International Journal of
Business Diplomacy and Economy

ISSN: 2833-7468
Volume 2 | No 4 | April -2023

Equilibrium State and Price Regulation in Agricultural and Food Markets

Qurbonov Akbar Yusufovich[1]
Mamatov Sardor Ilyasovich[2]

[1]*Denau Institute of Entrepreneurship and Pedagogy*
Faculty of Entrepreneurship and Management
Senior teacher of the Department of Digital Economy

[2]*Denau Institute of Entrepreneurship and Pedagogy*
Faculty of Entrepreneurship and Management
Teacher of the Department of Digital Economy

Abstract: *The economics of a nation plays a major role in a nation's rise in the contemporary world. But industrialized nations also become more powerful through enhancing their economies. We will also go through taxes, financial ties, and funding regulations in execution. We'll talk about the following in this post.*

Key words: *Economy, industry economy, country's economy, economic growth, financial relationship, financing, tax concept.*

Introduction

The risk-taking requirements of the agricultural sector, direct reliance of income generation on the weather and natural climatic conditions, and employment all have a significant influence on the income and well-being of agricultural producers. shows. It is beyond the capacity of agricultural producers to manage some natural phenomena, such as the weather, climatic conditions, water availability, etc., and cannot be planned in advance. However, the advent of these elements, whether positive or unfavorable, has a significant influence on the profitability of production and increases the tendency for excessive risk management. In the interests of farmers and peasants, natural disasters (such as floods, hailstorms, floods, droughts, severe frosts, numerous illnesses, and pests) have the potential to squander the money invested on cultivating products throughout the year. It may be challenging to carry out the reproduction process the next year if they are not partially or fully compensated for the harm they have endured in such circumstances. Weather that is unfavorable can endanger not just agriculture but also the nation's food supply, exports, and processing sector. In order to prevent food shortages, it is desirable to establish governmental reserves. The stability of prices and revenues in the industry may suffer as a result of agriculture's reliance on environmental and climatic factors. Due to the fact that the price increase is more proportionate to the decline in the amount of agricultural goods under situations of inelastic demand, farmers' incomes may rise. But in this instance, customers are compelled to spend a lot of money on a limited number of items. On the one hand, this condition has an impact on the consumer price index and raises inflation; on the other hand, it lowers the buying power of the population's income and lowers their standard of life. In such circumstances, the state should implement the highest level of prices, i.e. maximum prices, in order to protect consumers.

―Maximum price

– it is a legal price below the equilibrium price, below which sellers are not allowed to sell their goods for more than the established price. A market scarcity might result from the implementation of maximum pricing. The state is obliged to release items from its buffer stock to the market or control consumption (via a card) in order to avoid this.

Over time, supply will outpace demand at any price set above the equilibrium price, leading to excess supply. Price reductions might result from this. In order to keep "minimum prices" in place, the government would have to either buy up the surplus supply on the market to add to its buffer stock or increase demand. For instance, the US government purchased goods from farmers and began offering free breakfast to schoolchildren in an effort to limit market overstock. It is well recognized that there are few options for long-term storage or long-distance transportation of agricultural goods because of their interaction with biological processes. Industrial, commerce, and service businesses have a better bargaining position when determining the prices of their products than agricultural businesses. Because they can store their items without selling if they are not pleased with the market price until a favorable market circumstance arises. The storage of perishable agricultural products, such as fruits, vegetables, and milk, for an extended period of time while awaiting favorable market conditions is not an option for farmers. Farmers are required to accept the price level set in the market since such items lose their consumer value after a given amount of time. Additionally, the demand for agricultural products has a low price elasticity. According to the statistics, the demand for agricultural products is around 0.20-0.25 times more elastic in relation to price, meaning that in order to boost product sales by 10%, prices would need to rise by 40–50%. ought should be condensed to In other words, the rise in demand for agricultural products greatly lags the increase in the population's actual income. The elasticity of demand for agricultural products in proportion to income is likewise low. Industrial companies that provide the agricultural industry with raw materials and technical resources, offer a variety of services, and process agricultural products, as well as trading and processing companies that purchase goods from farmers and peasants at wholesale prices, are in short supply in the regions and frequently have a monopoly position. As a result, producers of agricultural goods are forced to pay high prices for material and technical resources as well as services, as well as to sell their products at low prices to processing companies and organizations that handle wholesale trade. it will As a result, there is a "big disparity" between the costs of agricultural goods and those of the material, technical, and other services used in the network.

Conclusion

Therefore, it is objectively necessary for the state to control and support the agrarian and food markets through a variety of means, procedures, and levers. This is due to the aforementioned and other agricultural variables. Obviously, when considering the regulation of the agricultural sector, what comes to mind is not the state directly interfering in agricultural production, but rather the state having a direct or indirect impact on the actions of commodity producers via a variety of mechanisms and levers. It should not be forgotten that holding it has been discussed.

References:

1. Campbell R. McConnel, Stanley L. Brue, Sean M. Flynn. Microeconomics: Principles, Problems and Policies. -19th ed. – New York. The McGraw-Hill Companies, Inc., 2015. P. 604.
2. Pindyck, Robert S. Microeconomics. – Copyright 2013, Macmillan Publishing Company, a division of Macmillan, Inc.
3. Аддреу ас-Колелл и др. икроэкономическая теория. Учебник. – .: Дело и Сервис, 2016. - 630 стр. 4. Таранухa .В. икроэкономика. Учебник. – .: Дело и Сервис, 2011. - 580 стр.
4. Salimov B.T., Muxitdinova U.S., Mustafakulov Sh.I., Salimov B.B. Mikroiqtisodiyot. Darslik. – T.: TDIU, 2005. - 230 b.
5. Salimov B.T., Mustafakulov Sh.I., Yuldashev G‘.T., Sultanov B.T. Mikroiqtisodiyot. Masalalar to‘plami. –T.: TDIU, 2018. - 210 b.
6. Ғуломов С.С., Алимов Р.Х., Салимов Б.Т., Ходиев Б. ., Ишназаров.А.И. икроиқтисодиёт. Дарслик – Т.: ―ШАРҚ‖ нашриёти, 2001. - 320 б.