

**SPECIFIC INDICATORS OF THE REGIONAL FOOD MARKET AND ITS  
FUNCTIONING MECHANISM**

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**Abstract:** The article analyzes methodological approaches that reveal the nature of the regional food market. The characteristics of the food market related to agriculture and agro-industrial complex are explained. The regional food market is based on the methodology of determining the scale of goods movement and the division of regions into groups using the concentration index.

**Key words:** regional food market, agriculture, agro-industrial complex, infrastructure networks, share of the region, scale of trade, concentration.

**Introduction:**

In order to reveal the essence of the regional food market, it is appropriate to clarify the composition of the trading facility of the agricultural products market and the agro-industrial complex. The characteristics of the production of agricultural products related to the food market can be explained as follows: the constant demand of the population for food products and raw materials of the food industry creates a guarantee of timely sale of agricultural products. This creates conditions for a regular increase in the production of agricultural products; the food market creates the need to organize additional sectors for the production of one type of product in agriculture; many types of agricultural products are perishable, and it is necessary to sell them on the food market in a short time; buyers in the food market are mainly located in cities. This requires the use of the services of intermediaries and infrastructure networks at various stages in the "field-consumer" chain; agricultural products are grown once or twice a year. But some of them are eaten as food every day. This creates costs associated with the storage of large quantities of food; all agricultural enterprises, rural residents and many urban residents with homesteads are engaged in the sale of meat and milk in the food market. The population has a large number of livestock, the products of which are not part of the market turnover, and it is difficult to keep track of it. Its share in gross production and consumption volume is significant and is expected to increase further in the future.

Agricultural products are supplied as raw materials to processing enterprises and as food to the population. The market for agricultural products operates within the framework of products purchased by the processing industry. Of course, not all agricultural products can be processed, or the production capacity of the processing industry may be insufficient. In such cases, agricultural products are directly intended for consumption by the population and are sold on the food market.

**Analysis of literature on the topic**

The production of agricultural products depends on a single chain consisting of "material and technical base - production - processing - delivery to the consumer". This single chain is often interpreted as an agro-industrial complex. It is known that the agro-industrial complex covers three areas. The first sector provides means of production and provides services. The second sector is agricultural production. The third sector consists of transportation, storage, processing and delivery of agricultural products to consumers. Therefore, it is possible to include products produced by the third sector of the agro-industrial complex (food products intended for population consumption) into the research object of the food market.

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In some studies, it is emphasized that there is a fourth sector of the agro-industrial complex and that it consists of infrastructure. In our opinion, the fourth - infrastructure sector of the agro-industrial complex does not exist. Because, in most cases, social infrastructure is formed by the state. Of course, it is impossible to deny the support policy of the state in terms of development of production and market infrastructure. However, in most cases, the infrastructure of production and market appears automatically and is considered a supporting subsystem for these processes. In this case, production and market entities use transport, banking, intermediary, warehouse, information and other supply resources only when the need arises.

Of course, the formation and development of the market is related to infrastructure facilities. Market infrastructure does not live on the value created in the production process, but it itself creates new value. However, this value is embodied in the material product created during the production process. This creates the necessary conditions for the positive aspects of flexibility to market requirements, i.e. improving product quality from the point of view of competitiveness, reducing costs, finding buyers, optimizing pricing and sales methods. It can be seen that the formation and development of the food market depends on the results of inter-sectoral relations.

In this regard, the food market is the object of sale of ready-to-eat food products produced in agriculture and the final (food industry) product of the agro-industrial complex. Food market activity is a socio-economic process that depends only on population consumption.

At this point, it should be noted that in many studies there are cases of dividing the regions of the republic into three groups according to the composition of food products. Andijan, Fergana, Bukhara, Samarkand and Tashkent regions are included in the first group, and agriculture develops relatively stably. The second group includes the regions of Navoi, Namangan, Khorezm and Surkhandarya, where the agricultural production has decreased, and the third group includes the regions of the Republic of Karakalpakstan, Syrdarya and Jizzakh, where the efficiency of using agricultural resources has decreased.

In our opinion, the high or low level of specialization and concentration also determines the level of development of a certain field. Here, the "common denominator" is the share of the population. If this or that production indicator is higher than this number, then this production network is developed in the region. This index can be expressed by the following formula (formula 1):

$$K_i = \frac{T_i}{A_i} \quad (1)$$

In this

$K_i$  - concentration index;

$T_i$  - the share of regional production i-network in the country;

$A_i$  –  $i$ - the share of the region's population in the country.

Based on this, it is possible to evaluate the effective functioning of the food market and apply multidimensional hierarchical classification methods. In this case, index indicators are formed that allow a comprehensive assessment of the level of concentration. On the basis of the integrated indicator of the level of concentration, ratings representing regional differentiation and periodic changes are also developed. Hierarchical level of food production is analyzed on the basis of integrated indicators that allow a comprehensive assessment of the level of concentration. This will help to develop practical recommendations aimed at territorial localization and specialization of food production within the region.

### Research methodology

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Theoretical methods such as deduction, classification, generalization and comparison were used in the research process. The legal documents necessary for the research were studied by methods of constructive, statistical data collection, and typological analysis.

### Analysis and results

The food market is divided into local, regional, national, international and world markets according to territorial conditions. For example, under the conditions of Uzbekistan, administrative-territorial units, that is, the Republic of Karakalpakstan, the city of Tashkent, regions and districts, can be included in the regional markets. Together, these constitute the national market. The scope of the international food market is the totality of the segment of national markets, covering macro-regions and continents. And the world market is a synthetic concept that generalizes all countries. In general, the regional conditions show the interconnectedness of the markets. According to the conditions of competition, it is possible to observe free competition, monopoly, oligopoly, monopsony and oligopsony markets. Not only sellers, but also buyers' actions in the market affect the competitive situation. In particular, in a monopsony market goods are bought by monopoly buyers.

When it comes to the functioning of the regional food market, the institutional structure and equilibrium dynamics of such a market are determined by the specific conditions developing in the sectors of the regional economy. In this case, the institutional structure represents a complex of factors that cover the political and socio-economic conditions, interests of industries and sectors existing in the country and region. In particular, factors such as the ability to exploit natural resources, the concentration of production in certain regions, and the effectiveness of regional specialization change in the state policy, regional and competitive situations.

When analyzing the state of the regional food market, it is necessary to take into account its composition and specific characteristics. Because the regional food market consists of interconnected regional markets, which are interconnected and naturally have a hierarchical effect. Or, the regional food market consists of parts that are closely related to each other, forming a unique system that directly and indirectly affects each other.

The regional food market is a complex process that is formed under the interaction of objective factors existing in the areas of food production and consumption. These factors can have a positive or negative effect. The regional food market is interpreted as a set of relevant methods of regulation and socio-economic processes, formed under the influence of consumption and supply characteristics. Analysis of these economic relations and trends allows to determine the role of the region and the factors affecting it.

A characteristic feature of the regional food market is that: the main parts of the regional food market are valid in space and cover all stages of production and consumption; the concept of the regional food market acquires complexity and systematicity; the formation and development of the regional food market depends on the degree of interconnection of its components; the regional food market is interpreted as a regulated economic mechanism from the point of view of a systemic approach; the regional food market is an important means of organizing mutual cooperation and harmonizing economic interests.

The regional food market performs the following tasks: establishes mutually beneficial and stable trade relations between regions; provides cross-sectoral integration between agriculture, food industry and modern logistics system; provides food products to different demographic groups of the region and reflects the needs of the population of the region; regulates the physical, economic and social capabilities of the population; determines price, demand and supply ratios between regions; affects the income of the population and its solvency, as well as the sustainable development of the economy; divides the market of the country and its regions into groups; ensures interregional division of labor.

The activity of the regional food market is clearly manifested on the basis of equal ratios of the volume of production and the scale of trade. For example, if the share of the region in the country's food industry is 7 percent, and the share of the food industry in the gross regional product of the region is 35 percent, then the scale of goods movement is equal to 0.2 or the scale of goods movement is small compared to the volume of production. This gives conclusions that the limit of production possibilities is incorrectly defined and insufficient conditions are created for the transition to the processing industry of agricultural products. In order to equalize the scale of goods movement with the volume of production, it is necessary to increase the share of the region in the country's food industry by 5.6 percent. This can be expressed by the following formula (Formula 2):

$$M = \left(1 - \frac{Q_i}{C_i}\right) \times Q_i \quad (2)$$

In this

$M$  – scale of commodity movement;

$Q_i$  – region's share in the country's  $i$ -network;

$C_i$  –  $i$ - share of the industry in the gross regional product.

Natural and economic conditions, state policy and market demand play an important role in regional organization of food production. For example, if 1879.4 thousand tons of grain were grown in our country in 1991, 3929.4 thousand tons in 2000, 7404.1 thousand tons in 2010, 7566.6 thousand tons in 2020, or the growth rate of the gross crop due to the development of farms and increase in productivity is 2000 compared to 1991, it was 209.1 percent, and in 2010, it was 188.4 percent compared to 2000. The growth rate of grain cultivation in 2020 will be 102.2 percent compared to 2010. First of all, since 2017, the area of grain crops has been reduced due to the cultivation of exportable food products (ninety-fourth crops). An important factor determining the increase in the volume of grain cultivation in the past years is the result of structural changes and a stable system of material interests in the industry based on the interrelationship between the price and the gross harvest. High growth rates can also be observed in potato cultivation. In 1991-2000, the indicators of growing vegetables and sugarcane products fell. The main reason for this is the reduction of arable land, structural changes in agriculture and the development of different forms of ownership, and the reduction of relations with foreign countries (first of all, Russia). In 2000-2010, there were opportunities to increase the volume of production of vegetables and pulses due to repeated crops (land freed from wheat) (see Table 1).

Table 1

**Dynamics of food production in the Republic of Uzbekistan (thousand tons)<sup>1</sup>**

Product type	1991	2000	2010	2020	In percent		
					in 2000 compared to 1991	in 2010 compared to 2000	in 2020 compared to 2010
Don	1879,4	3929,4	7404,1	7566,6	209,1	188,4	102,2
Potatoes	316,0	731,1	1694,8	3143,5	231,4	231,8	185,5
Vegetable	3182,3	2644,7	6346,5	10459,5	83,1	240,0	164,8

<sup>1</sup> Ўзбекистон Республикаси Қишлоқ ва сув хўжалиги вазирлиги маълумотлари асосида тузилган.

Police	914,2	451,5	1182,4	2134,4	49,4	261,9	180,5
Fruit	516,6	790,9	1710,3	2864,0	153,1	216,2	167,5
Grapes	480,4	624,2	987,3	1639,2	130,0	158,2	166,0
Meat	484,4	501,8	855,0	1257,2	103,6	170,4	147,0
Milk	3034,2	3632,5	6169,0	11009,9	119,7	169,8	178,5
Eggs (million pieces)	2452,9	1254,4	3061,2	7825,0	51,1	244,0	255,6

The formation of the food market in the Republic of Uzbekistan brought about fundamental changes in the livestock industry. Since 1992, the livestock sectors, which are considered state and collective property, have been privatized. However, these politically important activities in 1991-2000 did not bring the expected results. The expected result was not obtained due to the long-term non-availability of arable land for livestock owners and the reduction of arable land from year to year. The reduction in the number of poultry was mainly due to the shutdown of large industrial poultry enterprises and the rapid increase in feed prices. In 1991-2000, the reduction in the number of poultry directly affected the size of egg production. In the years 2000-2010, significant changes in the livestock sector are visible. Such a result was mainly connected with the development of peasant farms. For example, there was an increase in the number of livestock of all types and an increase in the volume of production of livestock products.

As a result of the implemented economic reforms, the effective composition of agricultural crops was formed. In agriculture, rice cultivation, horticulture, viticulture, vegetable cultivation, sugarcane crops, and potato cultivation are developed. Cattle breeding, sheep breeding, goat breeding, horse breeding, camel breeding and poultry breeding play an important role in animal husbandry. Uzbekistan's natural conditions allow growing a variety of food products at relatively low costs. The fact that these products are rich in nutrients and vitamins ensures their purchase in foreign markets.

### Conclusions and suggestions

The regional food market has priority in the economy of each country and requires the implementation of systematic measures of a collective nature. In this regard: firstly, to ensure the integrity of the national market, to specialize the country's regions based on their natural, demographic and economic potential, and to deepen mutual integration relations on this basis; secondly, along with the development of the production industries of the region, attracting investments and establishing innovative activities, thereby consistently reducing the cost and maintaining the price and quality advantages of national products compared to imported goods; thirdly, to ensure the optimal share of food products in the population's consumption expenditure, in this regard, to prevent sharp price fluctuations under the influence of various factors, in particular, a number of mechanisms are effective, such as conducting a strict price policy, creating reserves, stimulating product production, combating economic crimes use; fourthly, proportionally indexing incomes, which provides real opportunities for the stimulation of domestic demand and the purchasing power of the population in the face of constant price increases; fifthly, maintaining a positive balance between the volumes of export and import of food products, on the one hand,

increases the country's tolerance to external pressures, and on the other hand, the country will be able to maintain the potential of its national food market even in unfavorable market conditions.

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