

SCTMG 2020**International Scientific Conference «Social and Cultural Transformations in the
Context of Modern Globalism»****REGION'S RESOURCE POTENTIAL ROLE IN THE
DEVELOPMENT OF THE COUNTRY'S AGRICULTURAL
SECTOR**

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Abstract

The paper is devoted to the study of the resource potential of agricultural production of the region. At present, the availability of a variety of natural resources in the region does not mean that stable and key economic “growth points” around natural factors will be activated in a short time. It is necessary to develop organizational and financial mechanisms of using these opportunities. In this regard, the task of regional management is to structure the system of resource potential management (within the framework of a planned scheme of implementation and in reasonable calculated proportions of participation) and to include this organizational and economic mechanism in the system of strategic development planning of the North Caucasus region and entities of the North Caucasian Federal District and the agricultural complex of the region's economy. The paper considers the problems of study of the state of resource potential, presents the methodology of the study based on a systematic approach. The development of the resource potential of the economy requires a shift from one-sided and local approaches to an adaptive and systemic paradigm that utilizes development tools, methods and mechanisms shaped according to the hierarchical structure of the resource potential. The use of mechanisms of multi-dimensional statistical analysis based on sound indicative indicators made it possible to identify the groups of territories with different levels of resource capacity. The main phases and stages allow formalizing this problem at various levels, thus facilitating strategic planning and management of resource capacity.

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Keywords: Resource potential, region, agricultural sector, infrastructure, economy.



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1. Introduction

The relevance of the topic is caused by the fact that the modern development conditions of the North Caucasus region and the entities of the North Caucasian Federal District are characterized by the economic growth ramp-up, which allows setting and solving global tasks, where the development of the agri-food sector, a key sector of the regional economy, which products are intended to meet the food needs of the society and to realize the food security of the country, plays a key role (Nuraliev, 2003).

The agricultural resource potential is considered as a complex system, which elements are its reproductive components: natural, labor, financial, entrepreneurial, information, material and technical, technological, institutional, innovative potential (Mammaev, 2010). Mutual relations between them are determined by social, economic, political, infrastructure and other factors that contribute to functioning and development of the agricultural sector of the regional economy. The resource potential of the region's agricultural production is the volume of resources of the region, which can potentially be involved in the process of agro-industrial production (Mazloev & Ktsoev, 2014).

Figure 1 shows the factors influencing the resource potential of agricultural production (Figure 01).

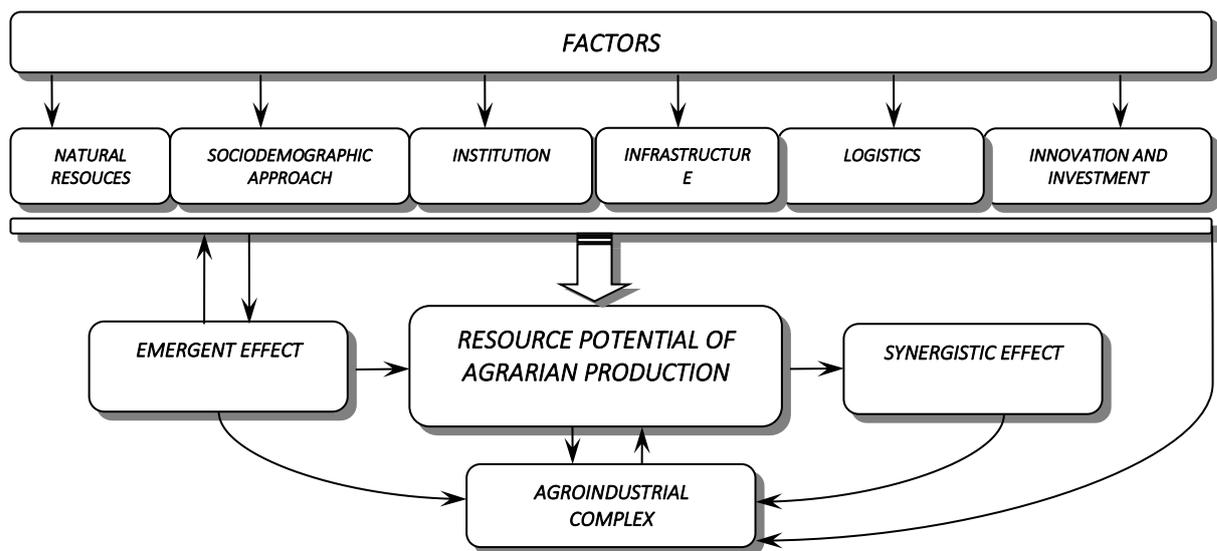


Figure 01. Factors affecting the resource potential of agricultural production

2. Problem Statement

The reconstruction and development of the resource potential of the agro-industrial sector of the regional economy is one of the key areas of economic policy of the Chechen Republic. Lack of new technologies, modern equipment, financial resources, lack of an effective mechanism of state regulation make the process of reforming the agrarian sector of the Chechen Republic quite complicated (Israilov, 2009).

In the context of the above, we consider it advisable to carry out a comprehensive analysis of the relative level of resource potential of agricultural production of the region from two perspectives: its subsystems – North Caucasian Federal District and its subsystems – the Chechen Republic. In our

opinion, the emergent (systemically important) effect within the framework of the agricultural resource potential at the level of the state, region, municipality, enterprise is manifested in three main aspects. The first is its factor-forming influence by creating an appropriate enabling environment (external and internal) in the context of socio-political, financial, environmental and other components. The second aspect is resource-forming when the process of formation of not all factors of agricultural production is manageable, for example natural-resource factor. The third aspect is the process of direct implementation of the resource potential. It shall be noted that the structure and scale of agricultural production sets the parameters of resource potential, which, in turn, determines its producibility. The implementation of resource potential leads to the synergistic effect (Lipina, 2007).

At present, the methodological issues of targeted emergent effect in agricultural production are not sufficiently studied, therefore there is a need to identify the characteristics of emergent resource potential of agricultural production, which is most active both in the processes of its reproduction and in its active use in agricultural production.

A number of scientific studies consider the resource potential of agricultural production as a fundamental component of the economic development of agrarian territories, containing a natural component. The same works explore the reproductive aspects of the demographic component of resource potential, considered as a system object.

The analysis of the resource potential of agricultural production of the region is aimed at factors that determine the efficiency of its use. In this regard, we identified the main patterns of using the resource potential of agricultural production:

1. Increasing the efficiency of using resources that form the resource potential of the region in the process of agro-industrial production.
2. Increasing the share of high-quality resources in the structure of utilized resources of agricultural production of the region.
3. Optimizing the structure of utilized resources towards the increase of such types of resources as innovation, information, knowledge.

3. Research Questions

The subject of this study is the processes of resource potential management in the region (its development and effective use) on the example of the agricultural sector of the region's economy.

4. Purpose of the Study

The purpose of the study is to develop an organizational mechanism to manage the development of the resource potential of the agricultural sector of the economy by improving the methodological approaches to its formation and implementation in the context of regional resource management (Vorobyev, 2006).

In accordance with the purpose of the study, the objectives are as follows: to study the category "resource potential" from the point of view of determining the functional place of resource potential in the system of capacities of the regional economy and to clarify the content of the organizational and

economic mechanism to manage the development of resource potential in the region; to identify key factors and priority tools to influence the level of resource potential in the process of generalizing and deepening the theory and methodology of the the mechanism for resource potential management at the mesoscale (in relation to the specificity of the agricultural sector of the region's economy).

5. Research Methods

The following methods were used to achieve the objective and substantiate the hypothesis: a set of private criteria with an expert assessment of the obtained results; construction of an integral indicator on the basis of a set of private criteria.

6. Findings

The agri-food market is characterized by significant features that distinguish it from other commodity markets. The specificity of agricultural production does not allow agricultural producers immediately responding to fluctuations in demand, promptly increasing or reducing the production of goods.

The supply of agricultural products varies by year, while the production is subject to significant weather conditions. Demand and supply have weak elasticity compared to food prices.

Food products are specific, they are the most important life necessity and the basis of life sustenance. The key function of the agri-food market is to provide food to the population, which is related to the solution of problems of national food security, starting from the level of regions.

The agricultural enterprises of the Chechen Republic play a significant role in providing food to the population. Agricultural production in the structure of GRP reaches 10 %.

The agro-industrial complex of the Chechen Republic accounts for 8 % of the output of the entire regional economy, 8 % of the added value produced in the region, 4 % of investments, 1 % of tax payments, 18 % of the average annual employment.

The main financial and economic indicators for the agro-industrial complex are presented in Table 01.

Table 01. Main financial and economic indicators of agro-industrial complexes of the Chechen Republic

Indicators	Year						2018 by 2005 in %
	2005	2014	2015	2016	2017	2018	
Agricultural products in farms of all categories; in actual effective prices; mln rub.	4552	10993	12897	13605	14706	15250	335
Main financial indicators, balanced financial result (profit minus loss) 1), mln rub. (crop production)	–	–235	–130	–227	–123	–95	–
Main financial indicators, balanced financial result (profit minus loss) 1), mln rub. (animal husbandry)		–4	–14	–23	–23	1	–
Profitability of sold goods, products (works, services), interest (crop production)		–29.2	–21.4	–21.2	–17.4	–20.9	–

Profitability of sold goods, products (works, services), interest (crop production) (animal husbandry)	–	–15.8	–17.0	–23.3	–20.7	–6.2	–
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Source: compiled by the author according to Rosstat (<http://gks.ru>)

Crop production is dominated by cereals and legumes, and there is an increase of technical crops, potatoes and vegetables. Livestock is based on the breeding of cattle, sheep and goats.

Gross agricultural production in farms of all categories amounted to 15250 million rubles. This indicator increased by 3.35 (State Program, 2014–2020).

The main actors of the agricultural market providing supply of agricultural goods are the producers of agricultural products – agricultural organizations, farms of the population, peasant farms.

Table 02 shows the structure of production of the main agricultural products by farm category.

The dynamics of agricultural supply shows that the main producers of sunflower grain and seeds are agricultural enterprises. As for potatoes, vegetables and livestock products, the leading producers are the farms of the population. The share of peasant farms is significant only in the market of sunflower grains and seeds.

In 2005–2018 crop production has been growing significantly. The increase in crop area (Table 03), as well as the application of mineral fertilizers played a certain role in this growth.

Table 02. Structure of production of the main agricultural products by farm category

Nature of household	Grain (in weight after processing)						
	2005	2014	2015	2016	2017	2018	2018 by 2005 in %
Agricultural organizations	72.4	71.8	74.3	65.0	70.6	66.4	91
Farms of the population	4.3	4.7	3.3	6.3	3.1	3.7	86
Peasant farms	23.3	23.4	22.4	28.7	26.3	29.8	128
	Sunflower seeds						
Nature of household	2005	2014	2015	2016	2017	2018	2018 by 2005 in %
Agricultural organizations	77.8	78.2	71.6	84.9	72.6	71.2	91
Farms of the population	5.8	0.6	0.4	0.3	0.2	0.2	3
Peasant farms	16.4	21.3	28.0	14.9	27.3	28.6	174
	Potato						
Nature of household	2005	2014	2015	2016	2017	2018	2018 by 2005 in %
Agricultural organizations	0.1	1.8	1.0	8.7	20.1	18.0	180
Farms of the population	99.4	97.7	97.3	90.5	79.1	82.0	82
Peasant farms	0.4	0.6	1.7	0.7	0.8		-
	Vegetables						
Nature of household	2005	2014	2015	2016	2017	2018	2018 by 2005 in %
Agricultural organizations	2.0	1.1	2.8	3.8	7.2	6.5	325
Farms of the population	96.3	94.4	94.8	94.7	88.7	91.7	95
Peasant farms	1.7	4.6	2.5	1.5	4.0	1.9	112
	Butcher stock (carcass weight)						
Nature of household	2005	2014	2015	2016	2017	2018	2018 by

							2005 in %
Agricultural organizations	0.9	3.0	3.3	4.6	5.8	4.8	533
Farms of the population	97.9	95.5	95.1	93.7	91.8	90.6	93
Peasant farms	1.2	1.5	1.6	1.8	2.4	4.6	383
Nature of household	Milk						
	2005	2014	2015	2016	2017	2018	2018 by 2005 in %
Agricultural organizations	0.2	0.3	0.3	0.5	0.9	0.7	350
Farms of the population	98.6	97.5	97.5	97.2	96.4	95.9	97
Peasant farms	1.2	2.2	2.2	2.5	2.7	3.4	283

Source: compiled by the author according to Rosstat (<http://gks.ru>)

Table 03. Production volumes of the main types of crops in farms of all categories of the Chechen Republic, thousand tons

Crops	Year						2018 by 2005 in %
	2005	2014	2015	2016	2017	2018	%
Grain (in weight after processing)	116.0	125.5	185.0	91.9	193.9	159.5	138
Sugar beet	5.6	39.9	32.8	23.9	77.0	48.2	860
Sunflower seeds	0.5	5.4	6.5	2.7	5.0	3.9	780
Potato	19.7	21.8	22.2	24.0	31.5	32.0	162
Vegetables	21.7	26.0	26.9	27.6	33.8	36.5	168

Source: compiled by the author according to Rosstat

In 2014 as a result of increased crop acreage and favorable weather conditions, the sunflower production increased significantly – 8 times compared to 2005.

The share of the region’s households in gross potato production is the highest (Table 03). In fact, the whole potato crop is grown in farmlands and country plots.

The farms also provide the population of the republic with vegetables. The structure of potato and vegetable production faced the reduction of the share of households of the population during the study period, while the share of production of these types of agricultural products increased. But in absolute terms, the supply of potatoes and vegetables is growing over the years under consideration. The growth made about 70 %.

The analysis made by the authors, as well as individual studies made it possible to highlight the disadvantages in the state support to domestic agricultural producers: closed nature of the support system, uncertainty of the methodology to define the need for support of the region or the producer; less budget support than economically developed countries; allocation of funds mainly to large entities; funding without taking into account the cost-effectiveness of funds use; stimulation of production growth without stimulating competitiveness enhancement; insufficient use of all possible methods of agricultural subsidies within the framework of the State Program for Agricultural Development and Regulation of Agricultural Products, Raw Materials and Food Markets for 2019–2020; lack of systematic measures of budgetary support, links of the unified agri-food chain; funding based on budget balances; lack of awareness among agricultural producers of the expected amounts of state support; more support for leading regions resulting in distortions of pricing and trading principles (Idigova et al., 2016; Idigova et al., 2017).

7. Conclusion

According to the authors, the imperatives of increasing the competitiveness of the agri-food market in the Chechen Republic include the creation of conditions for the provision of basic food to the population through effective market mechanism; development of measures on integrational interaction of territories, which are adequate to the objectives of the policy on the development of regional agro-industrial complex. The implementation of this objective is possible on the basis of organizational and economic conditions that improve placement and specialization of agricultural production ensuring the use of natural and resource potential of the region; formation of a highly efficient food market in the republic on the basis of scientific and sound regulation of the market for agricultural raw materials and food, as well as interregional food exchange.

The study classifies the regional agri-food market with a view to identify its competitiveness within the entity-district-federation format; to define the ways to enhance diversification and interdependence of the main elements of the agrarian system in the Chechen Republic. The proposed typology of the agri-food market of the republic will make it possible to increase the efficiency of development of the regional agro-industrial complex when considering management impacts and developing an organizational and economic mechanism for its regulation.

The general conclusion is that the resource potential of the region's agricultural production is the accumulation and integration of resource flows in the region in accordance with the concept of regional economic policy. The network of resource flows is becoming more complex and significantly changes the implementation of converging factors, which can be characterized by monitoring the movement of resources in the region between the links of the agro-industrial production system and specific subjects of resource relations.

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