



# MODERN APPROACHES TO MANAGEMENT OF RICE PRODUCE COMPLEX OF THE SOUTH OF RUSSIA

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## **Abstract**

*Formation of rice produce subcomplex of the country is one of the important tasks of modern stage of the AIC development that is conditioned by a range of factors: growth of public needs in high quality food produce, formation and development of sales, processing and trade infrastructure, planned growth of intensification of agricultural production, its concentration and specialization, development of intra-economic cooperation and agri-industrial integration. Formation and further development of rice-subcomplex demands the working out of new approaches to the organization of production, processing and realization of rice, creation of modern market infrastructure, forms and methods of the state's influence. The multilink in the system of management of rice subcomplex, doubling and parallelism in the work of sectoral, territorial and intra-sectoral organs of management essentially decrease the effectualness and efficiency of management. So the finding out of rational forms of combination of sectoral and territorial principles of formation and functioning of rice subcomplex – one of the urgent problems of improvement of management of agriculture in combination with other sectors of agri-industrial complex. A great economic significance has a research of these aspects on the regional level.*

**Keywords:** Rice produce subcomplex, agri-industrial complex, AIC, agriculture, food structure of AIC, grain

## **1 INTRODUCTION**

Nowadays the AIC takes the specific place in rooted formation of integral production-economic systems. Due to these produce the population can determine the level of its welfare and countries provide the necessary level of food safety.

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Agro Industrial Complex (AIC) consists of sectors which are specialized in production of agricultural products, their processing, and storage, have close production, economic interactions and provide with means of production of agricultural and processing industry. AIC is a complex changeable system, in which functionally all elements are interconnected and organizationally interacted concerning to the achievement of the main goal – effective production of agricultural



products, products of its processing and reaching them to a consumer.

There are the following types of AIC structure:

1. Functionally-sectoral; a set of sectors and types of AIC activity functioning in reproduction process;
2. Production-technological; an aggregate of resources and other elements of production (lands, machinery, equipment and et al).
3. Product oriented; an aggregate of product subcomplexes uniting a set of activity types concerning to different spheres of AIC technologically connected in production of specific types of final produce (product subcomplexes).
4. Territorial-aggregate of regional AIC forming AIC;
5. Social-aggregate of social groups and types of farms entering the AIC, rural territories.

At present time the structure of Russian AIC is far of perfection. Agriculture takes a main place (more 48% of total volume of AIC production, 68% of main production funds, 67% of production AIC sectors). In more developed world countries the main role in creation of final product comes to the third sphere of AIC (for example, in the USA 73% of AIC production comes to the share of processing and sales sectors but to the share of agriculture only 13%) 25% of main funds of the country nearly 30% of GDP and more 70% of output for a final consumer comes to the share of Russia AIC.

Despite of great efforts of the state, its governmental and regional structures directed to the development of agriculture of the country, situation in AIC in whole is getting worse. The catastrophe is coming – Russia has not been the powerful agrarian state yet. It can lead to total loss of food, staff and intellectual safety of the country, the beginning of its division on separate territories with participation of external and internal powers.

The modern, very heavy situation in the AIC of Russia can be characterized by the following realities:

1. Modern Russian agricultural production has a very low level of commercial produce in consequence of it, the products of their own

production are in short for population of our country. Subject to a region the life of the main part of population on 40-70% depends on import food. The threshold of food safety of the country must not be more than 30%.

2. Mass and control free privatization of enterprises of agricultural machinery led to the multiple decrease of industrial potential sector of the country. Many enterprises produced agricultural machinery earlier in the result of privatization stopped their activity, changed the profile or are in constant regime of waiting of bankruptcy and change of governing bodies. Present machinery are sold, staff is discharged, working places are liquidated, no one basic enterprise of agricultural machinery after privatization did not become to work better, we can see a fall of production everywhere.

The native engine engineering industry, production of hydro- and electrical equipment for agricultural machinery and many accessories to them (belts, chains, bearings and so on) are on very low technical level. The production of Russian new combine - harvesters “Acros” and “Torum” depends on foreign accessories.

3. Adopted in Russia in the beginning of 90s, the agrarian policy on “farming” of agricultural production did not justify itself. It accompanied as known by total decrease of large commodity production and their change on small farms. But the native farmer could not feed the country. The farming from which many waited a lot occurred ineffective in the conditions of Russia.
4. From pure market and political minds the experience of production of Russian large commodities farms is not popularized, especially those which came to in so called “Agro Clubs 300 and 100”. These farms don't suit to centralized doctrine of small commodity farming of agricultural production. The same time the intensity of land use in the Club's farms is higher than in other farms. In average, one farm of the Club “Agro-300” produces grain at 5 times more than any other farm from among farms. Revenues from realization of produce and services in farms of the Club “Agro-300” exceed revenues in other

farms in average more than at 200 times, so 800 farms entering the sectoral Clubs "Agro-300" give about one third of this products which are produced by 14 agricultural enterprises. These farms give us the convincing example of highly effective production of proper land management.

5. There was lost the control under technological policy in the field of technological and technical equipment of agriculture. The Ministry of Agriculture of Russia lost these functions. The coordination of works with "Soyuzzagromach", Russian Agricultural Academy and enterprises of the sector often are limited by personal contacts of their representatives. They does not have a general plant of work, there is a program of general intents. More than 20 firms of different countries without any certification of comparative state trials import their machinery to Russian market not determining its final effectiveness with an account of specificity of native agricultural production. Machinery is often purchased at the expense of the regional budget by personal order of the Governor without preliminary technological and economic substantiation. Sometimes the local governing bodies in agricultural sector even do not know that the foreign machinery was purchased by their management.
6. The technical equipment of agricultural production is rapidly decreased. In comparison with the production of machinery in 1990 the production of native tractors decreased at 10 times, combine-harvesters at 11 times. This led to that almost everywhere the technologies of agricultural works, optimal agro technological terms are breached and the losses of produce are increased.
7. Advertising grain reproduction in Russia and planned grain export in 20-25 mln tons of grain do not depend on harmonically developing agriculture. The yearly harvest of sales grain on the level of 100 mln tons is not determined by technological, staff and organizational possibilities of the country. The bin croppage pretends as cash grain. The great amount of exporting grain is realized in the bank of national interests in whole because this grain can be given to the development of the most

"early matured" sectors of agriculture-livestock and poultry breeding, to support native agricultural producers. The imported grain in financial equivalent does not return into agriculture by the target purpose. Food prices are increasing.

8. Engineering-technological service on the level of a district and a farm in its general civilized presentation is liquidized at fact. Only in some districts the systematic optimal technological provision of farms are worked out, new technologies and technics are introduced, consultations on specific engineering-technical problems, diverse and accessible service are organized. It is considered that the organization of the system is a interaction of components which are conditioned by the system and reflect as unstable as stable components and connection whereas a structure reflects only stable ones.

In connection with it, the conception of formal structure of AIC and its subcomplexes is connected with the necessity of a division of a subcomplexes and a structure of a subcomplexes respectively. Different approaches and differences in scientific literature in the determination of AIC sectors, sectoral content of subcomplexes partially are connected with it. The structure of the complex is determined by a function and aims of the system.

The AIC as an object of management presents a subsystem of public production and consequently is subjected to general laws of its development, however it has, along with other properties, peculiarities which are distinctive only to it.

The approach to the study of AIC as a system, formation of its subsystems as subcomplexes and especially rice produce sub complex, it is necessary to base this approach on research of essence of these systems and their elements to divide them objectively which are a part of an environment.

We remark that if elements have a connection with each other substantiated by their participation in realization of function of present system, they answer the criteria of systematic according to which elements can be determined as entering or not entering the system.

Function of the system expresses the necessity of the system, its purpose, meaning of existing which is set the task to the system from without-by the environment. The aim expresses internal "needs" of the system, whereas the function is needs of its environment.

We consider that functions play a main role in the system but not aims because the possibility of existing of the system depends on them: if a system executes its own function, the infeasibility of the aim as a rule does not threaten and if the function is not executed the influence of the environment can be destructive for the system. The realization of the system's functions presents the functioning (behavior) of the system. The result of functioning of systems determines it. So, the efficiency of every system including rice produce subcomplex, is characterized by the satisfaction of the environment's needs, that by the completeness of execution of its functions concerning to the environment. It means the aim greatly influences both the structure and the behavior of the system but along with the function which assigns a decisive part and the aim must be accepted as a system-forming factor.

Executed reforms, change of the world power balance define new goals and tasks before the AIC of the country, so it is necessary to determine features and tasks of the AIC clearing up above mentioned information and taking into consideration the systematic approach to its research.

From our point of view, for more complete understanding of the essence of AIC functioning it is necessary to state the definition of the AIC based on understanding of it as a complex system.

As for us as objective functions of the AIC we should mark out:

- Stable supply of population of the country with food products and other goods from agricultural materials;
- Supply of functioning with the specific system social infrastructure in places of AIC enterprise location.

It is necessary to mark out that the managing subsystem has its own functions and aims which can differ from goals of the system and can be

determined as an external environment as a peculiarity of functioning of managing subsystem. To our point of view the main goals of the AIC will be the supply of food safety and supply of its stable and effective functioning. Separating out of functions and aims of the AIC is a basis of determination of aims and goals of functioning of its subcomplexes (food subcomplexes, sectors, regional AIC).

In production-economic system of the AIC food vertical lines are singled out. The grain produce subcomplex concerns to such formations. The realization of food approach allows us to clearly determine the goal of grain produce of the subcomplex, to clear up its structure, to single out into independent goal-realizing system.

The necessity of singling out of the subcomplex as an independent production object is conditioned to supply with proportional, coordinated development of all sectors and functional subdivisions entering it as well. The grain produce subcomplex of the AIC includes the production-economic system of sectors and functional subdivisions which are interconnected by the generality of aims, economic interests and take part in production of grain and food of its processing. A range of objective processes led to its formation and functioning. In connection with industrialization of agriculture, transition of its material-technological base on industrial base the differentiation of agrarian sphere happened. On the other hand, elements of economic structure greatly depend on each other, on supplies of means of production, on their supply with material, financial and labor resources owing to public labor division, increase of independent sectors, enterprises, subdivisions.

All it leads to the decrease of possibility of their conscious management, regulation, orientation on the decision of concrete target sets, makes elements of economic structure to be combined, integrated, and cooperated in the agro industrial formation. The generality of aims of structural components is a main factor of integration processes.

In consequence of development of production forces the problem of creation of food formations becomes more acute. The sectoral approach

cannot solve the main tasks of intra-economic influence, so in the formation of the AIC it does not meet needs of high effective production. It leads to great economic losses, decrease of social and economic AIC effectiveness (Miloserdov, 2005). All publications devoted to the food AIC structure, contain conceptions of meaning of food subcomplexes. For better understanding of such structures some the most specific features singling out features and peculiarities must be analyzed.

1. Every food vertical line (food subcomplex) presents the chain of types of activity belonging to different spheres of sectors and subsectors and uniting technologically for organization production process beginning from production of specialized means of production for given product and finishing with realization of this product to meet needs of population in it (Kaishev, 2006) (Krylatykh, 1982).
2. "Food structure of the AIC is an aggregate of vertically integrated types of activity presenting the single process of production and leading to a consumer of definite type of final produce" (Vorob'ev, 2006).
3. "in structure of AIC we can single out a range of product subcomplexes – block of sectors connected with production or processing of agricultural raw materials" (Nuraliev, 2005) (Formation and improvement of AIC structure, 1983).
4. Food structure of AIC – "aggregate food subcomplexes uniting types of activity concerning to different spheres of AIC, technologically connected in production of concrete types of final produce (food subcomplexes)" (Nechaev, 2010).

In below cited definitions two main components can be singled out – structural and target. Every of it is characterized by some definite aspect and functioning of subcomplex – objective target and elements with help of each the realization makes possible. In first interpretation the definite aim of the subcomplexes is characterized as a production of concrete product in volume meeting public needs. In second interpretation it is limited by production and consists of an obtaining and leading to a consumer of some definite final

produce. Thirdly – in the sphere of production and can be limited by agriculture raw material processing. Fourthly, the determination of aim of the subcomplex is based on production of concrete final produce.

Some questions follow from analysis of given formulations: how food subcomplex aim is determined – production or leading to a consumer; production and satisfaction of needs, only production or processing of agricultural raw material. As for us the aim in first interpretation is set the most successful. In second and third definition the level of needs is not taken into account. The meaning of goals of the subcomplex present in third definition but only in first part can slightly conform to its target set.

In analyzed interpretations of definitions are not connected the target sets of the subcomplex with the task of supply of its social-economic efficiency.

Presenting the aim is necessary to mark the essential level of profitability of AIC which can supply with conditions to expand the reproduction. Only under these conditions the food subcomplex can quite effective function, solve the necessary set as of social as production problems.

Structural component of determination of food subcomplex is necessary to consider in two aspects. The first one is an internal structure and connections between its elements and the second one is a relation of the subcomplex to AIC. All definitions of food subcomplex includes as a structural element of the AIC economics. In this question all authors are unanimous. As to concern the question of its internal structure, there is not a well-defined view. In first two and fourth definitions the constructive element of the subcomplex is a term "type of activity" and in the third one "sector".

Such distinction can be explained by the difference of approaches to the study of food subcomplex. In first, second and fourth definition it considers as an object of management. In a given question it is important to define its limits – to manage, it is necessary to know how and by who. In connection with it, the functional structure is detailed to the level of a type of activity.

In the subcomplex there can be included only those sectors, subsectors, enterprises, functioning

of which fully or in main is orientated on implementation of target sets. The third definition is considered the structure of the subcomplex with the position of its representation as an object of research. In this case it is essential that the analysis of its aggregate blocks and determination of sector's accessories consisting of the subcomplex to one or another production sphere. The problem of organizational isolation of the subcomplex as a production-economic system does not stand.

As to V.A. Uzun, the coincidence of the food subcomplex content "...possible only at such level of specialization of production when the enterprise in all included into the subcomplex sectors and types of activity work only on given goal" (Uzun, 1984, p. 27).

It will be interesting for us in both cases at study of problems of formation and optimal functioning of structural elements of rice produce subcomplex. So, in dependence on certain context we will consider it in both aspects. Taking into account the worked out analysis of structural component of the subcomplex we can make the conclusion that its functionally sectoral content demands the specific substantiation which must be always connected with the aim of the subcomplex.

Due to considered conceptions of food subcomplex we can clear up its formulation: food subcomplex is a structural formation of the AIC functioning in the conditions of full economic independence, the final aim of which is a satisfaction of rational needs of the society in concrete nutrition or in a subject of consumption (from agricultural raw). Researches of many native economists: A.I. Altukhov, A.I. Okhapkina, A.I. Dobrynina, V.Ya. Uzun and others, including A.A. Gladilina, A.A. Nikonova, L.I. Ushvitsky, are devoted to the problem of nature of regional AIC and their produce subcomplexes. Many scientists consider in general the problems of development and functioning of rice produce subcomplex but there are little enlightened the problems of formation, development, improvement of rice produce of AIC subcomplex though it is a constituent part of general rice produce subcomplex. In publications of many scientists but not at full size specific peculiarities of rice-sowing sector are reflected. There is an objective

necessity to research the modern condition of production, processing and sales of rice on regional level. There are many essential theoretical and practical recommendations which demand specifications which would take into account some natural and organizational-economic conditions of the region. In connection with it, the specific practical significance acquires the research and working out of all possible ways of advancing of organizational-economic mechanism of management of production, sales of rice grains, raw rice on different levels and in enterprises of different organizational-legal forms of economy. There are different approaches to the determination of the conception "rice produce subcomplex". Some authors understand under rice produce the AIC subcomplexes the production-integrated sectors and as well as the functioning subdivisions taking part in the process of rice production and products of its processing, technological and scientific provision of this process and as well as to a consumer. We offer the author's interpretation of the conception of regional rice produce subcomplex which is an integrated production presenting the interconnected chain of productions concerning to different spheres and sectors of AIC but at the same time technologically interconnected to implement the rice production, its processing, storage, transportation, distribution. Taking into account the rice produce subcomplex as a complex system we single out four main structural aspects: reproductively functional, component, organizational, territorial or regional ones. The main target function of rice produce subcomplex is a maximum satisfaction of needs of population in products making from rice and supplement products. Others not less important functions of rice produce subcomplex are:

- creation of balanced rice market and raw of processing industry;
- reduction of losses on production lines;
- transportation-processing-rice sales;
- providing with food safety of the country in rice produce;
- fuller use production potentials in all spheres of rice produce AIC subcomplex;
- increase of compatibility of Russian rice on home and world market.

The normal functioning of rice farms is supplied at the expense of their connection with different sectors of public production. The revealing of sectors applying in production of final grain produce, determination of their belonging to concrete sphere is concerned to the research aspect of the problem of formation of rice produce subcomplex.

Regional rice produce subcomplexes of all stages in the conditions of the market are formed on the same principles as the AIC in whole. On the basis of finding the more essential functional connections which are closed in limits of a considered structure, the content of regional rice produce subcomplexes is determined. In practice, the joining of sectors in vertical blocks is implemented according to the similarity of final produce and initial raw material and as well as on specific volume of expenses and returns in their general structure. According to the specific volume the integrity of economic and technological connections is determined. These connections are traced well in chains on rice subcomplex on regional levels: producer-transport services-storage-processing production-trade-retailer consumer, among it, in the structure of expenses and especially in distribution of profit in our country, the great specific volume comes to intermediates and credit institutions. Related to concrete regional subcomplex of the sectors subsectors and separate types of activity influence directly the formation of market prices (general profit). Proportions of distribution of general profit on reverse cost production chain serves as an indicator of fairness and equivalence of exchange.

The general AIC of the country presents all spheres and branches, regional rice produce subcomplexes are presented by their part, even on the level of economic regions of the country.

The rice produce subcomplex of the country is presented in main South regional rice produce AIC subcomplex formed on the basis of economic district of the country, it is connected with the presence of necessary natural-climatic conditions which are demanded at rice growing in this district. The south regional rice produce subcomplex includes subcomplexes of Krasnodar, Primorsky regions, Rostov, Astrakhan regions and as well as republics of Kalmykia, Adygea, Dagestan.

All regional subcomplexes are open systems because their produce is supplied not only in its region but it imports, the enterprises of regional subcomplexes often use except its own the exported agricultural and other raw materials.

The specific attention is paid to rice complex of Krasnodar region which was created in 70-80s. It till nowadays is the largest one in Russia. At projecting and construction the best achievement of world and native ameliorative science and practice are used. It was made exceptionally with the aim of the country's rice provision there were given lands, unavailable for dry land management: salted, flooded, waterlogged. The rice produce subcomplex has the analogous with grain produce subcomplex of organizational structure. There are three spheres: production of means of production (1<sup>st</sup> sphere), directly rice-producing sector (2<sup>nd</sup> sphere) and sphere of processing and servicing (3<sup>rd</sup> sphere). Constituents of the 1<sup>st</sup> sphere includes: transport, agricultural and general machine-building industry producing technics, transport means and equipment of general and special purpose, enterprises of storage and grain processing, chemical industry producing mineral fertilizers, chemical means of plant protection, fungicides, oil-processing industry providing with fuels and others in grain sector. The definite part of means of industrial production is the same for cultivation of rice and other grain cultures, mainly, technical means and equipment is specific taking into account the peculiarities of rice cultivation in irrigation.

The second sphere is a rice-growing sector differing in its technology of rice cultivation from other grain connected with its cultivation on irrigated lands, it requires specialized the organizations on projecting of irrigated systems, the support in a working conditions, the control of water supply and so on.

The third sphere is an elevator- and transport farms working with transportation and storage raw-rice and rice-processing enterprises as well producing rice grain. This block of the third sphere concerns to the production infrastructure.

After transition to the market economics sharply increased the value of servicing structures which are concerned to the market infrastructure. They

are the different services: consultation, information, marketing, advertising, audit, certification, arbitrary, insurance, customs, financial service, small and large sales-intermediate companies which are occupied in rice and rice grain wholesale, distribution networks taking rice grain for realization in retail trade; commodity exchange and wholesale food markets. Some scientists offer to increase a number of AIC spheres to four singling out service information service and main chains of marketing in separate blocks. The more complex is intra-sectoral connections the higher is a role of social and production infrastructure.

Such types of activity which present the non-production sphere but are closely connected with rice production and other sectors of rice produce AIC subcomplex are included in social infrastructure. Systems of management by the spheres of the complex are the following: system of preparation, repeated preparation and increase of qualification of staff, housing and communal services, organization and subdivision of scientific provision and others.

The production infrastructure presents a group of sectors specialized on production service. The service infrastructure of rice produce subcomplex is presented by scientific and experimental stations implementing works on improvement of technologies (Rice SRI) on selection, nature-protecting arrangements and others, enterprises and subdivisions of agrochemical, amelioration, information service, transport service, services of technical service and repair enterprises, trade sphere and others.

The rice produce subcomplex presents in itself the complex dynamic system including in production enterprises functioning directly in agriculture and in infrastructure of grain procurements and storages, in processing, food and mixed fodder industry, trade sphere. These various enterprises also are interconnected between technological and organizational-economic relations on the basis of which the intermediate and final consumers receive possibilities for obtaining and use of increasingly assortment of products produced from rice [Fig. 1].

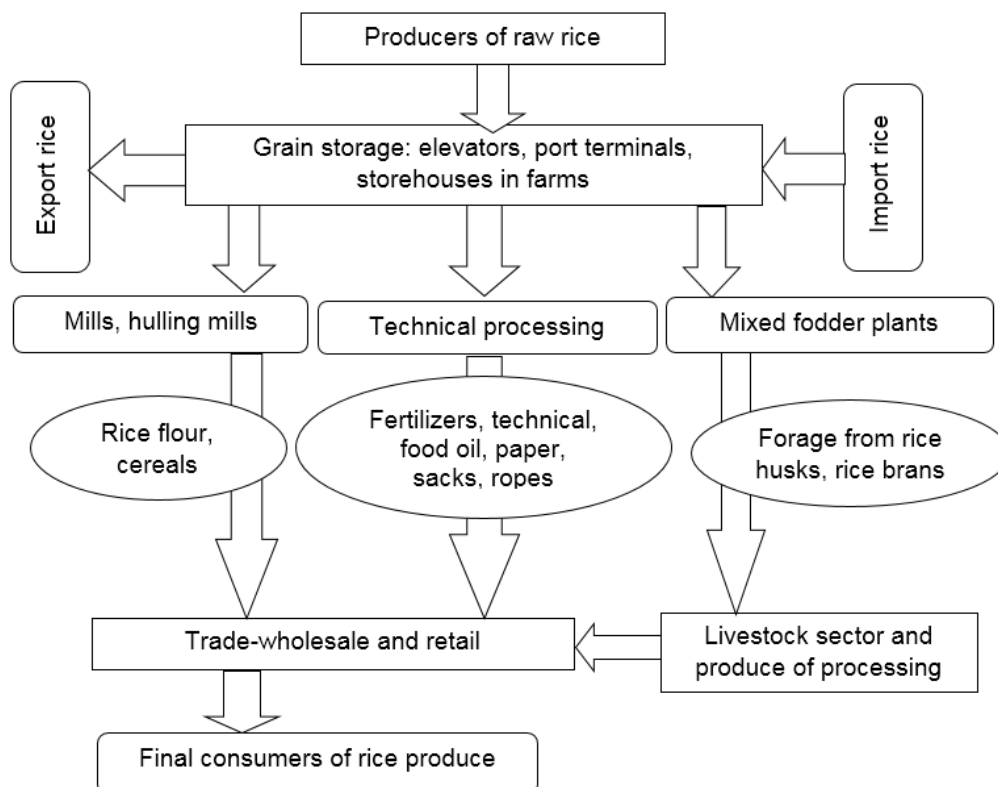


Fig. 1 Macro model of production infrastructure of rice production subcomplex

Carried out researches allowed us to summarize some peculiarities appropriate to Russian rice produce subcomplex. The enterprises of the 1st sphere of AIC rice produce subcomplex connected with grain producers till nowadays are in economic crisis, partial use of powers, production of noncompetitive produce and as a consequence, vacancy of its agricultural producers, instability of institutional bases which is conditioned by constant change of owners of Russian machine-building plants, ambiguity of perspectives of their development are intrinsic to it. The degree of development of 1st sphere of given subcomplex in the field of production of the system of machines does not allow in full size to use intensive technologies of grain cultivation and present foreign analogues on the market have very high price.

Essential changes are characteristic for the 2<sup>nd</sup> sphere of rice produce subcomplex of AIC. In connection with reduction of grain production and in combination with control-free transfer of large financial funds from grain industry through disparity of prices on grain and industrial produce and other ways of free withdrawal of funds, finally, led to the level of make-out of rice-growing farms and redistribution of revenues from grain production into the sphere of processing and especially in the sphere of circulation, enrichment of multiple grain sub-purchasers, expansion of shadow grain trade, criminalization of functioning of intermediary structures.

In consequence of essential reduction of state support found themselves on the verge of surviving of grain selection and seed-growing sectors. The volumes of selection works are reduced, the scientific-production and production systems on variety seeds and grain obtaining practically stopped their activity.

The peculiarity of the 3<sup>rd</sup> sphere of AIC is significant outflow of agricultural raw material from large-tonnage production. In this case the rice-processing industry is not an exclusion. At present time the spontaneous increase of hulling mills is going on, many of them are characterized by low efficiency of production, use of technologies not meeting the scientific requirements. Hence, there is the significant quality of low quality grain. The increase of rice produce subcomplex increase

provides the following trends:

1. The working out and introduction of modern, innovation resource - and moisture saving technologies of agricultural plant cultivation with taking into account of adaptation to local soil-climatic conditions. The total introduction into production of resource-saving technologies will allow decreasing the period of field works, to cut labor expenses on 14-30% and the fuel costs on 15-35%.
2. The optimization of agricultural plant allocation on the territory of Krasnodar region in the aims of maximum realization of biological potential of cultures, economy of resources and obtaining of the most part of economic profit.
3. The selection of more adaptive varieties and hybrids, sowings of high-quality seeds of local varieties. They are such varieties as: "Regul", "Papan", "Khazar", "Lider", "Liman" and others.
4. The advancing of grain storage and transportation and products of its processing. Losses of commodity products on regional level achieve 30% and more because of imperfection of the system of storage and transportation.
5. The increase of grain quality produced in the region. The obtaining in extreme conditions of increasingly high yields with high technological qualities which are competitive on internal and world markets must become the strategic aim of the sector's development. The increase of rice croppage provides in connection with it.
6. The introduction of resource-saving technologies of grain processing. The up-to-date equipment of processing enterprises will not allow supplying the highly effective production that negatively influences the compatibility of Russian produce.
7. The development of infrastructure of grain market, sales of finished products, mainly, are implemented in a net of sub-purchasers and mediators which set the final prices that interfere to commodity producers overlap the production expenses with earnings.

The problems of formation, functioning, regulation and increase of effectiveness of functioning of regional rice produce subcomplex (RPS) are key

ones in our AIC and cause the essential influence on food safety of the country. Except of it, the stable production of grain serves as an important constituent for formation of revenues of all levels at the expense of tax returns from processing and realization of grain.

The multiple effect from formation of organized and stable functioning national grain produce subcomplex will allow to decide many economic, inter- and intra-sectoral problems.

The constant improvement of principles of development of regional rice produce subcomplexes is required to solve these and many other problems, to form newly the regional proportions of reproduction, to conform the economic activity of sectors and enterprises, considerably separate for the years of reforms even in our regions. It is necessary to work out more rational structure of regional rice produce subcomplexes aiming to obtaining of produce maximum, considerable decrease of production expenses, losses, improvement of economic mechanism. In scientific works the mechanism of functioning of AIC subcomplexes often is considered either from the position of interests of agricultural producers or processing sectors, or resource suppliers.

The formation of rice produce subcomplex of the country is one of the main tasks of modern stage of AIC development, it is conditioned by a set of

factors: growth of public needs in high-quality food products, formation and development of sales, processing and trade infrastructure with the growth of intensification of agricultural production, its concentration and specialization, development of intra-economic cooperation and agro-industrial integration. The earlier the course to dynamic balance of the subcomplex will be taken, the faster and more effective the recovering and development will be.

That's why it is important in the conditions of the market to use the conceptual approaches of proper formation of RPC in the country in whole and the account of territorial, natural, economic peculiarities of the region and scientific-technical, social, ecologic and other factors.

The formation and the further development of rice subcomplex demands the working outs of new approaches to the organization of production, processing and realization of infrastructure, forms and methods of state influence. The multisection in the system of management by rice subcomplex, doubling and parallelism on the work of sectoral, territorial and intra-sectoral bodies of management essentially decrease the efficiency and immediacy of management. So, the finding of rational forms of combination of sectoral and territorial principles of formation and functioning of rice subcomplex is one of the urgent problems of agriculture improvement in combination with AIC other sectors.

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