

Economic Content-Essence of The Local Food Market in The Region

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Abstract. In the article, the economic content of the local food market is disclosed. Parallel developments in academia and the activities of government and non-government organizations have led to a fusion of theory and practice under an umbrella of local food.

Keywords: Local, regional, food, product, market, organic, market.

1. INTRODUCTION

At the current stage of the development of market relations, there is an awareness of the need for systematic economic changes at all levels of management. The interest of the state authorities and management bodies, the scientific community, mass media in the economy of the regions is related to the increasing influence of the regions on the country's economy, the importance of the market potential of the regions.

2. LITERATURE REVIEW

Analysis of the opinions of scientists presented in the economic literature allows us to conclude that there are several approaches to justifying the economic nature of the market. The complexity and versatility of this economic category is expressed by various definitions and interpretations of the market and its participants, including institutional, object and process.

3. ANALYSIS AND RESULTS

K.R. McConnell, S.L. Bru defines the market as an institution or mechanism that brings together buyers (demanders) and sellers (suppliers) of specific goods, services or resources [7].

S. Fisher, R. Dornbusch, R. Schmalenzi defines a market as a set of arrangements in which sellers and buyers of goods and services interact to buy and sell those goods or services [1].

Austrian economist F. Haek defines the market as a complex transmission device that allows the most complete and efficient use of information distributed among countless individual agents [5]. This feature highlights the importance of the information component for agents, which increases choice and efficiency.

L.I. Abalkin offers two interpretations of the market: "a set of conditions under which buyers and sellers of a product (service) interact with each other to buy or sell this product" and "an abstract or real space." what is the demand and supply for this or that benefit and the way it interacts" [2].

R.M. From the point of view of the institutional approach, Nureev gives the following definition of the market: a system of relations in which the bonds of buyers and sellers are so loose that the prices of the same commodity tend to quickly equalize. A market is a meeting place for sellers and buyers; an exchange is made between them at an agreed price [8].

According to German scientists H. Seidel and R. Temmen, the market is an economic process that leads to price formation through supply and demand [6].

In the above definitions, the owners and buyers of the goods presenting the demand, the relationship between them and the terms of the mutual relations of both parties come to the fore.

According to the author, the market is the basis for the exchange of resources and results of economic activity between all institutional units: households, economic entities and the state.

One of the first attempts at a scientific definition of the market was spatially localized. A. Cournot found that the market is not a trading area, but any area where the interaction of sellers and buyers leads to equalization of prices. In this approach, it is possible to indicate the territory (region) and boundaries of the interaction of sellers and buyers [7].

V. Jevons and A. Marshall, on the contrary, abstracted from territorial certainty and believed that the existence of a single price for goods is the main principle of the market [8].

However, it is necessary to recognize the regional nature of the market, considering that the market price for certain goods and services offered in a certain area is absolutely certain.

There are several interpretations of the concept of "region", one of which is the regional representation of the region as a complex dynamic system that includes subsystems and elements of different economic nature.

From an analytical point of view, in the definition of I.K. Belyaevsky, region - a territorial socio-economic unit united / divided according to physical-geographical, socio-economic, demographic, cultural-historical and administrative conditions and features [3].

According to the definition of A.S. According to Novoselov, the regional market is a territorial organization of the sphere of circulation in which the economic interests of producers and consumers are coordinated [8].

A.G. Granberg understands the regional market as "a separate regional market that differs from each other in terms of location, types of goods offered in them, prices, conjuncture, demand and supply of goods" (55). the main categories of the market. The introduction of the conjuncture category by the author emphasizes the variability of the economic situation in the market during the interaction of sellers and buyers, as a result of which prices are formed under certain conditions.

Demand for food is the amount of food that consumers are willing to buy at a given price. The main factors affecting the demand are: the price of food products and their quality, the monetary income of the population, the number of buyers, substitute products, the wishes and expectations of consumers.

Food supply represents the volume of food entering the market. The value of the offer depends on the following factors: the price of the product unit, the need for the product, the level of competition.

The equilibrium price of food is the price at which the demand for food equals the supply of food.

Competition is the main regulatory force of market commodity production, a form of economic struggle to maximize the personal interests of sellers and buyers of goods in the market [67]. With limited demand, the realization of the interests of some sellers leads to the violation of the interests of others.

According to Engel's economic law, with the increase in the income of the population, food costs increase to a lesser extent and are characterized by an increase in saturation, spending on durable goods, travel or savings income.

Market capacity is the possible volume of sales of goods in the domestic market, determined by the volume of effective consumer demand at a certain price level [4].

In economic space, the market has product and geographic boundaries. According to the order of the Federal Antimonopoly Service of Russia dated April 28, 2010 No. 220 "On approval of the procedure for the analysis of the situation of competition in the goods market", if the price of goods delivered from any territory (from sellers located in any territory) the buyer (buyers) of the goods in question more than 10 percent of the average average price of goods available in the predefined geographical boundaries of the market, such areas (sellers) should belong to other commodity markets [10].

English economist Joan Robinson defines the product boundaries of the market as follows: the market includes a homogeneous good and its substitutes until a sharp break in the chain of substitutes is found. The degree of substitution (substitution) is characterized by the index of price elasticity of demand. As soon as the cross-elasticity decreases below a certain predetermined value, it is possible to talk about a break in the chain of substitute products and, therefore, a market boundary [2].

There are barriers for newcomers to the province's food market. According to E.V. However, the following obstacles can be distinguished: absolute cost advantage, economies of scale, the level of capital costs necessary for effective market entry, product differentiation - significant advertising and packaging costs, strategic behavior of firms operating in the market. preventing the entry of potential competitors [10]. This definition refers to economic barriers. There are also administrative barriers to market entry.

Elasticity is defined as the ability of one variable to respond to changes in another . Price has elasticity of demand, income, cross-elasticity; price elasticity of supply is manifested in conditions of shortage of goods in the market.

Substitute goods are a group of goods whose price changes in the opposite direction with the demand for another similar product according to consumption characteristics. It should be noted that there are additional goods that are not consumed independently, but only with the main product.

Food market is one of the types of consumer market. The concept of the food market is broader than the concept of the market of agricultural products, and the food market includes finished products made from both agricultural and non-agricultural products (fishery products), wild plants and other natural gifts.

S.U. Nuraliev defines the food market as a system of economic relations in the field of production, transportation, storage and sale of food products. E.N. Kiseleva, O.V. Vlasova, E.B. Connova provides the food market with the rational formation and distribution of food products, the provision of resources for primary and secondary processing, the interaction of producers and consumers in setting the volume and composition of production, as well as an integral dynamic system of food production and storage. defines as required quality and price of products. These authors identify the following types of food markets.

- a) the market of raw food products typical of flour and cereals, sugar and a number of other industries. It is characterized by the relative uniformity and standardization of products, and the sale of goods in large quantities.
- b) highly processed food market. Products sold in this market group belong to a heterogeneous, highly differentiated category. These are tobacco and confectionery products, canned goods, and a wide range of ready-made products. The barriers to entry in such a market are very high and related to product recognition.
- c) a market of relatively homogeneous products with a low level of processing (semi-finished meat products and fresh meat, milk, fresh fruits and vegetables, etc.). Market entry for this group of goods is relatively free, pricing is carried out on a basis close to the competitive market.
- d) food service market. It includes all types and classes of public catering establishments - from small buffets and restaurants to expensive restaurants. This market is unique and heterogeneous. It can be divided into several subgroups with different levels of service and prices ranging from free market to oligopolistic.

It should be noted that the intensification of competition leads to deeper processing and development of services, which increases the share of added value in the price of goods.

Food products have different shelf lives, which can be divided into perishable and non-perishable [82]. Localized and non-localized goods can be distinguished from the point of view of the shelf life of the goods.

Localized goods include short-term storage goods: meat, milk, fish products, eggs, fatty products, general food products, bakery products, vegetables, fruits. Non-localized products include: canned goods, confectionery and pasta products, sausages, dry mixes, food additives. Currently, the life cycle of products is characterized by a tendency to lengthen. Competition encourages manufacturers to use new technologies in product production, transportation and storage.

N.I. Gantimurov believes that the food market should be considered in statics, the object - as a system of influence, and in dynamics - as a system in the process of development [5].

It is appropriate to use a systematic (institutional-infrastructure) approach as a method of object knowledge in dissertation research. It seems appropriate to use process and project approaches to study the processes of development of the food market in the region and formation of its regulation mechanism.

A.S. Novoselov, A.V. Skorobogach defines the following stages of forming a systematic approach to the study of regional markets [4]:

- a) study the processes of formation of separate regional markets of consumer and industrial goods, as well as separate elements of the regional financial market;
- b) analysis of interactions within regional and interregional commodity and financial flows in regional markets;
- c) study of regional markets within the framework of a single system that considers internal and external relations;
- d) formation of structural-structural and structural-dynamic approaches to the study of regional markets on the basis of the material-financial balance model and interaction matrices between business entities;
- e) formation of a reproduction approach in the study of regional markets;
- f) formation of an institutional-infrastructure approach.

A.V. Skorobogach emphasizes the institutional and infrastructure approach to the study of the regional market, which is based on the definition of the market as an institution and mechanism for the implementation of an expanded reproduction process in the region based on the establishment of effective cooperation between various participants (producers, and consumers of goods and services, infrastructure organizations, regulatory bodies) of this process in the region [1].

L.I. Zinina, T.V. Glukhov defines the regional food market as an integral, territorially isolated system of socio-economic relations for the production, formation, exchange, distribution and consumption of food resources and food products, the activity of which is mainly related to the specific nature of food products, related to the characteristics, regional agro-economic conditions and production factors, as well as aimed at improving production and metabolic processes, inter-regional food relations, ensuring regional socio-economic efficiency and food security [3].

According to HUGHES, A, the regional food market is an integral part of the national economy and works as a relatively independent subsystem. Between it and the general system of the market economy there is a direct and reverse connection and interdependence [2].

Since the relationship between regional and local markets is noted in the economic literature, it is necessary to clarify the content of the concept of the local market. The definition of a local food market refers to the geographic

boundaries within which food is produced, processed, and consumed. We can distinguish the following interpretations of the local market presented in the scientific literature.

a) local market as a system.

L. Lopatnikov defines local systems as specific systems of individual regions, that is, systems with specific criteria, taking into account the implementation of planning and forecasting of their development [4].

G.S. Tsvetkova defines the local market as a specific sub-system that combines the macroeconomic level, meso and micro levels of economic relations within its borders, a "transitional" structure that explains the multi-level nature of local markets [6].

b) local market as part of the regional market.

E.V. Satalkina defines the local market as a part of the regional market, within which a certain product or products of a group of products interconnected with certain characteristics are sold; produced in the territory of a certain region and characterized by the maximum consumer, reflecting its geopolitical situation [5].

In the United States, the concepts of "local food" and "local food system" have been consolidated at the state level.

The term "local food" or local food is defined as food sold within a radius of 400 miles (called "food miles") from the producer or the border of the country where the product is produced. Thus, a local food market is defined as an area with a center and a radius of 400 miles in the form of a food production site [5].

LOCKIE, S. and S. KITTO researched a local food system is a complex network of relationships between actors, including producers, distributors, sellers and buyers located in a particular location [8].

KERBER, W. and N. J. SAAM defines the local market as "a market segment of the national economy that is distinguished by its commodity, functional and other characteristics" [6].

In the research conducted by the Food Marketing Institute in the USA, the main reasons for buying local (local) products were identified: freshness of products (82%), support of the local economy (75%) and awareness of where products were grown (58%) [8]. In the second case, we mean environmental safety of products.

American scientists emphasize the economic, ecological, physiological and social advantages of purchasing local (local) products [9]. In the mid-80s of the 20th century, the concept of Community Supported Agriculture (CSA) appeared in the United States, which means that agriculture is supported by the local community. Many workers quit their jobs and took up farming, supplying fresh vegetables, fruit, poultry and dairy products to the local market [10].

The food market can be classified according to different criteria:

- a) market by product groups: meat, milk, vegetables, fish, etc.;
- b) 6) according to the level of product processing: fresh food market and processed food market;
- c) v) by sales volume and distribution: wholesale, retail;
- d) according to the level of self-sufficiency with food products: mainly imported goods, supply of own needs, export of goods;
- e) on a territorial basis: global, national, regional, local.

The structure includes many interconnected participants, the presence of financial institutions is radically new, which helps to increase market opportunities and at the same time encourages the promotion of their services.

The local food market has its own characteristics. E.V. Satalkina identifies the following characteristics that are specific to the local market, which, in our opinion, can be applied to the local food market: territorial affiliation and limitation, which are closely related to production, product specialization, price level and the mechanism of their formation; market situation, structure of infrastructure, performed functions, supply and demand mechanism, freedom of market entry, structure of market agents, trade methods (forms), market capacity, small links of the distribution channel [10].

Researcher highlights the important role of peri-urban agro-food zones in supplying food to local food markets in cities [11].

The infrastructure of the food market is of great importance.

Some economists give the following definition of market infrastructure: a set of objects of a material, technological, organizational, informational, financial and legal nature that ensure the continuous operation of the market mechanism and the continuity of the reproduction process in the sale of goods and services, based on the prices achieved in the market through effective supply and demand equilibrium [13].

Other researchers offer the following definition of food market infrastructure - the impact on food production, taking into account demand and attention to food distribution by creating conditions for successful and effective promotion of food products. A complex system consisting of a set of interconnected and interacting subsystems, from the producer of the manufactured product to its consumer [12].

The following infrastructure subsystems are distinguished: innovation, professional training, financial and credit services, supply, wholesale and retail and mediation, logistics services, legal regulation of market

participants, information and consulting services [13].

4. CONCLUSIONS

The financial, credit and institutional aspects of infrastructure in local food markets are relatively universal across regions, real physical infrastructure subsystems (staffing, level of automation, material and technical support) is largely determined by the level of socio-economic development of the population.

According to our understanding, the food market of the region is a system of economic relations between market entities for the production, processing, sale and consumption of food products, taking into account localization in the area in the context of an open economy.

In our opinion, local and regional food markets are the same from the point of view of the institutional environment, and the difference between the local market and the regional market from the point of view of infrastructure is the spatial, real territorial connection, and not administrative boundaries.

The local food market is considered within the administrative borders due to the creation of equal conditions for economic entities located in the area (electricity tariffs, taxes, mandatory payments) and the population (food prices, assortment of food products).

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