

Private agricultural partnership

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Abstract—For many decades, the agro-industrial complex (agribusiness) of the Russian Federation operated without a system of market incentives for direct producers, when potential entrepreneurs in rural areas almost lost the skills of private production and business partnership. After the change a quarter of a century ago of a directive policy to free economic relations, the main task in the country was the development of rural areas. This is especially important in agrarian regions, including the republics of the North Caucasus Federal District (NCFD), where individualism has always prevailed in business terms.

Economic science is based on the commensurability of the actions of each active member of society in the joint creation of national wealth. At the same time, eliminating the pattern, deepening and expanding diversification, developing partnership, cooperation and integration.

Therefore, a retrospective analysis, a conceptual prediction of conditions for improving the life of the people, observing economic laws, and knowledge of population motivation are necessary.

Keywords—Caucasus, Ingushetia, Chechnya, rural entrepreneurship, peasant (farmer) farms, partnership.

I. INTRODUCTION

As the practice has shown, the collective-state-farm system in the Russian Federation, especially in the republics of the North Caucasus Federal District, does not create a single formula for the development of the country's regions. Processes and phenomena occurring in the economy require consideration of many national, socio-economic, climatic and other indicators in the development of private production based on small business. "The dynamics of small business development has shown that these business entities have become an integral part of market relations, having proved their credibility and importance in shaping the agrarian economy. In order for small forms of businesses to be equal participants in market relations, they must have the same resources and capabilities as large agricultural groups and have the same rights with them in matters of state support. World experience shows that this is possible only on the basis of cooperation and integration of small businesses with each other and with other legal forms of business" [13]. This is especially important for agrarian production of the Chechen Republic (CR), the process of establishing the foundations of a free economy in which, for the known reason, is late in relation to other regions of the region. For example, in the Republic of Ingushetia (RI), more than 80 % of agricultural products are produced in peasant (farmer) farms (peasant farms), by individual entrepreneurs (PIs) and in personal subsidiary farms of the population (individual farms). Only about 20 % is accounted for by state unitary

enterprises (former state farms), when in the Chechen Republic these figures are exactly the opposite. The same situation is in the neighboring republic of Dagestan. "More than 30 types of handicrafts were distributed in the republic. Among the population's occupations, they ranked third after the traditional branches of agriculture – animal husbandry and agriculture" [1].

"Among the developed countries there is not one where the farmer works at his own peril and risk, as in today's Russia. In addition, he is robbed by bankers, wholesalers, suppliers of fertilizers and fuel" [10]. The paradoxical situation happens in the country when the State Duma proposes to impose a tax on owners of private farms, when these economic entities are not commercial by law, although in many regions of Russia, in addition to the North Caucasus Federal District, they produce more products than all the others together, without the right to sell surplus products to the side. "According to the Ministry of Finance of the Russian Federation, reflected in the Letter dated March 19, 2001 No. 04-02-05 / 2/22, and tax authorities, the exemption from income tax should not apply to profits earned by agricultural producers from agricultural production under simple partnership agreements" [14].

In the North Caucasian republics with their own distinctive natural, historical, social, national peculiarities of the way of life, in our opinion, the private form of business is more effective than the collective-state farm. The survey of the rural population and the statistics of the past ten years is the proof of this. If the collective form of economic activity in this region was motivated by the population, it would not crumble so rapidly when democratization processes began in the country in the late 1980s, creating individual cooperatives, although there was no legislation on private ownership of land. In countries with traditionally farming way of life, peasant farms have become real public institutions. "All farms have traditions and a history of several generations. Some peasant yards have the status of an agricultural school where young livestock breeders practice" [12].

Subsequently, this problem was resolved at the federal level in favor of producers: long-term rent, purchase and sale of land, free enterprise, including in the countryside. But the National Assembly-Parliament of the Republic of Ingushetia several times with an interval of five years imposed a moratorium on the sale of land.

These legal and other conflicts detract from the transition period by replacing, where it is effective, administrative forms and methods of management with free market ones. Here it is also the fear of the responsibility of potential entrepreneurs to work at their own risk because of excessive nationalization of the economy. As well as an inefficient

credit system, etc. It is impossible, for example, to economically justify the state when PJSC "Rosselkhozbank" sets for a private producer an interest rate for a loan of 15-16 %. "For 20 years of existence of national enterprises, the leading country elite had the opportunity to appreciate their advantages. They did it and, without a doubt, well understood the danger of expanding the collectivist movement for the country's economy" [8].

II. METHODS

For the regions of the Russian Federation, legal regulation of property issues, including land, and in parallel with it, a change in the forms of management is a pivotal condition for the formation of a stratum of free commodity producers. "With the emergence of new land categories, their legal regime became more complex. Legally, they were fixed in the composition of urban land of common use land; their features were highlighted taking into account historical experience in the development of land legislation" [15]. The agro-industrial complex dominates in the regional economy of the regions of the North Caucasus Federal District.

In the Republic of Ingushetia under study, after the legislative change of the economic and entrepreneurial structure, there appeared opportunities for the effective development of free economic relations using market tools (rent, leasing, franchising, factoring, etc.), which were abolished in the USSR (Union of Soviet Socialist Republics) in 1929.

Questioning and interviewing respondents after the formation of the Republic of Ingushetia in 1992 as part of the Russian Federation showed that private forms of organization of agricultural entrepreneurship were motivated by the population, especially as public enterprises (state farms) were by that time on the verge of collapse. As the forecast showed, 10 years later, these farms began to produce less agricultural products than the rapidly created peasant farms, individual entrepreneurs and private farms.

According to their status, private commodity producers, having the main goal of getting as much profit from direct activities as possible, are looking for opportunities for cooperation, although their resources are scarce so far. In practice, they are convinced that joint partnership activities are more rational than economically isolated. "Probably, any Russian economist-agrarian will confirm that agricultural cooperation in Russia is poorly developed" [9].

A business partnership or initial cooperation can be developed, in our opinion, for example, between peasant farms of crop production and fattening of large or small cattle.

Economic feasibility is obvious here.

Entering into a contract with prolongation at will, on the basis of mutually beneficial interests, the first farm sells hay and silage, and the second organizes the sale of meat and meat products in its large rural settlements, creating a partner shop in the region of the peasant farm. In addition, it creates the conditions for the development of other activities with additional jobs. For example:

- a group of three people is formed to advertise goods, which can expand the number of partners and production

volumes, creating conditions for closer cooperation and integration with other enterprises;

- in the strategic plan, it is an organization of partnership between such farms, when several enterprises acquire expensive equipment for sharing or organize slaughterhouse;

- cooperation of farms and service firms creates the conditions for creating a single cluster, which facilitates the relations of its participants with banking institutions and insurance companies.

Thus, the options for choosing and using types of partnership, and further cooperation, are endless. This requires production and social infrastructure. We consider it economically feasible to participate in the clusters and the Municipal Administration. For example, to provide one peasant farm in partnership with preferential loans for the construction of the above-mentioned slaughterhouse. Or for the construction of a low-power brick factory to solve the social problems of cluster members and other residents living next to the owners of micro and small enterprises.

III. RESULTS

No administrative methods should regulate the relationships between the owners of private businesses, since in a classic way the regulation will be done by a free market functioning according to the laws of supply and demand. "Restricting the freedom of business and expanding government intervention can have a negative impact on the process of creating a business and its development" [6]. However, the realization of the economic interests of producers and consumers of goods and services must be enshrined in legal acts. According to V.V. Leontief's economy of any country, including agrarian production "... can only be saved by the revival and mobilization of a person's personal initiative, caused by his desire for personal gain" [3]. Cooperation is a special type of business, where, as they say, it is necessary to see further than one's own competitor. "A cooperative is a kind of business tool for farmers, giving them the opportunity to enter the market. They are designed to serve their shareholders, and not vice versa, in other words, cooperatives are not a goal, but a means to achieve farmers' goals" [11].

When organizing a business partnership in the region, it is necessary to first study the domestic and foreign experience of joint use of capital by independent economic entities. Therefore, in the studied regions, this approach is taken into account by inviting partners from other regions of the Russian Federation, the CIS (Commonwealth of Independent States) and far abroad. This is primarily related to the processes of globalization in the world economy, but taking into account local conditions, including national complexes. "The development of integration ties between regions of Russia, the CIS countries and other countries of the world necessitates intergovernmental and intrastate regulation with the parallel development of a single food market. Regionalization is a reverse integration process, since it limits freedom of economic exchange on the scale of intergovernmental and interregional cooperation through established administrative barriers. But, on the other hand, it is an element of protection of the internal market space and producers of a particular region" [3].

Without an economically sound solution to the direction of organizing the production of material goods and popular services to the population, it is impossible to create social infrastructure locally. This problem cannot be solved by directive methods: the development of rural territories should be the prerogative of municipalities and rural administrations. "... for each concrete association of farms it does not make much sense to create some kind of permanent, once and for all completed production model, as well as it is impossible to determine the exact number of particular types of associations at a certain point in time. Under market conditions, their structure will inevitably undergo changes, therefore, we should talk only about the development of the most priority areas of production, about creating the so-called basic (starting) models of the sectorial combination of farms" [2].

Without a unified market direction of municipal, regional and federal legislation, success cannot be achieved in vertical consumer cooperation and inter-sectorial integration. But at the same time it is necessary to provide local entrepreneurs with ample opportunities for the initiative itself. Peasant farms, for example, are created by a farmer, and not for a farmer, when these types of farms, initially in the 90s of the 20th century, began to appear on the basis of standard projects imported from Finland. Moreover, to develop without a specific program and skills of private entrepreneurship of their new owners. As E. Castle, M. Becker, and A. Nelson note, "a typical farm is characterized by a life cycle that runs parallel to the family life cycle" [7]. Not so, when at first they create several dozen farms in a particular region, and then their various associations. That is, the owners of production resources have not yet penetrated the basics of small business, and they are united without real consideration for the economic and social interests of each. "For example, the Association of Peasant Farms and Agricultural Cooperatives (AKKOR) with regional organizations that could not determine their direct functions from the outset. But, as is known, if an organization is endowed with too many and diverse functions without defining terms and stages, then it is likely that stagnation will occur very soon, but this organization was both state and public, that is, the first such organization in a country of transition to a market" [3].

If a start-up entrepreneur does not understand himself how to realize his own idea, even by joining various associations, then he will not have a chance to be a successful commodity producer. Practiced several years ago during the period of "perestroika" in the line of AKKOR, industrial training of Soviet (Russian) rural entrepreneurs in family farms in western countries, especially the Federal Republic of Germany with a capitalist economy, when the process of its unification with the socialist German Democratic Republic began, gave later positive results for the formation of domestic agricultural producers. The Russian farmer can already engage in a wide range of activities, not limited to traditional industries - crop and livestock.

Initially acquired skills in entrepreneurship, contributes to the rapid advancement of a private trader in fulfilling his main "mission", and then, becoming a successful businessman, he expands his activities, increasingly dealing with the social problems of the village, including the creation of preschool and school institutions, landscaping, and

construction of access roads with hard coating. Even the annual pilgrimage of believers of Ingushetia and Chechnya to Mecca of Saudi Arabia is carried out mainly at the expense of small and medium-sized businessmen.

Therefore, peasant associations, in our opinion, should be created not by the type of "AKKOR" with mixed state and private financing, but by setting conditions for the formation of seed capital for rural producers, indirectly influencing their production by preferential loans, certain quotas for the purchase of their products for budgetary institutions. With the growth of private capital, the initial scheme also changes: commercialization, capitalization, privatization. With what AKKOR would not begin distribution of financial or material resources became its finish. "For entrepreneurs with different motivations, factors that contribute to or impede their development vary, for example, insufficient financial support is seen as a barrier to starting a business by forced entrepreneurs, while voluntary ones do not define it as such" [5].

With the deepening of private production, conflict situations are falling in the Caucasus. The economy of the regions of the NCFD is becoming less dependent on bureaucratic and various inspection structures.

No technical or technological efforts from above can achieve profitable agriculture if the economic interests of commodity producers are not satisfied. "By the end of the 80s, 14 % of the country's budget was allocated to agriculture. Considerable resources were also directed to other spheres of the agro-industrial complex, which by 1990 made it possible to increase the tractor fleet in agriculture to 1365.6 thousand units and combine harvesters to 406.7 thousand units. At the same time, this support was carried out within the framework of the previous administrative-command system, which rejected the right of private property, which suppressed the regulating and stimulating role of market relations. Therefore, significant funds directed to agriculture did not give the proper effect. These methods have not been completely eliminated until today and are even reanimated to a large extent. State support for agriculture has decreased to a great extent. There is no need to talk about the scientific validity of the agrarian policy being carried out. Apparently, as an advance, President V. Putin handing 10 December 2015 in the Kremlin, state awards, in particular, "for the most daring discoveries and breakthroughs in scientific knowledge", noted "the development of the fundamentals of the country's agrarian policy" [4].

A retrospective analysis shows that the Yantar Farm Association of the Neman District of the Kaliningrad Region was one of the first in the country. It was established in 1992. When studying the content of its activities, it can be seen that only the form has changed, leaving the content of the administrative structure in the agrarian economy. As if by order from above (the land is a collective farm), the heads of the peasant farms, the highest governing body of the Association, gather from time to time. They discuss and solve problems: review and approval of production plans, assessment of the financial and economic condition, distribution of income, acquisition of fixed and working capital, admission of new members, etc. But this is all, in our opinion, copying the collective farm order in management. The association's council consisted of five people, who met

weekly to decide the operational management of this peasant association.

The management body of the Association maintains records and analysis of production, financial and socio-financial activities, examines the socio-economic situation and economically justifies the final goals, plans the organization of the work of the association, controls production activities and the social situation, supports the normal moral and psychological climate in the team.

This state of the Association suggests that here:

- firstly, the economic independence of the owners of peasant (farmer) farms is lost;

- secondly, at any time the owner of the land (collective farm) can stop the activities of the farmer, taking away his land;

- thirdly, it does not lead to the independence and openness of the economic activity of the direct commodity producer, but to the directivity and stagnation of production.

The leaders and specialists of the state unitary enterprise of the Republic of Ingushetia also adhere to such a scheme for uniting private farmers. This is lack of skills and experience to work in conditions of free economic relations.

IV. CONCLUSION

1. As is practiced in the world, in a conglomerate, a consortium, a holding, an association, a trust, and other associations, the relations of their managers or staff with direct producers should be built without using administrative management methods. For example, a company transferred a fixed percentage of its income (usually 2-4 % depending on its organizational and legal form) to Glavk and it does not obey it, but it solves its problems, usually it is product sales or search and delivery of resources. That is, the higher authority is obliged to deal not with the distribution and redistribution of material goods produced by farmers, but with the promotion of their activities.

2. The branch department of the agro-industrial complex is not entitled to solve the personnel issues of agricultural enterprises, since their form of ownership, including land, and the form of management have changed.

3. Group creation of private farms, especially in remote rural settlements, and their partnership on the basis of economic interests creates the conditions for the formation of private producers in the village.

4. To recreate the institute of internships for rural potential entrepreneurs in effectively functioning farms and firms of the regions of the Russian Federation and abroad.

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