

REPUBLIC OF AZERBAIJAN

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ABSTRACT

of the dissertation for the degree of Doctor of Philosophy

**MAIN DIRECTIONS OF LIVING STANDARD AND ITS
QUALITY IMPROVEMENT OF RURAL POPULATION IN
THE REPUBLIC OF AZERBAIJAN**

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Applicant: **Zhala Rahman Aliyeva**

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The work was performed at the department of "Socio-economic problems of living standards" of the Institute of Economics of ANAS

Scientific leader: Correspondent member of ANAS, Honored Scientist, Doctor of economic sciences, prof.
Shahbaz Musa Muradov

Official opponents: Doctor of economic sciences, prof.
Elshad Yaqub Mammadov

Doctor of philosophy in economics, asc., pr.
Arzu Alim Huseyn

Doctor of philosophy in economics, asc., pr.
Kamran Nuraddin Abdullayev

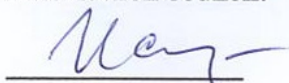
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professor
Nazim Muzaffar Imanov

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Doctor of philosophy in
economics
Sevda Mammad Seyidova

Chairman of the scientific seminar:



Doctor of economic sciences,
professor
Elshad Yagub Mammadov

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INTRODUCTION

Relevance and development of the topic. Improving the living standards of the population is one of the main conditions of the sustainable and efficient development of socio-economic processes. The solution of this problem has always been on the minds of every country in the world and worried them. Improving the living standards of the population in Azerbaijan is the main goal of the state's social policy.

Improving the living standards of the rural population, which makes up almost half of the country's population, is the main goal of the state's social policy. From this point of view, expanding the development of industrial and processing industries and alternative non-agricultural sectors along with agriculture, reducing poverty, raising living standards, ensuring balanced socio-economic development of the regions are among the priorities of the state.

Despite the fact that agriculture accounts for 36.3% of the population engaged in economic activities in the country, the share of agricultural GDP in the country's GDP is 5.6% and the number of people working in this field is lower than the share of the CAA in both the economy and other types of economic activity, has made the improvement of the living standards of the rural population one of the main tasks of the state.

As it is known, significant changes took place in the socio-economic system of the republic during the 90s of the XX century. Thus, the rapid transition to market relations was accompanied by a decline in production, the emergence of an army of unemployed and inflation, as a result of which the living standards of the population, as well as the majority of the rural population deteriorated. Deficiencies in agricultural production, the collapse of existing farms have reduced access to income in rural areas, led to the development of infrastructure and the deterioration of living standards in rural areas and increased poverty in rural areas.

At present, in order to restore all this and improve the living standards of the rural population, the state is taking greater

responsibility and giving more priority to the development of the regions.

In order to achieve sustainable development under the direct leadership of the President of the Republic of Azerbaijan roadmaps for the national economy and key sectors of the economy have been approved, great works are being done in directions of development of non-oil sector and profitable labor-intensive sectors, stimulation of local production and export of products, strengthening of state support to small and medium entrepreneurs, improvement of business environment, increase of efficiency and competitiveness of economy at all levels and spheres of national economy, providing subsidies and subsidies to the agricultural sector and creating a reliable food supply.

In recent years, large-scale programs have been implemented to constantly improve the living standards of the rural population, a strong economic legal framework has been created and positive results have been achieved. As a result of the measures taken, the level of poverty in the country decreased from 29% in 2005 to 5.1% in 2018, and the monthly per capita income of the rural population increased from 60.3 manat to 264.4 manat.

However, there are still important problems to be solved associated with increasing the socio-economic development potential in rural areas and improving the well-being of the population.

The above points show that the research topic is important and motivated by objective necessity and as a factor directly affecting the living standards of the rural population, has made the scientific research of important issues such as increasing the income of the rural population, including wages, creating new jobs and increasing employment of the rural population, improving their living conditions, expanding access to quality health care and education.

The problem of the standard of living, the structure of incomes and expenditures has always been in the center of attention of economists in different countries.

Classics such as K.Marx (78), A.Smith (94), D.Ricardo (91) paid great attention to investigate of this problem in their works. At the same time, foreign economists A.Y.Surinov (95), V.F.Mayer

(76), D.A.Syusyura (96), V.M.Zherebin (72), İ.S. Glebova (67), A.N.Romanov (72) analyzed various aspects of the level and quality of life. From Azerbaijani economists Sh.M.Muradov (42), N.Muzaffarli (Imanov) (45), C.B.Guliyev (31), T.A.Guliev (34), I.H.Aliyev (4,5,6), A.G. Alirzaev (17), R.Sh.Muradov (41), F.C.Aliyev (28), A.N.Muradov (40), R.S.Abdullaeva (3), P.S.Hasanov (45), A.F.Abbasov (1), Aliyev F. (28) and others also conducted valuable research on various aspects of the living standards of the population theoretical and methodological, also macro and micro levels at the present stage. However, the living standard of the rural population, which differs from the urban population by its specific features in the conditions of market relations, has not been studied comprehensively and systematically.

The object of the research is the rural population of the Republic of Azerbaijan on the example of households, and **the subject** is to assess the changes in their living standards and identify areas for improvement.

Objectives and tasks of the research. The purpose of the research is to study and generalize theories, views and approaches to the living standards of the population and to develop proposals and recommendations for improving the quality of life of the rural population on the basis of identifying, analyzing and evaluating the current state of living in the Republic of Azerbaijan.

In accordance with the set goal, the following tasks were performed in the research work:

- Research of theories, views and approaches to the concept of “standard of living” and its system of indicators;
- Identification, analysis and assessment of the current state of living standards of the rural population of the Republic of Azerbaijan and the factors affecting it;
- Analysis and assessment of qualitative changes in the structure of household income and consumption expenditures in rural areas of the Republic of Azerbaijan;
- Econometric assessment the impact of agricultural output by individual entrepreneurs, family farmers and households,

investments in fixed assets in agriculture and inflation to agricultural GDP;

- Development of proposals and recommendations on improving the quality of life of the rural population in the Republic of Azerbaijan.

Research methods. Comparative economic-statistical analysis, econometric assessment, generalization, systematic analysis, personal observation and judgment, graphical methods were used in the research work.

The principal theses of the defense:

- Scientific and theoretical views on the living standards and the system of its indicators allow us to comment to them.

- The high share of food expenditures in the consumption expenditures of the rural population in Azerbaijan and the small share of non-food and service expenditures lead to a lower standard of living compared to a number of developed and developing countries.

- There have been qualitative changes in the income structure of the population in rural areas.

- The backwardness in the socio-economic development of rural areas is reflected in the provision of durable used goods. The increase in costs for this type of goods is also due to the rise in their prices.

- The living standards of the population in the Nakhchivan economic region are higher than in other economic regions.

- The volume of GDP generated in agriculture in Azerbaijan depends largely on the volume of investments in fixed assets and the volume of agricultural production on individual farms. Inflation does not have a significant impact on agricultural GDP.

- In order to increase the level of employment of the rural population, it is necessary to develop rural tourism, which makes it necessary to improve living conditions.

The scientific novelty of the research is as follows:

- The concept of living standards and the system of indicators characterizing it were studied, the essence and content were explained [19];

- cash income and cash expenditures are classified according to various characteristics as indicators of living standards;
- analyzed the incomes and expenditures of the rural population, changes in their structure and the socio-economic factors affecting them have been assessed [22];
- Provision of the population with durable used goods and qualitative changes in its structure were analyzed and assessed [11];
- agricultural products for individual entrepreneurs, family farmers and households, investments in fixed assets in agriculture and the impact of inflation on GDP in agriculture were econometrically assessed. Forecast prices for the future period have been determined on the indicator of investments in fixed assets in agriculture [21];
- Justified the importance of improving the living conditions of the rural population in order to expand the development of rural tourism in order to increase employment [15];

Theoretical and practical significance of the research. The results of the research can be used in solving problems related to improving the living standards of the rural population, in the projects and programs to be prepared in the current period and perspective, the improvement of a number of statistical reports in ARDSK.

The results of research can be used in the development of scientific research, teaching and methodological aids.

Approbation and application. The results were presented at conferences and symposia in Azerbaijan, Russia and Turkey. 23 scientific articles and theses were published on the research work, 5 of which were abroad, including 2 in the journal included in the international summarization and indexing database.

Name of the organization where the dissertation work is performed. Institute of Economics of the Azerbaijan National Academy of Sciences.

The scope of the dissertation. The dissertation consists of three chapters and nine paragraphs, introduction, conclusion and suggestions Chapter I of the dissertation consists of 52175 characters, Chapter II 84231 characters, Chapter III 70287 characters, the dissertation consists of 227700 characters entirely.

MAIN SCIENTIFIC PROVISIONS PROVIDED FOR DEFENSE

Provisions 1. Scientific and theoretical views on the living standards and the system of its indicators allow us to comment to them.

Our theoretical analysis of the concept of living standards shows that although the meaning of this category was explained by many specialists at different times and in different options, but was not developed a single direction and indicator at the present stage of development of the world. In order to concretize the meaning of the concept of "living standards", we studied the literature of different local and foreign countries, various approaches and we have tried to express our position. So, the living standards is a set of socio-economic living conditions of an individual, also society, which reflects the level of development of material, spiritual, social needs and the degree of their satisfaction in accordance with the level of development of society. The standard of living is the main criterion for choosing the direction and priorities of the socio-economic policy of the state.

Although the development of the system of indicators of the living standards of the population coincides with the birth of capitalism, it is classified differently in different countries. Like the concept of living standards, its system of indicators is constantly controversial to. In recent years, used to assess and compare the living standards and the well-being of the population like the OECD Better Life Index, the Life Satisfaction Index, the Happy Planet Index, the Sustainable Society Index, the Social progress Index and other indexes in the countries of the world. "Quality of life in Azerbaijan 2018: rating of economic regions, republican cities and administrative regions", prepared by the Institute of Economics of ANAS, is important for the socio-economic comparison of regions and assessment of the living standards of the population.

In our opinion, it is advisable to use the entire block of indicators to characterize the standard of living of the population as population income, expenditure, integrated indicators (GDP per

capita, leisure time and ecology), demographic indicators (expected life expectancy at birth, sex-age composition, population dynamics, death of the baby and mother, number of marriages and divorces), individual indicators (average living area per person, culture and recreation, communal services, individual land area per person) living standards, participation in the social sphere (level of education, use of health services, number of medical beds and medicine, per thousand people).

Provisions 2. The high share of food expenditures in the consumption expenditures of the rural population in Azerbaijan and the small share of non-food and service expenditures lead to a lower standard of living compared to a number of developed and developing countries.

Food costs are an important indicator of quality changes in the standard life. Although its share decreased slightly from 56.4% at the beginning of the comparable period to 42.2% at the end of the period, it still had a high specific weight (Table 1).

Table 1. Consumer expenditures and its structure of the population in rural areas of the Republic of Azerbaijan, per person per month (in percent and manat as a result)

	2005		2015		2018		2018 in 2005 compare	
	manat	%	manat	%	manat	%		
Consumer spending, total	62,7	100	235.0	100	274,8	100	4,4 d	-
food	35,4	56,4	96.1	40.9	115,9	42,2	3,3 d	-14,3 f.b
non-food	14,3	22,8	59,9	25,5	68,7	25	4,8 d	2,2
service	10,7	17	68,4	29,1	77,7	28,2	7,3 d	11,2
other goods and services	2,2	3,5	10.6	4.5	12,7	4,6	5,8 d	1,1

Source: The table has been compiled by the author on the basis of https://www.stat.gov.az/source/budget_households

In world practice, the high share of food expenditures in consumer spending is considered abnormal. “*Expenditures on food*

for normal consumption should not exceed 1/3 of the population's income".¹ In the developed countries of the world, this principle is almost followed, and the cost of food differs little from other costs. It depends, above all, on the needs of the population in these countries, consumer culture, and the characteristics of the region. Also, the incomes of the population in these countries are many times higher than in Azerbaijan.

In developed countries, the cost of food does not exceed the cost of recreation, restaurants and cafes. In some countries, Portugal, England, Switzerland, etc. in countries such as the opposite is less. In countries with high incomes and low food prices, such as Luxembourg (8.7%), England (10%), Norway (11.8%), Germany (12.1%), and France (13.4%), the share of household food expenditures does not exceed 15% (Table 2).

Table 2. Comparison with other expenses food expenses as part of consumer spending in families in some countries, in%

rating	countries	food costs	alcoholic beverages	restaurant, cafe, hotel	recreation and culture
1	Luxembourg	8,7	1,3	8,3	6,9
3	England	10,0	2,0	9,0	13,0
6	Norway	11,8	2,7	3,6	10,0
8	Germany	12,1	1,7	5,7	10,4
14	France	13,4	3,8	7,4	8,1
21	Turkey	19,7	4,5	6,2	2,7
25	Estonia	23,8	3,7	4,6	10,2
31	Russia	31,2	3,0	3,3	6,9
32	Lithuania	31,5	3,0	3,3	6,9
37	Belarus	38,2	3,0	2,5	6,9
38	Moldova	43,4	1,5	1,8	1,3
39	Kazakhstan	46,0	1,8	3,5	1,9
40	Ukraine	50,9	3,9	2,8	1,9

Source: The table has been compiled by the author on the basis of <https://riarating.ru/countries/20181218/630114363.html>

¹ Попов А.И. // Экономическая теория. 4-е изд. – СПб.: Питер, - 2007. - 544 с.

In low-income families, the cost of food is 40-50%. This situation once again confirms Engel's law.

It should be noted that the provision of the population with food depends not only on their income, but also on the level of consumer prices. Since the share of food expenditures in the developed countries of the world is small, changes in food prices in those countries do not have a significant impact on living standards.

Although the share of expenditures on non-food products and services by the rural population in the structure of consumer expenditures has increased, its growth rate does not meet modern requirements. The low share of services in the consumption expenditures of the rural population is due to the fact that the total income of the population is mainly sufficient for food needs on the one hand, and due to the new development of services in rural areas and high prices on the other hand. It should be noted that the backwardness and problems in the field of services in rural areas are reflected in the documents of the State Programs on Poverty Reduction and Economic Development for 2003-2005 and 2008-2015. Also, in the Strategic Plan for 2014-2020 approved by the order of the Ministry of Health of the Republic of Azerbaijan dated April 24, 2014, *“it is emphasized inadequate material and technical base of primary health care in outlying rural areas, low level of access to health services, lack of professional staff in rural areas, and the existence of other problems”*.²

Rising prices for consumer goods and various services are one of the biggest social difficulties of our time. The growth of inflation lowers the real value of people's incomes and forces them to spend most of their incomes on food. Inflation in the republic was mainly caused by monopolies, unhealthy competition, the weak monetary system of the country, price increases.

Provisions 3. There have been qualitative changes in the income structure of the population in rural areas.

The share of wages in the monetary income of the rural population increased to 23.3%. At the beginning of the compared

² http://www.sehiyye.gov.az/sehiyye_nazirliyinin_emrleri-v-qrarlar.html

period, this figure was 14.8% (Table 3). In most countries of the world, the main source of family income is wages. Wage incomes in urban areas also have a high share in our republic.

Table 3. Changes in the structure of per capita income in rural areas

	2005		2015		2018		In 2018 compared to 2005	
	manat	%	manat	%	manat	%	manat	time
Income-total	60,3	100	230.4	100	265,4	100	205,1	4,4
Wage	8,9	14.8	50.3	21,6	61,9	23,3	53,0	7,0
Incomes from self-employment	11,4	19.0	55.9	24,9	62,6	23,6	51,2	5,5
Incomes from agriculture	22,6	37.4	61,0	26,1	67,4	25,4	44,8	3,0
Incomes from rent	0,6	1.0	1.2	0,5	1,3	0,5	0,7	2,2
Incomes from property	0,2	0.3	0.3	0,1	0,3	0,1	0,1	50%
Current transfers received	7,6	12.6	37.6	16,3	43,0	16,2	35,4	5,7
including pensions	6,0	10.0	30.4	13,1	34,0	12,8	28,0	5,7
Other incomes	9,1	15.0	24.1	10,4	29,0	10,9	19,9	3,2

Source: The table has been compiled by the author on the basis of https://www.stat.gov.az/source/budget_households

There is no country in the world that is not engaged in agriculture and forestry, hunting and fishing. 1 milliard people, or half of the world's economically active population, work in these fields. However, according to this indicator, there are big differences between the countries. For example, according to the World Bank, "On average, 9% of the economically active population works in agriculture in Western Europe, 1% in North America, and 36.3% in Azerbaijan. This figure is higher in some developing countries. In general, the share of agricultural workers in high-income countries

is lower, and in low-income countries it is higher”.³ It is clear that such a difference depends on the level of mechanization of agricultural work, as well as the specialization of agriculture, natural conditions, economic development and other factors.

Income from agriculture is one of the main sources of income for the rural population. Despite the fact that incomes play an important role in their lives, the share in the composition of total incomes has lowered from 37.4% to 25.4%.decreasing by 12 percentage points

Pensions are the fourth most important share of income for the rural population. Although the volume of revenues on this indicator increased by 3.1 percentage points until 2015, there was a slight decrease at the end of the period.

Analysis of the distribution of the population in rural areas by sources of income shows that in recent years there has been a decrease in the number of employees in their own farm. During the comparable period, the number of employees in their farms decreased from 48.8% to 27.8 (Table 4).

Table 4. The main sources of income for jobs in rural areas, by percentage

Years	Hired work in the public sector	Hired work in the private sector	Hired work in agriculture	Entrepreneurship, commercial, etc.	Works on your own farm	Free activity in the profession	Work next to a special person	Pension	Simile	Social benefits	Protected	Money sent from abroad	Targeted social assistance	Other sources
2005	8,2	1,9	0,3	4,1	48,8	8,9	3,4	14,9	0,2	0,6	8,0	0,7	-	-
2015	12,9	4,3	0,3	6,4	31,1	9,7	1,2	15,0	0,4	0,7	17,2	0,4	0,2	0,0
2018	15,1	3,9	0,4	6,7	27,8	9,1	1,3	16,0	0,4	0,9	18,0	0,2	0,1	0,0

Source: <http://www.stat.gov.az>

³ <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS>

Although land ownership leads to an expansion of household economic activity, on the other hand, limits their net (free) competitive economic activity. In such a situation, the agricultural sector faces a desperate dilemma. Thus, in accordance with the theoretical and practical requirements of market relations, the agricultural sector should be formed from a large number of small enterprises. On the other hand, although small businesses provide themselves with separate labor resources, but they do not have enough financial resources, raw materials, equipment, etc. Although there is an increase in the number of hired workers in both the public and private sectors, the growth is higher in the public sector. The number of the population category, whose main source of income is pension, social benefits, increased from 15.7% to 17.3%. It should be noted with regret that during the comparable period there was an increase in the number of rural residents living in the care.

The number of the population whose main sources of income are pensions, pensions and social benefits increased from 15.7% to 17.3%. Unfortunately, it should be noted that during the comparable period, there was an increase in the number of rural people living under protection.

At the beginning of the compared period, the incomes of 24.4% of the population in rural areas and 35.6% at the end of the period were unearned incomes.

Provisions 4. The backwardness in the socio-economic development of rural areas is reflected in the provision of durable used goods. The increase in costs for this type of goods is also due to the rise in their prices.

The role of long-term used items is great in terms of improving living standards, as well as comfort and time savings in the home. With the expansion of the provision of the population with such items, new methods of daily home care are created, which helps to increase the efficiency of work, improve the sanitary and hygienic situation, as well as increase leisure time.

The backwardness in the socio-economic development of rural areas is more pronounced in the provision of the population with long-term used goods than in urban areas. One such item is a

personal computer and Internet access devices. It should be noted that the supply of satellite dishes was higher as the rural population preferred to use more TVs as a source of information.

Although passenger cars are expensive and not considered important in terms of living standards, they are important in terms of dominance, comfort and prestige. It is clear that there is a correlation between the increase in spending on this commodity and the improvement of the quality of life of the population. According to a comparative analysis of the settlements, the level of provision of these items has gradually changed in favor of the rural population. *“At first glance, this can be considered a positive thing. However, it should be noted that while some people use cars for personal comfort, some people use these types of goods for more income. These include the provision of taxi services, the sale of products obtained from private farms in rural areas, and so on”*.⁴

The provision of the population with durable goods and its structure differ significantly from each other in various countries. These differences depend on the socio-economic and cultural development of the society. The dissertation analyzes the supply of durable goods for households in Russia and Azerbaijan. According to the analysis, the number of durable goods per 100 households in Russia is higher than in our country. Thus, *“the households were provided in Russia with 54.9 TV sets at the beginning of the period and 76 sets at the end of the period, respectively, with 24.5 and 105.7 personal computers, with 21.3 and 32.2 refrigerators, with 67.2 and 20.8 washing machines, with 35.9 and 3 units vacuum cleaners, and with 0.9 and 7.3 dishwashers. with 24.6 and 104.9 microwave ovens, with 12.7 and 22 passenger cars”*.⁵ Only the population of our republic is provided with air conditioners more than the population of Russia

⁴ Alieva Zh.R Assessment of qualitative changes in providing the population with durable goods // Baku: Scientific works of the Institute of Economics of the National Academy of Sciences of Azerbaijan, - 2016. No. 1, p. 185-191.

⁵Russia in figures 2019 Federal Service for State Statistics. A brief statistical collection. (on the materials of the selection of the budgets of home farms. - Moscow: - 2019. - 552p.

In recent years, the volume of expenses incurred for such items has increased. Along with the increase in incomes of the population, the increase in expenditures was also caused by the rise in prices for such items. Thus, during the compared 2012-2018, *“the price of consumables increased by 160.8 manat, washing machines by 299.5 manat, air conditioners by 286.9 manat, vacuum cleaners by 46 manat, microwave oven by 53 manat, bicycle by 87.6 manat”*.⁶ It should be noted that as a result of the direct impact of the sharp rise in foreign exchange rates (US dollars) in recent years on the prices of imported goods in the country, after 2015 there was a significant increase in average annual prices for durable goods.

Low-income families are also trying to meet their needs for such items through consumer loans offered by banks and non-bank credit institutions.

Thus, *“According to the information of the Central Bank, the volume of short-term loans issued to the population in this direction, excluding non-bank credit organizations, increased by 181 million manat in 2015 compared to 2013 and reached 1378.3 million manat from 1197.3 million manat. In 2018, the volume of such loans granted to the population decreased slightly and amounted to 811.4 million manat”*.⁷

Provisions 5. The living standards of the population in the Nakhchivan economic region are higher than in other economic regions.

The analysis of household survey materials in Azerbaijan shows that there are differences in the living standards of the population on economic regions. During the compared period, Nakhchivan economic region is ahead of others in terms of income and consumption expenditures. According to these indicators, it lags behind only Baku. The volume of consumer expenditures of the population in this economic region was 9.4 manat less than in Baku at the beginning of the period, and 4.9 manat less at the end of the

⁶ <http://www.stat.gov.az>

⁷ Statistical bulletin of the Central Bank of the Republic of Azerbaijan. - Baku- 2019. №12 (237) .- 72 p.

period (Table 5). In terms of cash income, it is 8.9 manat and 2.3 manat less, respectively.

Table 5. Cash income and consumption expenditures by economic regions, per person per month, in manats

	Consumption expenditures		Cash income	
	2005	2018	2005	2018
By country	52.1	286,0	64,4	264,4
Nakhchivan	50.9	311,0	50,3	303,5
Absheron	50.8	276,3	48,1	267,9
Ganja-Gazakh	49.8	279,2	47,8	268,6
Sheki-Zagatala	49.2	270,4	47,9	260,3
Lankaran	48.8	282,7	47,0	271,2
Guba-Khachmaz	51.6	277,3	48,3	267,7
Aran	48.5	267,6	47,0	256,8
Upper Karabakh	47.3	273,1	45,7	267,1
Mountainous Shirvan	48.1	280,6	46,1	270,8
Kalbajar-Lachin	-	280,8	-	268,7
Baku city	60.3	315,9	59,2	305,8

Source: <http://www.stat.gov.az>

It should be noted that the Quality of Life Index of economic regions of Azerbaijan is extremely important in assessing the quality of life of the population on economic regions and revealing regional differences. According to the results of the index, the region with the highest quality of life is the Nakhchivan Autonomous Republic. This economic region is the leader in 4 out of 7 sub-indices (Material Welfare, Health, Security and Leisure Opportunities), and in the sub-indices of Ecology and Education it is in the 2nd and 3rd places, respectively. The only weak point is family strength (Table 6).

Table 6. Position of Nakhchivan economic region on sub-indices of Quality of Life Index (QLI)

Sub-indices	Place in the ranking	Score he got	Average weight of sub-index, %	Interval between sub-indices
material well-being (MR)	1	2,97	22	1,74-3,11
Health (SL)	1	3,42	17	2,36-3,97
education (TS)	3	2,55	18	1,61-3,48
security (THL)	1	4,95	11	2,6-5,0
family strong (AM)	6	3,68	14	1,78-4,83
Ecology (ECO)	2	3,65	11	2,31-4,44
leisure time (AVI)	1	2,44	7	1,67-3,12

Source: The table has been compiled by the author on the basis of <http://economics.com.az/images/fotos/Kitablar/HeyatKeyNazimAz.pdf>

In the dissertation analyzes were conducted on some socio-economic indicators in the economic regions. It is known that in developed countries of the world there are many health indicators, including the number of doctors and nurses. In our republic, the number of doctors per thousand people was 3.2, the number of nurses was 5.6. According to the SSC information, the situation in our country by economic indicators on these indicators is not so good. The situation of the Nakhchivan economic region on both indicators was within the limits set by the World Bank for middle-income and low-middle-income countries (1.4-2.7 and 1.3-2.5 people, respectively). The highest results were in Baku, Aran and Ganja-Gazakh economic regions.

According to the analysis of newly created workplaces by economic regions, in 2018, the economic regions with the largest share of permanent workplaces in the structure of newly created workplaces were Nakhchivan and Absheron (98%).

The above gives grounds to say that the living standards of the population in the Nakhchivan economic region are better than in other economic regions.

Provisions 6. The volume of GDP generated in agriculture in Azerbaijan depends largely on the volume of investments in fixed assets and the volume of agricultural production on individual farms. Inflation does not have a significant impact on agricultural GDP.

Calculations were performed in MathWorks MATLAB Software 2017a environment. During the study, the stationarity of the rows was checked using a single root test, the Kwiatkowski-Phillips-Schmidt-Schin test, and a positive result was obtained. The degree of dependence between the indicators was determined on the Cheddock scale. It was found that, there is a very strong direct correlation between GDP on agriculture and agricultural output on individual farms (0.9983), investment in fixed capital in agriculture and agricultural output on individual farms (0.9268), each of variables has a negative average correlation with inflation.

6Thus, while other indicators remained stable, 1 unit increase in agricultural output on individual entrepreneur farms led to 0.66 units of GDP volume in agriculture, and 1 unit increase in inflation led to 0.01 units growth. 1 unit increase in agricultural output on individual entrepreneur farms 2 years ago led to a 0.11 unit decrease of GDP volume in agriculture, and 1 unit increase in agricultural output on individual entrepreneur farms 3 years ago led to an increase of about 0.16 units of GDP volume in agriculture. Interestingly, when the model was established, it became clear that indicators of inflation in previous years (1st, 2nd, 3rd) did not affect GDP change. Thus, it was determined by the “Student” criterion that the coefficients of these variables are insignificant when examining the adequacy of the model. Therefore, these variables and coefficients are not taken into account in the model.

1 unit increase in investment in the current year led to 2.63 units of GDP, 1 unit increase in investments made 3 years ago led to 2.75 units of GDP in the current year, 1 unit increase in investment growth in current and previous years led to 2.18 units of GDP in the current year. The ARIMA (Auto Regressive Integrated Moving Average) model was used to find forecast prices for fixed capital investments in agriculture. According to the forecast prices, it is

observed that investment will decrease to 0.55 billion manat in 2021 and 2022, increase after 2022, increase to 0.65 billion manat in 2023, 0.75 billion manat in 2024, and 0.81 billion manat in 2025.

Provisions 7. In order to increase the level of employment of the rural population, it is necessary to develop rural tourism, which makes it necessary to improve living conditions.

As an alternative non-agricultural sector, rural tourism plays an exceptional role in improving the living standards of the population in rural areas.

It is known that in recent years, the rural population is interested in renting their houses in order to earn income. It is important for the development of rural tourism and the availability of the necessary living conditions for the rural population to be able to use this type of activity. *“Unfortunately, there are many people among the rural population who want to engage in this type of tourism, whose living conditions are not at a level that can satisfy tourists. Lack of sanitary facilities and kitchens that meet sanitary and hygienic standards, and low levels of water, electricity and other utilities in many villages hinder tourism services. In order to attract tourists, it is necessary to have a comfortable apartment, sewerage system, water supply, in short, living conditions”*.⁸

According to the analysis of statistical data, the provision of central heating, hot water supply and water pipe supply in rural areas is low. In 2018, the number of rural population without a water supply at home was 24.4%. 3.5% of the population is not provided with sewerage system. Although work is being done to repair roads and build bridges, 20.1% of the rural population has to spend at least 15-30 minutes to reach a bus stop. 60% of the population is covered by telephone.

It should be noted that the creation of conditions for the wishes of tourists, the provision of appropriate services to them requires

⁸Aliyeva, Zh.R. The role of rural tourism in improving the living standards of the rural population and its current situation // Baku: Journal of Baku University of Engineers, 2018, №2, - p.159-163.

certain material costs, but in the future may return to the host with an excess of costs. Giving small loans to improve landscaping in rural areas can increase their income that may obtain from this type of tourism.

CONCLUSIONS AND RECOMMENDATIONS

▪ Regarding education: In rural areas, the coverage of children aged 1-5 with preschool education is low. Currently, most schools in rural areas do not have access to the Internet. It is necessary provision of computers and IT support in educational institutions, making distance education possible, to develop habits and skills of both teachers and students in the implementation of distance learning. In recent years, the number of people with higher education in rural areas exceeds the number of people with vocational education. Awareness-raising among young people on the acquisition of technical and vocational skills can play an important role.

▪ Health related: It is necessary to organize such measures as improving the efficiency of the primary health care system in rural areas, providing medicines, solving the problem of personnel shortage and improving the training of functioning medical personnel, promoting a healthy lifestyle culture among the rural population.

▪ Food expenditures are dominated in the composition of food expenditures. The low share of services in the consumption expenditures of the rural population is due to the fact that the total income of the population is mainly sufficient for food needs, on the other hand, and due to the new development of services in rural areas and high prices on the other hand.

▪ Strengthening the measures taken to increase the effectiveness of state regulation of monopolies, restrict healthy competition and prevent price increases, which are the main causes of creation of inflation in the republic, can play an important role in lowering prices for goods and services and enriching consumer spending.

- In our country, which joined the “Modified European Social Charter” in 2004, it is expedient to ensure the principle that the minimum wage should not be less than 60 percent of the average monthly salary in the country.

- The volume of long-term loans is higher in the composition of loans granted to juridical entities operating in agriculture. In our opinion, it is expedient to provide long-term loans to entrepreneurs at low interest rates.

- Although small farms in agriculture provide themselves with separate labor resources, they cannot adequately provide other means of production, including financial resources, raw materials, machinery, etc. From this point of view, it is expedient to promote the establishment and development of cooperatives and their working mechanism on a contractual basis in agriculture, while being free in terms of property.

- Investment attractiveness should be increased in agriculture by improving the insurance mechanism and creating a favorable business environment.

- Special attention should be paid to the creation of more permanent workplaces through the measures taken within the framework of the programs adopted related to the socio-economic development of the regions.

- Thus, while other indicators remained stable, 1 unit increase in agricultural output on individual entrepreneur farms led to 0.66 units of GDP volume in agriculture, and 1 unit increase in inflation led to 0.01 units growth. 1 unit increase in agricultural output on individual entrepreneur farms 2 years ago led to a 0.11 unit decrease of GDP volume in agriculture, and 1 unit increase in agricultural output on individual entrepreneur farms 3 years ago led to an increase of about 0.16 units of GDP volume in agriculture. Interestingly, when the model was established, it became clear that indicators of inflation in previous years (1st, 2nd, 3rd) did not affect GDP change. Thus, it was determined by the “Student” criterion that the coefficients of these variables are insignificant when examining the adequacy of the model. Therefore, these variables and coefficients are not taken into account in the model.

1 unit increase in investment in the current year led to 2.63 units of GDP, 1 unit increase in investments made 3 years ago led to 2.75 units of GDP in the current year, 1 unit increase in investment growth in current and previous years led to 2.18 units of GDP in the current year. The ARIMA (Auto Regressive Integrated Moving Average) model was used to find forecast prices for fixed capital investments in agriculture. According to the forecast prices, it is observed that investment will decrease to 0.55 billion manat in 2021 and 2022, increase after 2022, increase to 0.65 billion manat in 2023, 0.75 billion manat in 2024, and 0.81 billion manat in 2025.

- Giving small loans to improve landscaping in rural areas can increase their income from this type of tourism. In the direction of expanding the development of rural tourism, it is expedient: to cover village and inter-village roads with paved highways; major reconstruction of electricity and communication facilities in rural areas; to ensure access of the rural population to quality water sources, to provide water sources with treatment facilities; to provide the rural population with necessary information for the development and expansion of rural tourism and to conduct trainings to increase their skills in this field, to involve young people in language courses; to indoctrinate skills among the population engaged in rural tourism, such as the ability to place their proposals online and accept orders using the Internet and modern technologies; to make certain concessions to entrepreneurs who invest in tourism.

The main content of the research is reflected in the following published scientific works of the author:

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Address: Institute of Economics of ANAS, AZ1143, Baku, av. H.Javid , 115

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