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FEATURES OF ECONOMIC RELATIONS IN THE AGRICULTURAL SECTOR

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Abstract

The research article investigates how agricultural economic ties function by studying three key aspects that differentiate agrarian economies from other economic sectors in national development. The analysis shows that agricultural economic relations feature distinct characteristics which arise from their dependency on natural resources and their complex institutional structure and their existing market flaws, thus requiring specific policy measures. The article expands existing theoretical knowledge about agrarian political economy which applies to transitional and developing economies, especially in Central Asian countries..

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INTRODUCTION

The agricultural sector holds a special status within national economies because it provides essential food security and rural employment protection while creating unique economic systems through its agricultural activities. The natural biological and climatic conditions that exist outside human control determine agrarian production processes which create unpredictable outcomes that differ from other economic sectors [1]. The existing economic relationships between land users and capital owners and state authorities and market intermediaries require a different understanding approach because of this structural peculiarity which prevents application of industrial economic models.

The transitional economies of Uzbekistan serve as a suitable research framework because the country has experienced agricultural system changes since 1990 and now faces market changes together with rising population numbers and unpredictable international food costs [2]. Agricultural research serves as a special political economy field according to scholars from various academic traditions since classical economists established rent as a land-specific category which Marx used to create the differential rent theory that explains agrarian relationship inequalities while 20th-century institutional economists studied property rights and transaction costs as factors that shape rural market operations [3]. The existing theoretical framework does not provide sufficient understanding of Central Asian post-Soviet agricultural economic systems although current research shows an urgent need for detailed investigation.

METHODOLOGY AND LITERATURE REVIEW

The article uses systematic literature review together with institutional economics and agrarian

political economy and development economics to study agrarian economic relations. The analysis proceeds by identifying common conceptual categories across sources and evaluating their explanatory power in relation to the distinctive features of the agrarian sector [4]. Scholarly engagement with this subject reveals several converging lines of argument. Russian agrarian economists have consistently emphasised the role of the state as a necessary corrective to market failures in agriculture, arguing that the biological cycle of production, the immobility of land, and the inelasticity of food demand together produce systemic tendencies toward underinvestment and price instability that the market alone cannot resolve [5]. Uzbek researchers have added to this perspective by documenting the specific institutional arrangements that govern land use in Uzbekistan, including the leasehold system introduced during agrarian reform, the role of water user associations, and the persisting influence of mahalla-based social norms on economic behaviour in rural communities [6].

International scholarship, which operates through the new institutional economics framework established by Elinor Ostrom and Douglass North, demonstrates how property rights definition together with contract enforcement and rural institutional standards determines agricultural economic systems. The literature examines how agriculture markets face market imperfections [7]. The primary production system consists of individual producers who create products, but processing and distribution activities have become concentrated in few companies, which causes farmers to face disadvantages during price talks because most agricultural products have short shelf lives [8]. The observation establishes direct links between income distribution and contractual agreements in the agrarian sector, which has led to extensive policy discussions about the role that cooperatives and producer associations and state marketing boards should play to fix existing structural imbalances.

RESULTS AND DISCUSSION

The synthesis of existing literature together with theoretical research enables identification of essential characteristics which define economic relationships within agriculture. The first and most fundamental is the dependence of agrarian production on natural conditions which introduces an irreducible element of risk into all economic calculations made by agricultural producers. The standard market mechanisms that use price signals to internalize risk cannot achieve full internalization because economic incentives do not match the timing and severity of climatic events which leads to chronic underinsurance and supply volatility and income crises that affect rural households [1, 3]. The second characteristic feature is the institutional complexity of land relations. The multiple functions of land as a production input and a value storage solution and a social status symbol and a natural resource create multiple overlapping claims which are resolved through legal and customary and political systems [6, 7].

In Uzbekistan, as in many post-Soviet states, the formal leasehold system coexists with informal norms of hereditary use and communal access, which creates two separate systems that affect agricultural investment and credit opportunities and agricultural contract development [2]. The third feature concerns price formation. The determination of agricultural prices results from production costs and seasonal supply variations and international commodity market trends and government price procurement and subsidy and import tariff policies. The multilayered price determination process gives producers only limited control over their product sale conditions because smallholder producers face power imbalances with large agribusiness intermediaries [8].

The state functions as two distinct entities because it operates as a regulatory body while simultaneously participating in economic activities. The state exercises direct control over agricultural economic operations through its land policy and irrigation system management and credit distribution and food price control systems which exist in all markets worldwide [9]. The state must pursue two different objectives in transitional economies because it needs to stop all production work which it inherited from the socialist period while it builds up its market regulatory framework. Research on Central Asian agrarian reform demonstrates that the economic relationships within this sector depend on two simultaneous processes which transform the sector, while improperly timed changes between these processes create informal economic ties between farmers and local authorities that function in place of absent market systems. The fifth feature shows how social connections shape all agrarian economic relationships.

Agricultural economic relations operate through social networks which depend on ongoing

relationships between people who share familial connections and use social standing to conduct their business. The social structures decrease transaction expenses because they enable informal credit and labor exchange but they create exclusionary systems which make it harder for new individuals and women and minority group members to access essential resources for productivity [10]. All agricultural policy designs and agrarian research models require understanding these characteristics as interconnected elements rather than separate components which exist in isolation.

The intergenerational continuation of agricultural production methods represents an essential component of agrarian economic relations which requires independent examination. Agriculture differs from other industries because its development depends on both present market conditions and existing policy frameworks and all agricultural practices and knowledge systems and land management methods which have been transmitted through time. The historical development of agrarian economic relations preserves institutional knowledge which prevents swift institutional changes to occur even during times of planned institutional transformations. Rural producers tend to make economic decisions based on long-term risk-averse strategies which they developed through their experience with climatic and market uncertainties because these strategies protect their household food security and their productive assets instead of generating maximum monetary income. Agrarian communities will resist intervention programs which base their operations on rational profit-maximizing principles because these communities make economic decisions according to social and historical patterns that define their economic behavior.

CONCLUSION

The analysis presented in this article demonstrates that economic relations in the agricultural sector are characterised by a distinctive combination of natural dependency, institutional complexity, market imperfection, state involvement, and social embeddedness that sets them apart from economic relations in other sectors of the economy. These features are not merely contextual peculiarities but are structurally determined by the biological and geographical conditions of agricultural production and by the historical formation of land and labour institutions. For transitional economies such as Uzbekistan, recognising these features is a precondition for developing coherent agrarian policy that supports rural incomes, ensures food security, and promotes sustainable land use. Further research should focus on the dynamic interaction between formal institutional reforms and informal social norms in shaping the evolution of agrarian economic relations, as this interaction remains the least theorised and most practically consequential dimension of the subject.

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