

The Government control mechanism in the sphere of a agrofood production delivery

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Abstract. The authors revealed main tendencies in the market conditions acceptable for industrial regions based on synthesis of foreign and domestic experience of government control mechanisms in the sphere of agricultural products delivery; proved the system of agricultural products delivery for the state needs in the Perm region; offered the technique of suppliers selection on the basis of preliminary qualification selection; developed the technique of suppliers selection on the basis of the financial analysis and rating assessment of the enterprises.

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Introduction

Nowadays development of agro-industrial complex of the country has unstable character. The reason is that there are many contradictions in the economic mechanism constraining its effective development. The agrarian reform of the end of the XX century has led to a gap between structural divisions in the control and marketing systems in agro-industrial production. Forms and methods of management do not promote effective development of agricultural production and does not correspond to conditions of market relations.

Material and research methodology

Normative legal documents published at federal, regional and municipal levels; statistical data on public purchases in the Perm region; data of the State committee of statistics of the Russian Federation, regional committees of statistics of the Ural and Volga federal districts, Ministry of Agriculture of the Russian Federation, data of the Perm representation of the Ministry of economic development and trade of the Russian Federation, annual reports of agricultural enterprises, agro-industrial complex and food department of the Perm region, Perm Institute of Agriculture of Russian academy of agricultural sciences, technical and economic and financial performance were used as informative base for this article. Works of following

authors are devoted to economic tendencies of agro-industrial sector: T. W. Schultz [1] in 1964, P. B. Hazell, & R.D. Norton [2] in 1986. The work G.E. Battese [3] is devoted to efficiency of agrarian economy. Newer concepts devoted to this aspect, are found in works [4, 5, 6]. Issues of regulation of agro-industrial complex are described in the work of L. Olsen [7]. Issues of regulation of agricultural biotechnology are discussed in the work of C.A. Wozniak & A. McHughen [8] and others [9, 10, 11, 12, 13]. Issues of state regulation are revealed in the work of Y. Li [14]. These works were used as food for reflection when writing this article.

Results and discussion

Theoretical questions of system approach to formation of the control mechanism of agricultural production delivery by government institutions: management organization of the government control mechanism in the sphere of agrofood production delivery was analysed. On the economic content it is one of the most important mechanisms of market economy performance. This mechanism is capable to make essential impact on social and economic development of the country, especially industrial regions.

Commercial functions of suppliers of agricultural products for the state needs are sharply extending in new market conditions. The economic

content of these functions assumes establishment of effective commercial relationship with the state customers, requiring agrofood production, and also with agricultural producers able to carry out agricultural products delivery more quickly and economically.

It was revealed that from the moment of agricultural products delivery system's occurrence the government customer's support agencies were authorized with functions of state delivery organization according to centralized allotment and functions of commercial purchases organization from private agroproducers.

The powerful state influence lever on the economy is the system of state orders, agricultural products delivery, works and services for public use. The state delivery means performance of the various functions by the state focused on increase of centralized controllability, prevention of uncontrollable increase of expenses, cut in the government budget expenditure, management of material streams on condition of compliance to their market relations.

The most important element of the government control system is optimization of government budget expenses. Purchases of goods, works and services for public use are carried out at the expense of the budget. The modern state is the largest consumer, and considerable sums of taxpayers' means are annually spent for its needs.

The world practice developed the organization system of the state delivery of production, works and services, providing reduction of budget funds due to creation of this system on the basis of the principles of publicity, openness, competitiveness, profitability and the accountability. Such system is called procurement.

Under competition the buyer can find the agricultural products supplier with minimum prices for offered goods and other acceptable conditions (additional requirements to quality of agricultural products, delivery time, forms and terms of payments etc.). All procedures within procurement are directed on search of such contractor. Therefore, procurement can be defined as a set of practical methods and approaches allowing protecting a buyer's interests in buy campaign as much as possible.

Competitive (tender) selection represents the most perspective form of agricultural products purchase as this mechanism in the greatest measure corresponds to the economic system of free market and provides financial optimization.

The state agricultural products delivery system has to have its own infrastructure: the operating centre, tender committees, databases, arbitration etc.

Social and economic and legal basis for formation of the control mechanism in the agricultural products delivery system in the Perm region: issues of status and development of the production subsystem are analysed in dynamics in the article. The analysis of resource potential is conducted, the reasons of insufficient organization of competitive agricultural products purchases in the region are revealed. Problems of legal framework of agricultural products delivery for the state needs are defined.

The current economic status of agricultural production in the Perm region is typical for Russian economy at large. It is characterized by high inflation rates, proceeding output gap, loss of traditional sales markets, instability of economic communications, constant deficiency of raw materials, fuel and energy resources, accruing destruction of the created scientific and technical potential, difficult financial situation of the majority of enterprises, numerous and long production stops and enterprises at large, the accruing structural unemployment, mutual insolvency of enterprises.

In the context of market economy the level of development and efficiency of agro-industrial complex substantially depends on the general economic situation in the country at large and in the region, particularly, and on the level of purchasing power of the population in the region.

Basic directions on creation of the control mechanism of the state delivery regional system in the Perm region: the authors developed a method of agricultural products suppliers selection, considering reliability of prospective delivery and costs of its performance; open competition is defined as a preferable form of agricultural products delivery orders placement; the authors offered the scheme of consecutive optimization of purchase-delivery that is more preferable option of task assignment; they cover methodological basics of organization and execution of regional purchases; they offer the program of marketing activity for increasing of agromarket; they offer input and output parameters influencing economic efficiency of production purchase in domestic market; they developed the optimization problem of clustering (class assignment), its solution assumes certain stages.

Improvement of food supply of the population in the Perm region can be provided only on the basis of the complex solution of production efficiency increasing, storage, processing and agricultural products sale problems after taking concrete measures for development of agro-industrial complex of the region.

Basis of effective processing industry activity is development of its material resources,

implementation of advanced technologies with full use of secondary raw materials; and increase in manufacturing products with increased nutrition and biological value, expansion of semi-finished products

manufacture. For improvement of production sale in the agromarket the authors offer the program of marketing activity (table 1).

Table 1. Main marketing directions in the agromarket of the Perm region

Problems	Ways to solve the problem
1. Small role of producers in determination of price and quality of agricultural products	Using direct marketing, reduction of intermediaries in cattle and bird sale. Creation of integration structures of vertical type
2. Low level of market information for the population	Expansion of consumer cooperation, creation of the obtaining information system and tracking the markets – terminals.
3. There is no information on the production quality assessment system and consumers' requests for production	Using modern methods of production quality assessment. Improvement of the standardization and sorting system towards agricultural products differentiation on its usefulness.
4. There is not enough agricultural products markets for effective competition	Increasing agricultural products manufacture volumes will allow increasing number of the markets.
5. Monopolism of processing	Government control, grants to rural producers. Integration and cooperation, monopoly restriction through creation of agro-industrial firms. Development of own processing by large agricultural producers.

Basis of economic relations in the market of agricultural production, raw materials and food is market (negotiated) prices developing under the influence of solvent supply and demand. In this context economic regulation of agrarian markets allows to reduce influence of modern economic negative factors on agricultural production.

Table 2. The principles of the contracting process in the context of agricultural products delivery in the Perm region

№ Principles	Meaning
1. Following laws, rules and instructions	Adherence
2. Transparency	Availability of information, obligation to publish regulations, notices on the forthcoming agricultural products delivery for public use
3. Following an established order of purchases performance	Accountability, availability to the government and public control
4. Contracts on the competitive basis, open competition	Validity of agricultural products prices
5. Providing equal opportunities of obtaining the state orders for all firms	Fair attitude towards suppliers at qualification selection
6. Contracts only with responsible contractors	Existence of necessary resources, ensuring the corresponding quality, timeliness delivery
7. Compliance of the contract type with concrete agricultural products delivery	Term of the contract, risk degree, proper implementation of the contract
8. Responsibility delegation to the lower authority	It is necessary at contract registration
9. Use of the agricultural products delivery program across all territory of the Perm region	Solution of various social and economic problems

The authors offer the following for realization of these opportunities:

1. To adopt the law on competitive deliveries for public use in the new edition, having distributed it to all orders performed on budget funds of the expanded government, and also public sector enterprises. To provide obligation of the open competitive auction for delivery over a certain cost.

2. To implement the procedures of competitive auction providing their transparency and availability. To promote their organization with specialized private companies not to increase number of officials.

3. To provide public informing of potential bidders. The buying organizations often ignore requirements of the law about obligatory publication

of the auction data in specially created "Competitive Auction" edition.

4. To create the effective monitoring system to control the competitive auction to minimize cases of the abuses which are inevitably arising in this sphere.

The most important control instrument for public agricultural products purchases is the organizational and distribution system of contracts. Its main objective is minimization of transactional expenses, simplification of selection of main performers of the government orders, capable to perform them within the terms, demanded quality and price acceptable for the customer. The system of contracts is organized by means of the competitive mechanisms, urged to create incentives for the maximum decrease in the expenses and the offered

prices of agricultural products by each of potential performers. We recommend basing the process of contracting on several fundamental principles specified in table 2.

Conclusion

It was revealed that from the moment of agricultural products delivery system's occurrence the government customer's support agencies were authorized with functions of state delivery organization according to centralized allotment and functions of commercial purchases organization from private agroproducers.

The powerful state influence lever on the economy is the system of state orders, agricultural products delivery, works and services for public use. The state delivery means performance of the various functions by the state focused on increase of centralized controllability, prevention of uncontrollable increase of expenses, cut in the government budget expenditure, management of material streams on condition of compliance to their market relations.

The consumers initiating demand, and also the agroproducers using local economic resources, are territorially classified in concrete economic and industrial regions where there is an interaction between customers and contractors - agricultural enterprises, farmers focused on performance of the state order. Thus, the most important stage of public purchase management is selection of a way of purchases, for example, the open competitive auction.

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