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**THE ROLE OF EFFICIENT USE OF FINANCIAL
RESOURCES IN AGRICULTURE IN RISK REDUCTION**

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Applicant: **Ismayılov Hikmat Nasir**

ABSTRACT

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The dissertation work was carried out at Azerbaijan State Agricultural University.

Scientific supervisor: doctor of economic sciences, prof.
Huseynov Maharram Jalal

Official opponents: Doctor of Economics, Professor
Rasul Anvar Balayev

Candidate on economics, Ass. prof
Nushaba Aslan Hajyeva

Ph.D. in Economics, Ass. Prof.
Yegana Aziz Abbasova

Joint Dissertation Council of the Supreme Attestation Commission under the President of the Republic of Azerbaijan ED 2.42 of the Azerbaijan State Agrarian University and the Azerbaijan Cooperation University operating under the Azerbaijan State Agrarian University.

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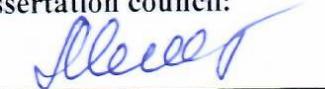
Full member of ANAS, d.e.s., professor



Ziyad Aliabbas Samadzada

**Scientific secretary of the
dissertation council:**

Ph.D, in Economics, Associate Professor



Parvin Elman Mukhtarova

**Chairman of the scientific
seminar:**

Honored agricultural worker,
Doctor of economic sciences, professor
Islam Haji Ibrahimov



GENERAL CHARACTERISTICS OF THE WORK

Relevance and level of development of the topic: Globalization trends in the world economy make increasing the efficiency of the national economy, including agriculture, one of the main goals of agrarian policy. Agrarian production, especially the dependence of agriculture on natural and climatic factors, as well as the specific characteristics of the products of this field manifest themselves at different levels in the efficiency of production, so paying special attention to the problem of risk in terms of these factors is significant. In general, the creation of conditions for sustainable development of the agrarian economy is becoming an objective factor of risk protection and safe development of all economic entities. Ensuring protection from risks from an economic point of view is a guarantee of the economic independence of the country, the main condition for the stability and efficiency of production activities, achievements in social and other areas of activity. As one of the most important areas of the national economy, it is impossible to ensure protection from risks without investigating the risk problems in agricultural production, including the production of agricultural products, without evaluating the resistance against possible internal and external threats. That is why the provision of economic protection against risk from an economic point of view is one of the most important priorities of the country and its subjects.

In modern conditions, special attention is paid to improving measures to ensure risk protection in agricultural enterprises. Because determining the directions of development of product production, transportation, storage and delivery to producers, classification of risks in terms of quality, determination of probable losses, determination of factors that determine risks and influence the reduction of the impact of risks are very important factors. Therefore, determining the level of impact of risks on the results of production, developing their management system, developing appropriate measures for taking and regulating the mix of risks are priority directions for ensuring the sustainable development of this important sphere of the economy.

In addition to the above, the problem of risk reduction is no less important in the efficient use of financial resources and food security. In the current context of the Azerbaijani economy, especially in the period of liberation of territories and post-pandemic, risk assessment is becoming more urgent. In relation to food security and the liberation of territories from occupation, risk reduction measures are of great importance in the current conditions. As is known, the fact that the liberated territories are not completely cleared of explosives and, as international experts note, this takes a long time. Armenia's inadequate position on restoring full peace highlights the importance of taking into account the risk factor in financing these territories. It is no coincidence that in the “Strategic Roadmap for the Production and Processing of Agricultural Products in the Republic of Azerbaijan”, the introduction of new and improved mechanisms for assessing and managing risks and strengthening the monitoring of indicators characterizing the state of food security are characterized as measures that can ensure a more efficient functioning of the food security system. The document also notes that in order to form a competitive agricultural sector in the country, it is necessary to improve the provision of producers with financial resources, risk assessment in this area, as well as improve mechanisms to reduce or mitigate these risks. It is this economic environment and uncertainty in the international economy that places new demands on the agricultural risk management system.

Researching the use and management of financial resources, the study of methodical and methodological problems related to the assessment of factors affecting risk reduction is widely reflected in the scientific works of both local and foreign authors in various ways. The study of methodological problems related to the study of the problem of risk and the assessment of factors influencing risk reduction is widely reflected in the scientific works of both local and foreign authors. Z.A.Samadzade, B.Kh.Atashov, S.V.Salahov, I.Kh.Ibragimov, B.A.Khankishiev, M.Ch.Guseinov, M.M.Sadigov, R.A.Balaev, R.K.Iskendarov, A.F.Abbasov and others have conducted relevant studies on the formation of financial resources and risk

reduction system in production and service subjects of the agrarian field.

Foreign experts A. Smith, D. Ricardo, J. Mill, D. Mill, F. Knight, A. Shapkin, R. Bykov, V. Orekhov, V. Varshavova, D. Domashenko, S. Makarova have widely studied the problem of risk in their scientific works. In general, the problems of risk reduction have been widely addressed in the works of these economists. However, there are not so many studies dedicated to the problems of reducing the risks of the effective use of financial resources in the agrarian field, especially in agriculture, which is its main division. Given this, it can be seen that the dissertation on the role of reducing the risks of efficient use of financial resources in the agricultural sector is relevant.

Object and subject of research. The production and service structures in the agricultural field, which is one of the main areas of the national economy, have been identified as the research object. The subject of the study is the economic relations arising from the use of financial resources in the improvement of risk reduction measures.

Aims and objectives of the study. The purpose of the research is to reduce risks in production and service structures in the agricultural sector, including conducting research and making proposals on the effect of effective use of financial resources on risk reduction, determining theoretical provisions, practical and methodical recommendations for improving those risk management mechanisms.

The following tasks have been identified in accordance with the set goal:

- to clarify the essence of the risk category and to determine the characteristics of risk reduction in agricultural production;
- to determine the importance of reducing risks in the agrarian field and especially in agriculture and their management in this process;
 - to assess the production and economic activity of agricultural production and service enterprises;
 - to examine the efficiency of the use of financial resources in agricultural production enterprises;
 - to determine the impact of risk reduction on the efficiency of production and economic activities of economic entities;

- to analyze the essence of risks and scientific approaches to its reduction;

- to determine the main directions of state support for the management of financial resources and risks in the divisions of the agricultural sector;

- to study the impact of the use of credit resources on the improvement of financial security of economic entities;

- to determine the importance of using the insurance system in reducing risks.

Research methods: Economic statistical, observation, analysis, synthesis, comparative analysis methods were used in the implementation of the dissertation.

The main provisions submitted for defense: The main provisions submitted for defense are characterized by the following:

- there was a need to generalize scientific-methodological issues related to the nature of risks and the formation of financial resources;

- determination of the importance of risk management in the agricultural sector, especially in the development of agricultural enterprises, has become one of the necessary conditions of the modern era;

- determination of the relationship between the features of the formation of financial resources and financial strategy in agriculture is derived from the requirements of economic development;

- there is a need to assess the relationship between production and economic activity and financial investments in the agrarian field;

- determining the dependence between the use of financial resources and risks has become one of the problems awaiting resolution;

- the investigation of the effect of structural changes in the agricultural field on the financing of production and service entities and the reduction of risks is derived from the modern requirements of economic development;

- it is required to determine the impact of risk management and mitigation on the financial stability of enterprises.

The scientific novelty of the research is based on the substantiation of theoretical and methodological provisions on the efficient use of financial resources and improvement of the risk reduction system in the agricultural enterprises of the country. In this regard, the following scientific innovations have been obtained:

- the importance of the financial approach to the assessment of the probability of occurrence of various types of risks and their consequences in agriculture, which is the main division of the agrarian field;

- in accordance with the goals of production in agriculture, the economic essence of identifying the causes of the risk situation and reducing them has been determined;

- a more advanced risk management system has been defined to ensure the determination of the costs that may arise due to the occurrence of ordinary risks in agricultural production and the compensation of those costs;

- the effect of effective use of financial resources on reducing risks is determined and justified by taking into account practical realities;

- the effect of reducing risks on the efficiency of production and economic activity is determined;

- the main directions of state support for efficient use of financial resources and risk reduction have been determined;

- the importance of insurance relations in the efficient use of financial resources and risk reduction has been determined.

Theoretical and practical significance of the research: The scientific-theoretical ideas, suggestions and recommendations obtained as a result of the conducted research can be used in the formation of a mechanism for effective use of financial resources and reduction of risks in the agrarian field, especially in agriculture, and in the determination of projects, programs and measures to improve the economic condition of entrepreneurial farms. It is also possible to create an effective risk management system aimed at minimizing financial losses as a result of risks.

Approbation and application of the results of the dissertation: The main provisions of the dissertation, including issues related to the development of insurance relations, risk reduction and improvement

of the management system, were presented at international and republican level scientific-practical conferences and published in the form of 9 scientific articles and theses.

Name of the organization where the dissertation work was carried out: The dissertation work was carried out at Azerbaijan State Agricultural University.

Volume and structure of the dissertation. Dissertation work consists of introduction, 3 chapters, conclusion, bibliography and 243191 marks. The introduction consists of 6 pages and 11561 symbols, chapter I - 36 pages of 76675 symbols, chapter II- 32 pages of 60358 symbols, chapter III - 31 pages of 65238 symbols, conclusion - 6 pages of 11999 symbols, the list of 141 used references consists of 11 pages and 15648 symbols.

12 tables, 1 graph are given in the research work.

SUMMARY OF THE RESEARCH

In the introductory part of the dissertation, the relevance of the topic is substantiated, the goals and objectives, research methods are characterized, the main provisions are defended, scientific novelties, theoretical and practical significance and approbation of the work are reflected.

The first chapter of the dissertation "Theoretical and methodological issues of risk and financial resources formation in agrarian field" discusses scientific-theoretical approaches to the formation of risks in agrarian, the importance of risk management in agricultural enterprises, features of financial resources and financial strategy in agriculture.

Production and agricultural activities in agriculture are more or less risky, depending on the natural and climatic factors, which is due to the use of the role of the human factor in the multifaceted dynamics and impact of the environment. The problem of risk assessment is highlighted at all stages of management, planning, control theory and practice of enterprises. Determining the optimal ratio of risk and business activity, level of profitability and reliability also plays a

special role in the selection based on the analysis of the place and role of risk.

Thus, risk assessment and management play an important role in the decision-making and implementation process.

The existing literature on risk theory is ambiguous in the construction of the terminological structure of risk, the explanation of the main elements, properties, cause-and-effect relationships, the composition and nature of uncertainty factors affecting risk. The term risk is an integral component of the economy as a whole, including agricultural producers, the existence of risk and uncertainty over a long historical period. The versatility of risk leads to many inconsistent, and sometimes contradictory, realities.

There are also modern approaches to explaining the nature of the risk category. The risk category can be defined as the probability of potential loss of resources, a potential threat, compared to the option that provides for the efficient use of resources in this type of entrepreneurial activity. In other words, risk can be characterized as the danger of the entrepreneur having losses in the form of additional costs or receiving less income than expected.

It is also possible to characterize risk as the probability of an unexpected event for an active subject. This event can occur when the subject moves from this state to a predetermined, final and desired state.

Some economic literature states that entrepreneurial risk is the probability of losing resources in the process of operating small enterprises and, consequently, not achieving the expected results (income, profit). At the same time, risk in various spheres of activity can be manifested by gaining more profit (income) than expected before carrying out certain operations.

Agricultural production, unlike other sectors of the economy, is carried out at greater risk, and its management is very important. Therefore, it is a perceived need rather than a management function. This is primarily explained by the fact that the volume of production, its efficiency is influenced by certain features of local production, which are developed by forced methods.

As a result of the analysis of the degree of impact of risks on the efficiency of agricultural enterprises, when the economy is highly dynamic, the areas most exposed to the negative factors caused by the uncertainty of the results are identified. Such areas include areas with a higher share of additional income. Therefore, in the current context of dynamic transformation of the economy, which is the source of unforeseen consequences of the implementation of processes, research on risk, its causes and consequences is very important.

The basis of the financial strategy is the search, efficient use and management of its financial resources (capital) in order to increase the solvency and financial stability of the subjects in the agrarian field. The financial strategy is the guideline for the management of the enterprise, and if it is not properly formed, it will not be possible to avoid financial problems in carrying out production and economic activities in modern competitive market conditions. Therefore, in determining the financial strategy of the agricultural sector, special attention should be paid to the formation of financial resources, their efficient use, more efficient management of financial resources, and the reduction of various risks, especially financial risks, that directly and indirectly affect the production and economic activities of the subjects.

In the second chapter - "The level of development of agricultural enterprises, analysis of the efficiency of the use of financial resources" - the production and economic activity of agricultural enterprises, financial investments in agriculture and its use are analyzed, the dependence between the use of financial resources and risks is evaluated.

The growing globalization trends at the international level and the current level of economic development of the countries place additional demands on the modernization of the national economy, making it necessary to increase the production of competitive products and services in various sectors of the economy.

Despite the rapid development of the economy in recent years, the role of the agricultural sector as the economic base in this process is increasing significantly. Balanced development of agrarian production agriculture with other sectors of the economy determines the

development potential of the national economy as a whole. From this point of view, modernization of agricultural production, considered the main characteristics of the current stage of economic development in the country, improvement of balanced management, reduction of risks related to significant changes in economic relations at the macro and micro levels is considered one of the main goals of the agrarian policy.

The basis of development in any sphere of the economy is based on the provision of competitive production, proper management of labor force, mobilization of innovative resources for modernization and expansion of their use in production.

Of course, the relevant measures taken are manifested primarily in the production of products. Analysis of the dynamics of agricultural production with reference to statistics shows that in 2016-2020, gross agricultural output (in actual prices) increased by all categories of farms.

Thus, this indicator increased by 49.6% in the years of comparison, including 56.3% in crop production and 44% in animal husbandry. Compared to 2016, the gross output of agricultural enterprises in 2020 increased by 85.7%. Gross crop production in agricultural enterprises increased 3 times, gross livestock production increased by 30.5%. The gross output of individual entrepreneurs, family peasants and households increased by 46.5%, 47.6% in crop production and 45.5% in animal husbandry during the 2012 comparison [Table 1].

It is known that it is impossible to imagine the production of a product beyond the level of provision of financial resources and the efficiency of its use.

In this regard, it is necessary to analyze the relationship between the economic development of various sectors of the economy and the level of provision of financial resources. This approach shows that the interconnectedness of concepts such as finance and economic development are generally considered equivalent elements.

Achieving the effectiveness of the country's economic security policy is one of the priorities, especially in the face of growing risks at the international level, to ensure the country's national interests.

Table 1. Production of crop products, thousand tons

Names of plants and perennials	Years					In 2020, in% compared to 2016
	2016	2017	2018	2019	2020	
Cereals and legumes	3065,1	2928,8	3309,2	3538,5	3257,1	106,3
Cotton	89,4	207,5	233,6	295,3	336,8	3,8 times
Tobacco	3,6	5,3	6,3	6,0	6,9	191,7
Potato	902,4	913,9	898,9	1004,2	1037,6	103,8
Vegetables	1270,6	1405,6	1521,9	1714,7	1738,9	136,9
Food melon	464,8	438,1	401,9	447,6	448,1	96,4
Fruits and berries	882,8	954,8	1010,8	1099,7	1133,1	128,4
Grapes	136,5	152,8	167,6	201,8	208,0	152,4

The table was prepared by the author on the basis of data of the State Statistics Committee of the Republic of Azerbaijan [6, p.77].

The study shows that the activation of investment activities is a prerequisite for strengthening the financial sustainability of agricultural enterprises and the sustainable development of the agricultural sector. Especially in the context of institutional changes, investment in the agricultural sector plays an important role in intensifying agricultural production and the formation of competitive production. Thus, investment in agricultural production also plays an important role in meeting the needs of agricultural producers for financial resources more effectively.

Looking at the structure of investments in fixed assets by sectors of the economy, it is clear that the share of agriculture, including forestry and fisheries, in 2016 amounted to 2.1%. In 2017, the share of investment in this area was 3.5%, in 2018 - 4.4%, in 2019 - 4.2%, in 2020 - 3%. As can be seen, only in 2020 there is a decrease in the share of investments compared to 2017-2019. It is possible to see a different situation in other areas. Thus, despite the higher share of investments in industry, in 2020 the figure decreased significantly compared to 2016 - 6.5 points. Growth was observed in construction, transport and warehousing, and other areas compared to the same period. This can be attributed mainly to the level of risks [Table 2].

Table 2. Structure of fixed capital investment by sectors of the economy, in%

Years	Total	industry	agriculture, forestry and fishing	construction	transport and warehousing	information and communication	other areas
2016	100,0	63,1	2,1	17,9	8,8	1,3	6,8
2017	100,0	60,9	3,5	15,8	10,2	1,0	8,6
2018	100,0	49,3	4,4	21,6	11,2	2,6	10,9
2019	100,0	49,9	4,2	19,2	11,8	3,0	11,9
2020	100,0	52,6	3,0	18,5	12,1	1,1	12,7

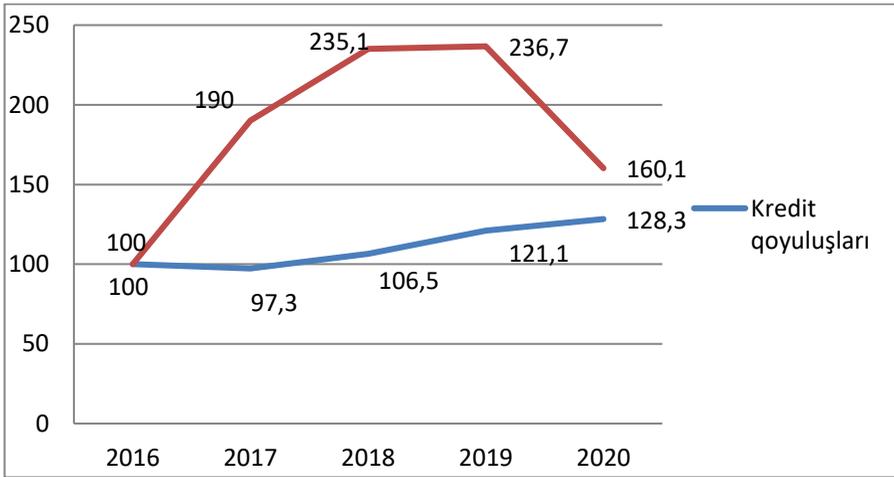
The table was prepared by the author on the basis of the data of the State Statistics Committee of the Republic of Azerbaijan [6, p. 56].

As can be seen, there is a decrease in the share of investments in the agricultural sector, which suggests that the share of this sector in investments is not satisfactory. In general, in the development of any structured system, including the sustainability of the financial mechanism, special attention should be paid to the growth dynamics and sustainability of its components.

Lending to the agricultural sector plays an invaluable role in financing this important sector of the economy. The dynamics of investment and credit investments in agriculture shows that compared to 2016, investments in the following years (excluding 2017)

increased dynamically. Thus, while this indicator increased by 6.5% in 2018, 21.1% in 2017, and 28.3% in 2020, there was a sharp decrease in credit investments in 2020 compared to 2017-2019. [graph 1].

The lending system of the agricultural sector is a complete system, which requires a comprehensive approach to its improvement. Parts of the credit system of the agrarian sector - credit policy and credit technology, as well as its structural elements are interconnected and interact. This shows that adjustments to the essence of each element can change other elements as well.



Graph 1. Dynamics of investments and loans in agriculture, compared to 2016, in%

Research shows that protecting the economy from global threats includes financial rehabilitation measures aimed primarily at preventing problems and failures in all areas. A systematic approach to ensuring financial well-being allows to strengthen the financial capacity of production enterprises by conditioning the identification of key nodes in the system of measures, can have a direct impact on improving the structure of the financing mechanism.

Ensuring risk reduction through the efficient use of financial resources not only has a positive impact on the country's socio-economic development, but also ensures the required level of financial

sustainability. Thus, there is a significant relationship between the financial condition of enterprises and the problem of risk reduction.

As a result of the analysis of the financial results of agricultural production and service structures, it is known that in the last 10 years, specifically, compared to 2010, the number of loss-making agricultural enterprises in 2020 has decreased by 71.4%. If in 2010 8.9% of agricultural enterprises were operating at a loss, in 2020 this figure was 5.6%. Gross profit has tripled in the years compared. In particular, in the comparable period in crop production, the profitability of agricultural production fell from 21.4% to 19.4%. Although profits in crop production increased by 14.7 times, in livestock by 12.9%. The level of profitability of agricultural products increased by 0.9 points in general, including 11.4 points in crop production, and decreased by 10.2 points in livestock [Table 3].

Table 3. Financial results of agricultural enterprises

Indicators	Years				
	2010	2015	2018	2019	2020
Number of farms (units)	2392	1659	1641	1471	1096
Those who work at a loss	213	129	81	95	61
Gross profit, thousand manats	34371	39763	27032	34396	104016
Percentage of profitability on all financial and economic activities	21.4	11,3	20,1	17,2	19,4
Profit in crop production (loss (-), thousand manats)	4708	20241	56577	68795	69321
Livestock profit (loss (-), thousand manats)	24061	19993	19048	10481	27180
Level of profitability of agricultural products (in percent)	18.1	11,3	16,2	15,3	19,0
Including plants	17.8	36,0	40,4	35,7	29,2
In animal husbandry	19.7	7,1	5,9	3,4	9,5

The table was prepared by the author on the basis of the data of the State Statistics Committee of the Republic of Azerbaijan [6, p. 127].

As can be seen, it is impossible to overestimate the results achieved in agriculture. It is true that there are some positive trends in some types of products. However, in general, this situation does not indicate the financial sustainability of enterprises operating in the agricultural sector. This, of course, indicates that there are problems with risk reduction. In international practice, in such cases, it makes significant use of the role of the state in both incentives and risk mitigation and risk mitigation.

Thus, the system of measures to reduce risks in the agricultural sector focuses on ensuring economic security, neutralizing negative trends and influences that are considered a threat to the production and economic activities of enterprises, creating an effective risk management system to ensure financial stability and reliability. Thus, the creation of financial resources in agrarian production and service enterprises is considered one of the main conditions that allow the financing of risks and their reduction.

The third chapter is dedicated to "Efficient use of financial resources in the agricultural sector and ways to reduce risks". This chapter identifies the impact of structural changes in agriculture on enterprise financing and risk reduction, prospects for improving the risk management mechanism in agricultural enterprises, and the role of the insurance system in the financial sustainability and risk reduction of enterprises.

Recent changes in the system of international economic relations in order to reduce the negative impact of uncertainties, enterprises face the need to improve their structures - production, organizational, financial and others. Implementation of structural changes in modern conditions is one of the effective tools for transforming the activities of economic entities, and the management of structural changes in agricultural enterprises, which is an important element of the risk management system, must be carried out in response to modern challenges in the economy. Implementation of structural changes is one of the important directions of the concept of risk protection of enterprises. There are different approaches in the economic literature to understanding the nature of structural change. Research shows that in the context of economic reforms, the restructuring or

implementation of structural changes is not essentially sustainable, although it was first discussed in the 1980s. The main purpose of this process was to reduce risks. During the implementation of structural changes, the company recovers and resumes production by reducing risks as a result of reducing the number of employees, closing and selling damaged units, restructuring the debt structure, changing product strategies and so on.

Due to the crisis in the world economy, inefficient capital investments, unprofitable and non-profitable types of business, distraction from the main goals, there is a need to subsidize certain sectors and products. In recent years, significant measures have been taken in this direction in our country. Studies show that in 2020 alone, 277,840.2 thousand manat will be allocated to the agricultural sector. subsidy allocated. In particular, 232,935.93 thousand manat was paid for cultivated crops and perennial crops, 28,361.54 thousand manat for cotton, 228.6 thousand manat for tobacco, 749.5 thousand manat for sugar beet. 8,389.5 thousand AZN was paid for calves obtained through artificial insemination, 2,157.91 thousand AZN for wet cocoons delivered to cocoon processing and silk production enterprises, and 5,017.18 thousand AZN for each bee family.

Research shows that when studying the current state of tools for the efficient use of financial resources and risk management mechanisms in agricultural enterprises, it is necessary to consider the elements of the risk management methodology with the mechanism of financial resources use and adapt them to the specifics of organizational and economic characteristics. From this point of view, it is necessary to form specific risk management mechanisms in enterprises by combining theoretical knowledge of the nature of risks with the basis of agrarian economy and agricultural management. These mechanisms should take into account the characteristics of financial planning, resource potential and technological processes of enterprises.

The above shows that the timely identification of risks in the face of uncertainty, taking into account their specifics, identifying risk-related threats are the basic principles of their effective management. This process is one of the main directions of risk neutralization,

creating the basis for the prevention of expected damage to enterprises or the timely elimination of potential damage.

Based on the research, it can be noted that most of the possible risks are not protected by the insurance system or are poorly protected. Although a number of measures have been taken to develop the insurance market in recent years, natural disasters and other risk factors still have a negative impact on the financial situation of enterprises. Therefore, it is necessary to develop the insurance protection system, which is the most important element of risk management of agricultural production and service enterprises.

The generalization of the above shows that the financial and insurance instruments of the risk management system play the role of resource provision by participating in the traditional and long-term activities of agricultural enterprises, ensuring the coherence of production activities. This, in turn, plays an important role in the financial sustainability of enterprises.

Thus, the results obtained led to the identification of the following proposals for the efficient use of financial resources in agriculture, ensuring the financial sustainability of enterprises, reducing and eliminating risks:

1. Given that the more modernized formulation of the risk management system in the world practice allows to ensure the sustainability of medium and long-term development, adaptation to a new, more flexible and improved management model may be one of the most important measures to protect against risks.

2. One of the necessary issues is to create a necessary and sufficient organizational and information base for the development and implementation of development strategies and policies in enterprises. Due to this, by combining strategic forecasting and planning tasks, it is possible to make management decisions that are strong enough and have more scientifically effective methods to make and implement decisions in accordance with the economic interests of enterprises. In particular, the potential threat of the emergence and spread of risks can be identified at an early stage by improving the institutional structure, as well as risk management systems in the

provision of financial resources to enterprises, as well as ensuring financial sustainability.

3. One of the main directions of risk reduction and minimization of negative impacts due to the financial sustainability of enterprises is related to investments in the agricultural sector. There is a serious need to insure investment risks, especially in attracting foreign investors. As this reflects the principle of favorable investment and reliability, the regulation of the above by legislation can become a guarantor of more effective risk management.

4. Considering that subsidies, soft loans and other benefits provided by the state to the agro-industrial complex are part of the process of managing production risks, the use of world experience in this area, as well as the differentiated use of financial assistance by natural and economic zones, will give positive results in terms of financial support for the most vulnerable regions.

5. Insurance is extremely important in reducing risks and impacts in agriculture, as well as in the timely identification and compensation of losses to enterprises as a result of risks. In this regard, there is a need to improve the existing insurance mechanism in agriculture. It is important to take appropriate measures to increase the level of insurance services in agriculture, regulate reinsurance operations within the economic interests of the country, educate producers and train qualified personnel, increase the share of insurance premiums in GDP, to adopt of new normative-legal acts regulating insurance business, and accelerate the integration of insurance services into the world insurance market.

6. Improving the rules for the allocation and payment of financial assistance by the state to stimulate insurance relations in the agricultural sector is currently a topical issue. Because at present, the agricultural producer is not interested in the insurance process. Given the widespread practice of risk insurance in international practice, the application of this practice in our country can give effective results.

7. Effective risk management in the agricultural sector depends significantly on the correct definition of the credit strategy of agrarian banks. The credit strategy should determine the direction of the banks' placement of credit resources by types of loans, taking into account

the structure of financial resources involved and the adequacy of information resources. In this regard, it is important to pay special attention to the diversification and differentiation of loans in the strategy.

8. Due to the small number of insurance companies involved in agricultural insurance, the competitive environment in this area is almost non-existent. This is one of the main factors limiting the proposals for producers to establish more efficient credit relations. In this regard, there is a need to identify measures to improve the legal framework for the formation of a competitive environment for the development of insurance relations.

9. International experience shows that measures to stimulate insurance relations are multifaceted. Given this, the introduction of a differential insurance system in the agricultural sector, as well as the introduction of insurance by regions and types of products can play an important role in the development of the sector.

The following articles and theses of the author on the topic of the dissertation have been published.

1. The need to take into account the risk factor in agriculture // Scientific Works of the Research Institute of Agricultural Economics. Baku 2016. p. 46-50.

2. The impact of risks on the production and economic activities of agricultural enterprises // Scientific Works of ADAU. Ganja 2018. p.136-140.

3. The role of the insurance system in ensuring the financial stability of the enterprise / Materials of the Republican Scientific-Practical Conference. Ganja 2018. p.464-470.

4. The impact of structural reforms in agriculture on risk reduction//Economy and entrepreneurship. №1 2019. p.456-459.

5. The impact of the level of financial resources in agricultural enterprises on risks // Scientific-practical journal of cooperation. №2 (53) -2019. p.165-171.

6. The importance of risk management in agricultural enterprises // Scientific Works of ADAU. Ganja 2019, №3. p.117-121.

7. The impact of the level of financial resources in agricultural enterprises on risks / Materials of the Republican Scientific-Practical Conference. Ganja 2019. p.74-78.

8. Directions for attracting financial resources to agriculture / International scientific conference "Actual scientific research in the modern world" Pereyaslav-Khmel'nitsky (October 26-27, 2019). p.65-69.

9. Effectiveness and priorities in the formation of financial strategy in the agricultural sector / Cooperation scientific-practical journal. №1 (60) -2021. p.179-187.

The defense will be held on 12 October 2022 at 16:00 at the meeting of the Dissertation Council ED 2.42 of Supreme Attestation Commission under the President of the Republic of Azerbaijan operating at Azerbaijan State Agrarian University and Azerbaijan Cooperation University.

Address: Ataturk Avenue 450, AZ 2000, Ganja city, Azerbaijan.

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