

**A mechanism for the realization of the social-economic functions of agricultural cooperation in Perm Krai**

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**Abstract.** This article examines the theoretical fundamentals of defining agricultural cooperation. The author has identified the reasons impeding the development of agricultural cooperation, classified agricultural cooperatives by type, kind, and form, ordered functions by focus area and entity, expanded the social-economic functions of agricultural cooperation, which help realize a specific goal and attain specific objectives, and worked out a mechanism for the realization of social-economic functions, which contains special government support measures facilitating the creation of conditions for every holding.

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**Keywords:** agricultural cooperation, social-economic functions, realization mechanism

**Introduction**

The agro-industrial complex is one of the fundamental sectors of the Russian economy [1]. Agricultural cooperation is crucial to the social-economic development of the RF [2]. Agricultural cooperation is capable of resolving a number of economic issues, such as the sale of agricultural output, as well as a number of social issues, such as resolving the issue of employment, increasing the rural population's income, and improving its quality of life. The government's job is to facilitate the process of cooperation [3].

**Methods**

Obtained information was processed using systemic and factor analysis methods, the economic-statistical, abstract-logical, computational-prognostic, and balance methods, as well as the method of comparisons and groupings.

At present, the functions of agricultural cooperation have been defined quite sharply, yet there are a number of issues impeding the development of:

## 1) social functions:

- the absence of guarantees for purchasing original goods and surpluses of agricultural output from the population due to unfavorable conditions in conducting agrarian production (a huge disparity of prices for agricultural output and means of production for agriculture);

- the low additional income of the rural population is associated with the insufficient development of mechanisms for the realization of social functions (the considerable territorial dispersion of peasant (farm) holdings (P(F)H), their differentiation, a decrease in the output of subsidiary household plots (SHP), many farmers' inflated

confidence of one's successful independent entry in the food and resource markets);

- low employment and job creation rates in the countryside due to Russia's want of a system of cooperative education and a widespread network of information-consultation agencies and lack of qualified human resources capable of facilitating the development of agricultural cooperatives and working in them;

- the rural population having poor access to loans due to being insufficiently informed of the potential of credit cooperation;

- the impossibility of using to the fullest government support for agriculture due to the poor development of social institutes [4].

## 2) economic functions:

- the poor development of the material-technical base of the market infrastructure of the agro-industrial complex does not let one use to the fullest information technology which can impact the development agricultural production;

- the countryside's low volumes of producing, processing, storing, and getting the product to the buyer through agricultural cooperation due to the precipitous liberalization of the external trade of joint-stock companies, which specialize in transporting, storing, processing, and selling imported agricultural products and are now subjugating Russian agricultural producers as a raw-material appendage rather than partners;

- a low volume of providing transport and other services on concessional terms on account of the population's mentality (the rural population's lack of knowledge of cooperation, lack of skills in economic self-government, and psychological unpreparedness for independent cooperation and forging partner relations);

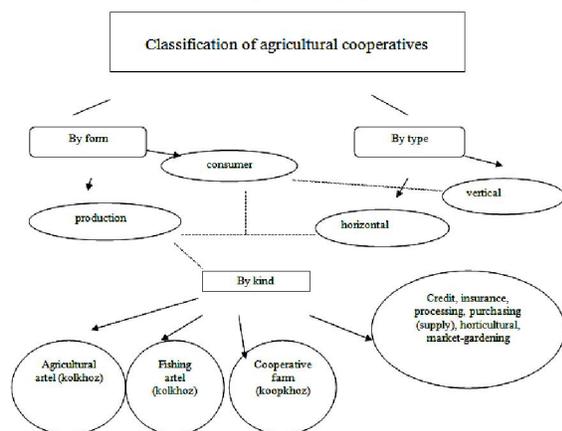
- a decline in budget replenishment due to the imperfect legislative and regulatory-legal

framework in the development of smaller forms of economic activity and cooperative movement;

- the cooperative network getting curtailed due to competition and resistance to the creation of cooperative establishments on the part of joint-stock enterprises in agrobusiness, private entrepreneurs, and intermediaries.

These and other issues cannot be resolved comprehensively, quickly, and effectively using just the existing instruments [5]. Thus, there has ripened the need for working out specific focus areas to deal with the realization of the social-economic functions of agricultural cooperation in rural regions [6]. This is what has been behind our choice of the research topic.

Depending on social-economic functions, agricultural cooperatives can be classified by type (horizontal and vertical), form (production and consumer), and kind (Figure 1) [7].



**Figure 1. A classification of agricultural cooperatives**

An agricultural cooperative is an organization created for the purpose of the realization of social-economic functions for the development of rural regions.

An agricultural production cooperative is an association of citizens whose main objective is production and activity associated with it – the processing and sale of agricultural output with their personal participation in work.

Consumer agricultural cooperatives are associations of citizens and juridical persons servicing agricultural production cooperatives whose main objective is serving the interests of agricultural producers.

Processing cooperatives are agricultural consumer cooperatives whose main objective is processing the agricultural output produced by agricultural producers.

Sales (trade) cooperatives are agricultural consumer cooperatives whose main objective is the

sale, storage, and transportation of the agricultural output produced by agricultural producers.

Servicing cooperatives are agricultural consumer cooperatives whose main objective is the provision of services by agricultural producers: the purchase, sale, and supply of means of production, fertilizers, lime materials, feeding stuffs, petroleum products, equipment, spare parts, pesticides, herbicides, and other chemicals.

Credit cooperatives are agricultural consumer cooperatives whose main objective is the provision of financial sources and accumulation of free monetary funds in investment for agricultural producers and those running subsidiary household plots.

Horticultural, market-gardening, and livestock cooperatives are agricultural consumer cooperatives whose main objective is the production, processing, and sale of the output of subsidiary household plots.

The social-economic functions of agricultural cooperation are ordered by the following focus areas and entities:

1) by focus areas:

-economic: engaging broad strata of the population in economic activity, ensuring the guaranteed purchase of surpluses of the output of the population, providing commodity credits for the population (the dispatch of goods to the population on credit), commodity crediting and servicing social-cultural type budget organizations, transportation and other services provided free of charge and on concessional terms, free or preferential travel warrants or multipacks and gifts;

-political: creating conditions for democracy;

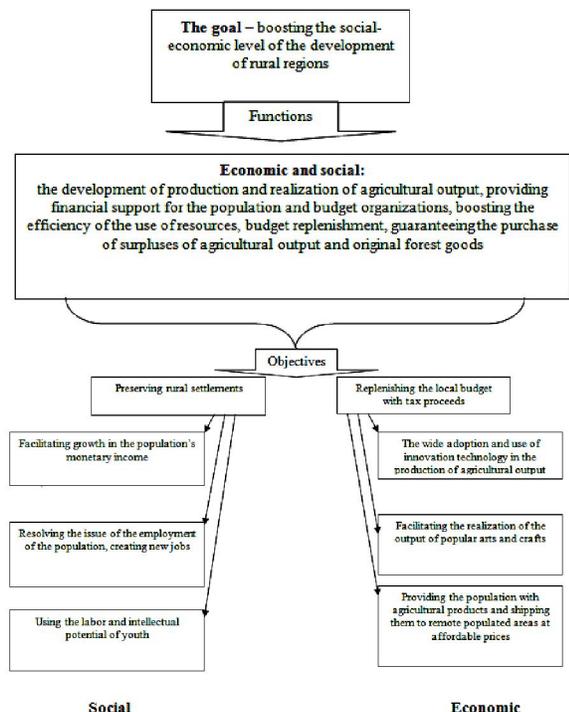
-social: ensuring the employment of the rural population, cooperative and professional learning, outreach activities, combating poverty, facilitating growth in the monetary income of the rural population, and solicitude for the socially disadvantaged: retired, disabled, and incapacitated citizens;

-information: the informedness of employees;

2) by entities:

- for the rural population: ensuring the guaranteed purchase of surpluses of the output of the population, providing commodity credits for the population (the dispatch of goods to the population on credit), commodity crediting and servicing social-cultural type budget organizations, transportation and other services provided free of charge and on concessional terms, free or preferential travel warrants or multipacks and gifts;

- for the authorities: creating conditions for democracy, ensuring the employment of the rural population, cooperative and professional learning, outreach activities, combating poverty, facilitating growth in the monetary income of the rural population, and solicitude for the socially disadvantaged: retired, disabled, and incapacitated citizens;
- for cooperation: the informedness of employees, cooperative and professional learning, outreach activities and engaging broad strata of the population in economic activity [ 8].



**Figure 2. The goal, functions, and objectives of agricultural cooperation**

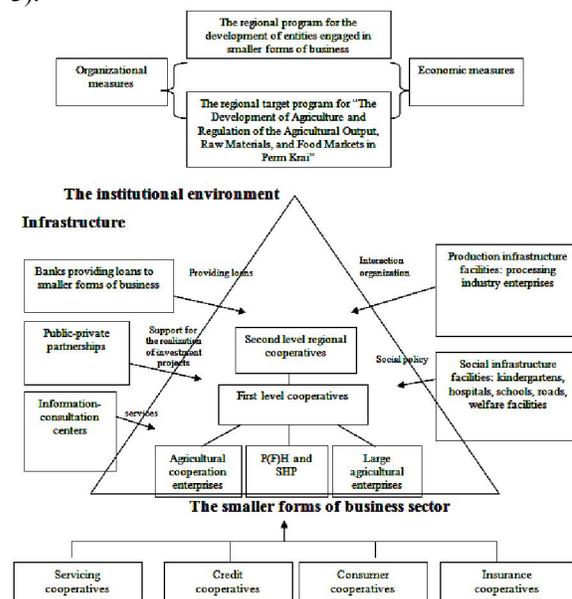
The author has expanded the functions of agricultural cooperation in engaging credit cooperatives.

Here are the functions of agricultural cooperation: guaranteeing the purchase of original goods and surpluses of agricultural output from the population; facilitating growth in additional income for the rural population; developing agricultural production using innovation technology; processing, storing, and getting agricultural output to the buyer in the countryside; providing transportation and other services free of charge or on concessional terms to the rural population; ensuring the region's budget replenishment; providing support for the employment of the population and creating new jobs in the countryside; expanding access to loans for the rural population; expanding the cooperative network and

boosting competitiveness; ensuring the boosting of the efficiency of the use of available resources and boosting the quality of products.

The social-economic functions of agricultural cooperation help realize a specific goal and attain specific objectives, which are provided in Figure 2.

The developed mechanism for the realization of the social-economic functions of agricultural cooperation contains special government support measures, which facilitate the creation of conditions for every holding. These measures are aimed at stimulating growth in production volumes and the realization of agricultural output, including output produced using innovation technology, reducing risks, shoring up human resource potential, and conducting scientific agricultural activity (Figure 3).



**Figure 3. A mechanism for the realization of the social-economic functions of agricultural cooperation in the countryside in present-day conditions**

**Integrator companies**

Figure 3. A mechanism for the realization of the social-economic functions of agricultural cooperation in the countryside in present-day conditions

Summing up, we would like to note that regional measures for the support of agricultural cooperatives come down to five major focus areas:

- shoring up the material-technical base of agricultural cooperatives (subsidizing the purchase of machinery and equipment), their organizational outfitting and consultational servicing;
- encouraging the training and professional development of specialists in agricultural

cooperatives, their participation in seminars, courses, conferences; releasing regulatory and legal literature and providing other information support for cooperatives;

- providing subventions for agricultural credit cooperatives to replenish the financial mutual aid fund with a view to providing cooperative members with loans;

- ensuring loan support and providing guarantees on credits and loans for agricultural consumer cooperatives in credit organizations and agricultural credit cooperatives;

- providing on a non-repayable basis or for acquiring land resources not used by agricultural organizations production and engineering facilities, machines, and equipment [ 9].

Pursuant to the procedure currently in effect, credit cooperatives must provide loans only to smaller entrepreneurial entities which are not citizens running subsidiary household plots. Therefore, it appears expedient to institute the support measure through the Ministry of Agriculture of the Russian Federation.

It is also expedient to effect support for the replenishment of the operating funds of agricultural consumer cooperatives. This can be resolved through providing subsidies for the formation of funds for the financial mutual support of credit cooperatives, which are contributed by cooperative members.

Besides, it is advisable to provide in the State Program for the associate membership of the Russian Agricultural Bank in first- and second level agricultural credit cooperatives.

For the support of processing and supply-sale cooperatives, it is advisable to include in the State Program activities related to subsidizing up to 50% of investment in the formation and expansion of the material-technical base of processing and supply-sale cooperatives. It is expedient to allocate subsidies in equal portions from the federal budget and the budgets of the RF constituents and grant them on the basis of competitive bidding [ 10].

In conclusion, it should be noted that by providing support for agricultural cooperation the government can resolve as many as several issues.

Firstly, smaller producers get a guaranteed channel for the sale of their agricultural output and acquisition of resources needed for development.

Secondly, granting subsidies and subventions to producer cooperatives impacts the development of the market's infrastructure, which

can be used by all smaller forms in the agro-industrial complex.

Thirdly, one can resolve issues in not only the improvement of the efficiency of agriculture but preservation and development of rural regions. In conjunction with this, the potential role of bolstering the system of agricultural cooperation is quite high at the present time.

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