the reception of this law will be the reason for the start of another time in the country's agrarian area. Individual from Parliament Ali Masimli noticed that because of the selection of this law, future cooperatives will enable farming incomes, to bring down costs, increment benefits, and fill in as a progressively viable device for agrarian specialists. The target approach of the genuine specialists unequivocally shape the possibility that there is an incredible need to consider and apply the experience of the created nations, for example, the U.S., the West, and Israel at neighborhood level losing no time.

5. Lack of attention to cooperatives among nearby locals People incorporated into this gathering are reluctant. They have no of consciousness of the cooperatives and experience issues choosing which course of improvement they wish to take. These individuals have numerous questions about the new organization. As indicated by the MP Vahid Akhmedov, the bill on "Rural Cooperatives" can't be passed in this structure, as it won't be overwhelmingly acknowledged by people in general. MP Akhmedov has oposed the reception of the bill in its present structure and expressed the significance of keenly improving the bill. According to him, this bill can't be passed in this structure: "First, open mindfulness ought to be brought up in the public eye and populace ought to be better instructed about this law. Generally individuals will misjudge it, as though aggregate ranches (kolkhoz) will be reestablished with the selection of this law. Along these lines, the open won't comprehend the law and we will end up being the object of decisions. Subsequently, preceding the reception of the law, open mindfulness ought to be completed in soceity and some genuine changes ought to be made to the archive." Eldar Ibrahimov, the leader of the Committee on Agrarian Policy in the National Assembly expressed that the point of building up the law on cooperatives isn't to remove another person's territory: "It is obviously expressed in Article 73 of the Land Code that private grounds will not be detracted from the proprietor. It alludes

to the grounds that have a place with the property of the district or the state. The cases about the reclamation of the previous aggregate homestead (kolkhoz) framework under the name "Cooperatives" have no base. Incidentally, right now, the land region having a place with private property involves one million 671 thousand hectares. Also, this land is arable, rich soils. The bill shows that joining or leaving Cooperatives will be on an intentional premise. Today, altogether, there are 179 agrarian cooperatives in Azerbaijan and they were built up as per the law on cooperatives" embraced in 1996 and later canceled and the significant articles of the Civil Code received in 1999.

Financial aspects master, Rovshan Aghayev, noticed that group and state ranches (kolkhoz and sovkhoz) conveyed hard-plan commitments notwithstanding the concentrated monetary framework and was one of the components of the managerial administration arrangement of the State. Cooperatives working in economic situations are completely founded on the individuals' volunterism and like the majority of the remainder of private farming substances just assessment liabilities associate these elements to the State. Research demonstrates that there is a genuine absence of data among individuals working in this part in spite of the way that the previously mentioned law applies to the horticultural substances. Regardless of whether the nearby bureaus of the Ministry of Agriculture, just as Executive choices and laws received by neighborhood organizations or regions who don't have a database and data conveyance component. There are no current systems and database either at neighborhood agents of Ministry of Agriculture, or in the workplaces of nearby official specialists, or at Municipalities to convey embraced laws and choices to the populace (Figure 2.4.)

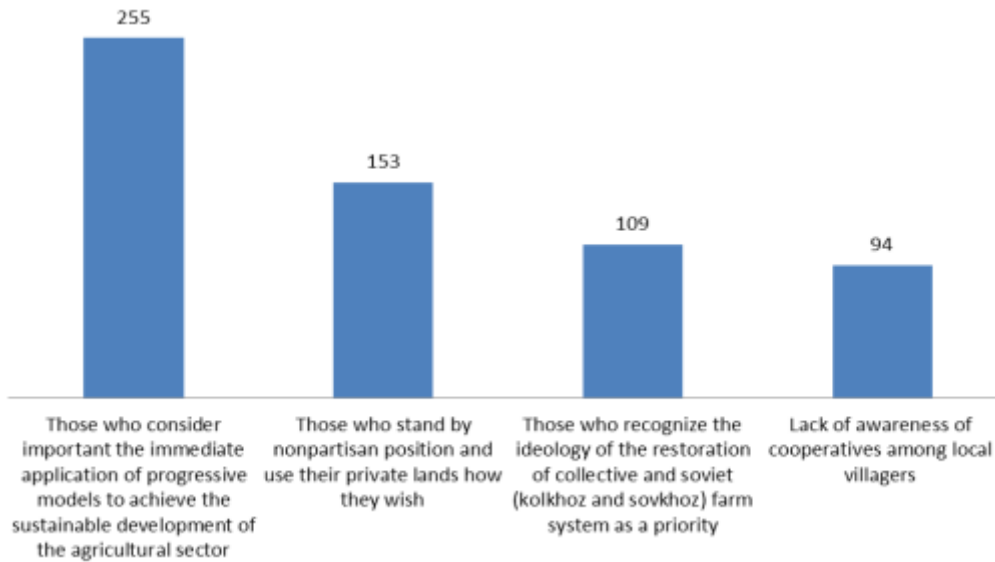


Figure 2.3. Findings of the survey conducted among 611 farmers

CONCLUSION

The agrarian part is commanded by little scale cultivating, most of which produces for self-consumption and nearby ('town') markets. Just a little piece of the part is economically arranged. In the course of the most recent decade farming creation demonstrates an expanding pattern, with the exception of potatoes (declining) and all out vegetable generation (steady). Residential utilization of protein-rich items like meat, fish and eggs has expanded notwithstanding products of the soil, while wheat (bread) utilization declined. Independence rates demonstrate that with the exception of foods grown from the ground Azerbaijan's rural generation does not meet household utilization needs. In addition, for wheat, potatoes, yet additionally milk, meat and fish, independence rates are somewhat low (under 85%).

The nation is a net-shipper of agrarian items, with its fundamental fare items inside the organic products (among others apples, hazelnuts, fruits, persimmons) and vegetables (tomatoes, onions, cucumbers) class. For its significant fare items, Azerbaijan is profoundly subject to the Russian market. Future prospects for expanding fares to the Russian market rely upon that nation's general financial circumstance in the coming years (which again depend very on universal oil value

improvements) and its nourishment security approach that will in general ensure residential generation against outside contenders.

Azerbaijan's solid reliance on the Russian market calls for expansion of fare markets (and enhancement of fare items, see Section 5.3). Given the nation's net-import position for most agrarian items, the residential market may offer the segment chances to extend. Be that as it may, utilizing these open doors requires the segment to react to the elements of nourishment showcase request in Azerbaijan. Household nourishment utilization designs are gradually changing, affected by expanding wages and urbanization, and prompts more assortment and comfort items.

A changing nourishment condition likewise influences how individuals settle on sustenance utilization decisions. The rising participation of grocery stores in the nation and the related expanding weight of conforming to quality and sanitation prerequisites critically shape this sustenance condition. Essential farming countenances various bottlenecks in utilizing its creation implies effectively. High summer temperatures, water shortage, land disintegration and saltiness are significant biophysical constraints to creation, though low dimension of gifted work/taught ranchers and costly credit upsets the execution of current advances and the board standards.

The sustenance inventory network is ineffectively sorted out, exchanges are mostly on specially appointed premise and exorbitant because of the overarching little scale nature of cultivating. The last unmistakably is an impediment for coordinating in present day supply chains in which grocery stores assume an import job. Their sourcing from ranchers and sustenance processors is driven by standards of steady supply of fantastic items that agree to global sanitation principles. Most of Azerbaijan's cultivating network isn't prepared for ventures essential for incorporating in present day nourishment retailing, while the nation's institutional system to screen the part's consistence with universal standard isn't in place. The above prompts various proposals for government activities that will bolster farming advancement. Needs will be given to improving ranchers' entrance to generation

implies (for example land, fund, different sources of info) and markets, while upgrading learning, aptitudes and skill to cultivate generally effectively. Imperative components of government strategies are along these lines enhancements in:

- horticultural training and augmentation administrations;
- the foundation of a land showcase (upheld by a well-working cadastre framework);
- the advancement of ranchers' relationship by help ranchers' drives (base methodology) going for all things considered market their produce and additionally buy inputs;
- improvement of the information and data base from which strategies just as business open doors can be deducted. Also, as a follow-up to venture openings shown by the Master Plan, the legislature should bolster activities of ranchers (base up methodology) to put resources into effective generation techniques, quality norms, post-gather forms and additionally promoting of their produce so as to improved their work and reinforce their aggressiveness in the esteem chain. Speedy successes can be accomplished by sponsorship choosing pilots for various agrarian enterprises in the most encouraging locales (see speculations openings per area and per district). Different territories of consideration are legitimate straightforwardness (particularly identified with saddling and traditions rules) and the institutional foundation that backs sanitation and item quality arrangements that acclimate worldwide gauges.

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