

ISSN : 2349-4212

INTERNATIONAL JOURNAL OF

TRENDS IN BUSINESS ADMINISTRATION



Indexed by:



Universal
Impact Factor



IMPACT FACTOR
SEARCH

Founder and Publisher **academic journals PVT LTD**

Published science may 2011 year. Issued Quarterly.

Internet address: <http://academicjournalonline.org/index.php/ijtba>

10/25 Thamostraran Street, Arisipalayam, Salem, India

Principal Contact

Academic Journal Online

info@academicjournalonline.org

Editorial board

1. Mallesh Thumalla
2. Edwin Prem Kumar
3. Farha Deeba Hassan
4. Sangeetha T.R.
5. Abdul Wahid Naureena
6. Urokov Uchkun Yunusovich
7. Baymirzaev Dilmurod Nematovich
8. Faisal Amjad
9. Muhammad Tariq
10. Nadeem Abbas
11. Mr. Iftikhar Ahmad
12. Usmanova Muxlisa Sagdullayevna
13. Pulatova Mokhira Bakhtiyorovna
14. Sangeetha Natarajan
15. Ibragimov Mansur Mardonovich

DISPARITATION OF PRICES AND ITS SOLUTION

Tangirov Abdukholik Egamovich – PhD., Associate Professor of the Department of Management of Samarkand Institute of Economics and Service, Samarkand. Uzbekistan.

tangirov57@bk.ru

Abstract: The article represents price disparities are one of the important factors that prevent sustainable development. Therefore, the importance of prices in the development of the agro-industrial complex, the factors that lead to price variance are studied and ways to form parity prices are substantiated.

Keywords: Valuation, Valuation Formation, Price Variance, Parity Valuation, Cost, Wholesale Valuation, Purchase Valuation.

INTRODUCTION

The optimal ratio of the level of prices between different enterprises of the agro-industrial complex is the main criterion for the effective functioning of the agricultural sector.

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

The problem of price disparity in the agro-industrial complex of the Republic of Uzbekistan is especially relevant. The most important element of economic development of any country is prices. The government can use prices as an economic tool to stimulate the development of priority sectors and production, or to slow down the production of products that require large amounts of material costs and labor in unfavorable conditions.

II. LITERATURE REVIEW

The following scholars have considered disparitation of prices and its solution in their research: Dobrynin V.A. [1], Kayumov F.K. [2], [3], [4], Minakov I. A., Kulikov N. I., Sokolov O. V. [5], Murtazaev O., Ahrorov F.B. [6], Petrenko I.Ya., Chuzhinov P.I. [7], Sidorov V.A., Kuznetsova E.L., Bolik A.V. [8], Tangirov A.E., Nurmanov Sh.X. [9], [10], Khushmatov N., Fayzullaeva T. [11].

III. RESEARCH METHODOLOGY

In the implementation of the study, the conclusions and recommendations are formed as a result of the analysis of indicators of effective development of communication services through economic methods. In addition, the method of analysis and synthesis was used effectively in the conduct of scientific research.

IV. ANALYSIS AND RESULTS

Prices determine the level of profitability of individual departments, sectors of the agro-industrial complex, the development of their mutual production relations on a beneficial basis, the conditions of development, the level of material incentives for workers and employees.

The mechanism of pricing of products and tariffs for services of enterprises of agro-industrial complex is important for scientific research. The main focus will be on substantiating the equivalent intersectoral exchange of agricultural and industrial products, taking into account objective economic factors and product quality in prices when determining the basic level of purchase prices. As a result, it is necessary for the agricultural sector to develop a strategy for the formation of effective prices for products.

At the same time, many agricultural enterprise managers do not have enough experience in developing a balanced valuation policy, which is one of the reasons for the disparities in valuations.

Currently, the main method of pricing in the country's economy is the market method. It is known that the market price is a set of many indicators, such as costs, solvent demand, free competition, the degree of state regulation of the economy, the degree of monopolization of industries, and so on. In fact, in the current situation, this method is not used in determining the price of most agricultural products, because the share of products sold at a loss in the composition of products sold is high.

Real market prices for agricultural products in our country are formed in the context of low demand of the population, the lack of a civilized market for the sale of products, the active influence of various intermediaries, the monopoly of processing enterprises.

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

In the current situation, the application of market prices in practice without serious support from the state leads to a complete loss of agricultural producers, as supply prices, formed on the basis of the interests of agricultural enterprises, significantly exceed demand prices in the free market.

The optimal ratio of price levels between different enterprises of the agro-industrial complex is the main tool for the efficient operation of the agricultural sector of the country.

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

- setting prices for goods and services supplied to agricultural enterprises above costs;
- setting purchase prices for agricultural products below the level of cost recovery. At the same time, a number of economists deny the inequality of prices as the ratio of prices is re-formed with the transition to market relations.

There are imbalances in the development of the components of the country's agro-industrial complex. For example, there is a disparity in the prices of agricultural and industrial products. World practice shows that prices in the market of agricultural products are growing more slowly than the prices of goods of industrial enterprises, production and technical, transport and construction services, which leads to price disparities.

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

disproportionate share of costs associated with the development of the agro-industrial complex, which plays an important role in the economic development of the country . This is compounded by the disadvantages of a market economy, in

particular, disproportionate incomes of different segments of the population, high levels of inflation and unemployment, and so on.

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

At the same time, processing enterprises and large wholesale organizations have a strong influence on the formation and level of prices for products of the agro-industrial complex due to their interests. The role of government agencies in price formation (excluding grain and cotton) is minimal. In such a situation, very few enterprises use the level of profitability needed to shape prices for their products.

In many cases, transactions for the sale and purchase of agricultural products are random in nature, which is associated with high transaction costs for finding partners, executing contracts, and studying marketing data. However, there are a number of reasons why the emergence of price disparities is not directly related to agricultural producers. The main reason is the low purchase prices, which are explained by the lack of buyers of agricultural products, ie competitors. As a result, processing enterprises monopolize purchase prices.

The main reason for this is the current legislation. According to him, prices for agro-industrial complex products are determined based on the state of the local market. Although the methods of determining market prices have been successfully mastered and applied by agricultural enterprises, contracts for the sale and purchase of products are concluded directly by independent intermediaries. This leads to many agricultural enterprises being under the influence of the local monopolist.

All this leads to the fact that the current system of price formation for the products of rural producers in the region is officially based on the market. In practice,

the formation of prices is mainly based on the interests of buyers, and the interests of rural producers are not taken into account.

Agricultural enterprises operating in the free food market of the region are not able to compete with suppliers of imported products and products from other regions with favorable production conditions, because the norm is to use the level of profitability.

Therefore, it is necessary to take measures to improve the channels of sale of agricultural products at the state level, which is also an effective way to reduce price disparities. Otherwise, the system of channels for the sale of agricultural products will remain the weakest link in the agro-industrial complex. In addition, the low efficiency of sales channels leads to a significant loss of agricultural products in the preparation, transportation, processing and storage of products, as well as further increase due to the seasonality of product supply and supply of raw materials.

The following principles, which have been successfully applied in world practice, can be used to increase the efficiency of agro-industrial complex sales channels:

- integration of enterprises of agro-industrial complex in order to organize a closed trade cycle. This in turn reduces the number of intermediaries;
- significant reduction of the impact of monopolies on the level of prices in the industry will be achieved through the active development of wholesale trade in agricultural products;
- use of the practice of government orders;
- improvement and active use of methods of integration of agro-industrial complex enterprises as a mechanism of regulation of the internal market.

In the agro-industrial complex, the effectiveness of the above-mentioned directions to reduce price disparities will be possible only if the domestic food market is separated from foreign markets. In our opinion, the existing production

relations between the branches of the agro-industrial complex and their interaction with the state do not allow the sustainable and dynamic development of the forces.

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

At the same time, any increase in the wholesale prices of agricultural products should be fully offset by an increase in the purchase prices of these products. As for the retail prices of socially important products of the agro-industrial complex, they may be below the level of purchase prices, and the difference between them must be covered by state or local budgets.

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

To eliminate price disparities in the agro-industrial complex of the country, it is necessary to take the following measures at the national and regional levels: - Creation of a modern material and technical base of the agro-industrial complex and the formation of agricultural market infrastructure; - Development of effective methods to prevent the entry of imported agricultural products into the national market at dumped prices; - setting the maximum level of prices for socially important types of agricultural raw materials and food products; - to cover the difference in prices at the expense of the budget for the enterprises of the agro-industrial complex, whose products are purchased for processing.

V. CONCLUSION/RECOMMENDATIONS

According to the results of research the following principles, which have been successfully applied in world practice, can be used to increase the efficiency of agro-industrial complex sales channels:

- integration of enterprises of agro-industrial complex in order to organize a closed trade cycle. This in turn reduces the number of intermediaries;

- significant reduction of the impact of monopolies on the level of prices in the industry will be achieved through the active development of wholesale trade in agricultural products;

-use of the practice of government orders;

-improvement and active use of methods of integration of agro-industrial complex enterprises as a mechanism of regulation of the internal market.

References:

[1] Dobrynin V.A. Actual problems of the economy of the agro-industrial complex. // Moscow - "Kolos" 2001. – 381 p.;

[2] Kayumov F.K. Agro-industrial complex in the conditions of transition to the market: General and regional problems. - // M.: IPO "Polygran", 1992 – 160 p.;

[3] Kayumov F.K. problems of the modern stage. // Tashkent: Ed. NTP, 1989. 43 p.;

[4] Kayumov F.K. On the growth of prices for agricultural machinery and measures to improve the method of determining the contractual price // Journal. Mechanization of cotton growing, 1990, No. 12, pp. 1–3;

[5] Minakov I. A., Kulikov N. I., Sokolov O. V. et al.; Economics of branches of the agro-industrial complex - // M.: Kolos, 2004. - 464 p.;

[6] Murtazaev O., Ahrorov F.B. Agricultural economics . // T.: - "ILM ZIYO"2017. - 416 p.;

[7] Petrenko I.Ya., Chuzhinov P.I. Economics of agricultural production - // Alma-Ata: Kainar, 1992. - 560 p.;

[8] Sidorov V.A., Kuznetsova E.L., Bolik A.V. General economic theory: a textbook for students of higher educational institutions [Electronic resource]: electronic educational edition / V.A. Sidorov, E.L. Kuznetsova, A.V. Bolik [Electron. Dan. (6.2 MB)]. Maykop: EIIT LLC, 2017;

[9] Tangirov A.E., Nurmanov Sh.X. Theoretical issues of evaluation formation.// Prospects for the development of veterinary medicine and animal husbandry: modern practice and innovative technologies Proceedings of the Republican scientific-practical conference - Samarkand, 2020, pp. 408-410;

[10] Tangirov A.E., Nurmanov Sh.X. Features of price formation in agriculture. // Prospects for the development of veterinary and animal husbandry: modern practice and innovative technologies Proceedings of the Republican scientific-practical conference - Samarkand, 2020, pp. 428-431;

[11] Khushmatov N., Fayzullaeva T. Value formation and market variability characteristics in walnut cultivation. // AGRO ILM Journal. - Tashkent, 2019. №5. Pp. 105-107.