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LEGAL REGULATION OF AGRICULTURAL COOPERATION IN THE REPUBLIC OF KAZAKHSTAN

This article discusses the theoretical and practical aspects of the legal status of agricultural cooperatives in Kazakhstan. Agriculture of the Republic of Kazakhstan is one of the main sectors of the economy. The study of the legal aspects of the activities of agricultural cooperatives will improve agricultural production and thus ensure the food security of the country. The author, determining the relevance of the article, indicates the place and importance of agricultural cooperatives in the legislation of the Republic of Kazakhstan. Critically discussing the views of scientists from the point of view of the legal definition of agricultural cooperatives, the author's reference is presented. There are also proposals to improve the current legislation in this area. As a result of the study, the author, presenting the basic principles of agricultural cooperatives, points to the role of effective application of the principles in improving the legislation of agricultural cooperatives.

Key words: agrarian legislation, agricultural cooperative, agrarian legal relations, land law, environmental law, state mechanism, subject of law.

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Қазақстан Республикасындағы ауыл шаруашылығы саласындағы ынтымақтастықты құқықтық реттеу

Бұл мақалада Қазақстандағы ауылшаруашылық кооперативінің құқықтық мәртебесінің теориялық және практикалық аспектілері талқыланады. Қазақстан Республикасы ауылшаруашылық саласы экономиканың негізгі салаларының бірі болып табылады. Ауылшаруашылық кооперативтерінің қызметінің құқықтық қырларын зерттеу ауылшаруашылық өнімін арттыруға және сол арқылы елде азық-түлік қауіпсіздігін қамтамасыз етуге септігін тигізеді. Автор зерттеліп отырған мақаланың өзектілігін айқындай келе Қазақстан Республикасының заңнамасында ауылшаруашылық кооперативтерінің орны мен маңызын көрсетеді. Ауылшаруашылығы кооперативтерін құқықтық анықтау тұрғысынан ғалымдардың көзқарастарын сыни тұрғыдан талқылай келе, авторлық анықтама ұсынылады. Сондай-ақ осы саладағы қолданыстағы заңнаманы жетілдіруде ұсыныстар келтірілген. Зерттеу қорытындысында автор, ауылшаруашылық кооперативтерінің қызметінің негізгі қағидаларын ұсына отырып, ол қағидаларды тиімді қолдану ауылшаруашылығы кооперативтері заңнамасын жетілдірудегі орнын көрсетеді.

Түйін сөздер: аграрлық заңнама, ауылшаруашылық кооперативі, аграрлық құқықтық қатынастар, жер құқығы, экологиялық құқық, мемлекеттік механизм, құқық субъектісі.

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Правовое регулирование сельскохозяйственной кооперации в Республике Казахстан

В данной статье рассматриваются теоретические и практические аспекты правового статуса сельскохозяйственного кооператива в Казахстане. Сельское хозяйство является одним из основных секторов экономики Республики Казахстан. Исследование правовых проблем сельскохозяйственной кооперации влияет на решение проблем продовольственной безопасности. Автор акцентирует внимание на актуальность исследуемой проблемы, определил место и роль сельскохозяйственной кооперации, дает свое определение путем сопоставления различных точек зрения ученых и предлагает пути совершенствования действующего законодательства в данной области. В заключении автор предлагает законодательно закрепить систему принципов сельскохозяйственной кооперации

Ключевые слова: аграрное законодательство, сельскохозяйственный кооператив, аграрные правоотношения, земельное право, экологическое право, государственный механизм, субъект права.

Introduction

An agricultural cooperative is one of the most widely used forms of doing business in agriculture in the world. When defining perspective forms of cooperative management, it is useful to comprehensively study world experience. The world experience of agricultural cooperatives is extensive and is of great interest for the study and use by farmers of our republic. Foreign experience suggests that cooperatives operate in almost all major sectors of agriculture. Our own experience and world practice is widely used in the creation of cooperatives. This does not deny, but presupposes the participation of republican and regional AIC management bodies in the development of cooperation and integration. And it should be noted that agricultural cooperatives in the agrarian sphere can and should be developed and occupy a corresponding niche in the country's economy along with other effectively functioning agro-industrial formations.

In the Republic of Kazakhstan there are no scientific studies of the legal problems of agricultural cooperation in the context of new Entrepreneurial Code of the Republic of Kazakhstan and the Law of the Republic of Kazakhstan «On Agricultural Cooperation». There is no fully scientifically based methodological approach in a special literature. In the theory and practice of the development of macro-economic relations, various forms of state influence on entrepreneurial activity are distinguished: fiscal, monetary, legal, and others. At the same time, in the modern conditions of globalization of the economy, it is necessary to develop an effective strategy for using these forms in enhancing entrepreneurship.

The above shows that the problems of agrarian transformations require close attention from the legal science, which should theoretically comprehend the role of the state and law in the process of forming a conceptually new model of agrarian policy, and propose legal tools for its effective implementation in the present conditions. The current stage in the development of society requires a rethinking of many tenets of socialist theory and practice in the field of agricultural cooperation and the justification of new priorities, a review of conceptual provisions.

The development of cooperation in the agrarian sector of Kazakhstan requires today new approaches in the implementation of the State program of the agro-industrial complex until 2020. The Republic of Kazakhstan has created an extensive legal framework for the development of cooperation.

October 29, 2015, Kazakhstan adopted the Entrepreneurial Code aimed at improving and developing legislation in the sphere of interaction between business entities and the state, supporting entrepreneurship, eliminating gaps and contradictions in the legal regulation of business relations (Entrepreneurial Code, 2018)

Literature review

Agricultural cooperatives as an object of legal research are a complex category, the research of which was carried out from different positions. Economic aspects of agricultural cooperatives were studied in the works of the following agricultural economists: Dyadichko E.V., Buzdalov I.N., Krylatykh E.N., Koryakov I.L., Lishansky M.L., Maslova I.B., Serova E. V., Khitskov A.I., Filippova G.L.,

Shmelev G.I., and Yanbykh R. Legal research in the field of agricultural credit cooperation was conducted by Zakirova V. R. and Tryakhova E. P. Additionally, this problem is actively investigated in the works of such foreign legal scholars as Bystrov G.E., Kozyr M.I., Hoyt A., Groves F., Ingalsbe G., Kerimova S., and others, domestic scientists – lawyers Erkinbaeva L.K., Klimkin S.I., Aigarinova G.T., Dzhangabulova A. K., Amirkhanova G., and others. The contribution of these scientists is the theoretical basis for further research in the development of state-legal regulation of the activities of agricultural cooperatives. However, not all aspects of the problem have been fully studied; a number of issues are debatable and require in-depth theoretical research and reflection.

The research methodology consists of formal-logical, historical-legal, system-analytical, comparative-legal and concrete-sociological and other research methods.

Discussion

In the current legislation of Kazakhstan, in the Civil Code, the Law on Agricultural Cooperatives, an agricultural cooperative is recognized as a legal entity in the organizational and legal form of a production cooperative created on the basis of membership by voluntary association of individuals and (or) legal entities for joint production and (or) other economic activities in order to meet their socio-economic needs in the production, processing, marketing, storage of agricultural household products, aquaculture products (fish farming), the supply of the means of production and material and technical resources, lending, water supply or other services for members of the cooperative, as well as associate members of the cooperative. They are legal entities with general legal capacity arising after their state registration, and act on the basis of the statutes adopted by the founders at meetings in accordance with the norms of general civil and cooperative legislation. The purpose of an agricultural cooperative is joint activities for the production, processing and marketing of agricultural products and the implementation of other activities not prohibited by law. Civil Code of the Republic of Kazakhstan (general part) Art. 226 makes it possible to create production cooperatives on the basis of a peasant farm: «members of a peasant or farm can establish a business partnership or production cooperative on the basis of the property of the farm. Such a reorganized peasant or farm as a legal entity has ownership of property transferred to it in the form of contributions and

other contributions by members of the farm, as well as property obtained as a result of its activities and acquired for other reasons not contrary to the law» (Civil code of the Republic of Kazakhstan. General part).

The main problem of the effective development of the agro-industrial complex of the Republic of Kazakhstan lies in the small-scale nature of production, accompanied by a high proportion of small farms in the total gross agricultural output, the total number of agricultural formations, and the tendency to reduce their land plots.

It should be noted that according to the legislation on entrepreneurial activity, its implementation, including the conduct of agricultural production, is possible without the creation of a legal entity. In this case, the citizen leading such activities, i.e. acting in the role of commodity producer, has the legal status of an individual entrepreneur and the corresponding rights and obligations of the participant in commodity-money and legal relations forming them.

All agricultural commercial organizations and enterprises are holders of complex legal personality, that is, they can be participants in administrative, civil, labor, cooperative, land and other legal relations. The range of such legal relations with the participation of agricultural commercial organizations (enterprises) is very wide and varied. It is determined for each particular enterprise primarily by the nature of its industrial and commercial activities, industry specialization.

The subject of law is one of the most important categories of legal science and practice. Without subjects there is no legal relationship. In our opinion, the subjects of agrarian legal relations can be, first of all, individuals and legal entities engaged in agricultural activities.

According to G.E. Bystrov «the key to determining the circle of participants in agrarian relations is the concept of agricultural activity» (Bystrova, 2000). The current legislation focuses on the implementation of commercial agricultural production. What signs are inherent in commodity agricultural production and what it is. The current legislation, including the law «On state regulation of the agro-industrial complex and development of rural territories» does not give an answer, which in practice leads to discrepancies and misinterpretation of legislative requirements (The Law About state regulation of development of agro-industrial complex and rural territories:, 2005)

Unlike our country, Russia took the path of adopting a special law «On the Development of Agriculture» dated December 27, 2006, which regulates

relations arising between citizens and legal entities recognized by agricultural producers, other citizens, legal entities, government bodies in agricultural development (On the development of agriculture (as amended on July 29, 2018), 2018)

According to the document under consideration, agricultural production recognizes a set of economic activities for growing, producing and processing, respectively, agricultural products, raw materials and food, including the provision of relevant services. The above definition shows that the position of the Russian legislator is a fairly broad understanding of this concept.

In our opinion, agricultural production is an activity that is inseparably linked with the use of agricultural land for the purpose of producing agricultural products for own and other needs. It should be noted that earlier in the conditions of the socialist form of economic management there was a Classifier of branches of the national economy and agricultural and industrial products. It was convenient because it could be clearly defined to which type of activity, product, one or another activity or product could be attributed, and therefore the creation of such an instrument in the conditions of market relations is also necessary. For example, mushrooms that grow in the forest or on agricultural fields are agricultural products or not, and if they are specially grown for the purpose of sale? Therefore, the need to create such a document in the form of a catalog or classifier has arisen. Moreover, such analogues already exist, for example, by the order of the Department of Food Resources of the Government of Moscow dated 04.10.04 01-P-291/4, the Classifier of agricultural products, raw materials and food was introduced. It says that this document was created in order to unify information of the enterprises of the wholesale food complex on the distribution of agricultural products, raw materials and food, linking indicators with the All-Russian Product Classifier and systematize the collection of data on availability, supply, prices and sales of food products in the city.

Such features as, firstly, the use of land as the main means of production, and secondly, the focus on the production of agricultural products (plant growing, animal husbandry, beekeeping) are inherent in agricultural production.

In order to determine whether this is a commodity activity or not, it is necessary, in our opinion, to work out a number of criteria on the basis of which it is possible to determine the presence of commodity production. These include the following:

– Purpose and types of agricultural production. It should be carried out with a view to profit. As for

the types of production, for example, in the personal subsidiary (household) such products are created in order to meet their own needs.

– The size of the land used for agricultural production. This criterion is of great importance. For example, the Land Code provides that for the management of personal subsidiary households, Kazakhstan citizens can be provided with free of charge 0.25 hectares on non-irrigated and 0.15 hectares on irrigated lands, and the limits are set by local representative (The land Code, 2003).

For peasant (farmer) farms and legal entities leading commercial agricultural production, the maximum (maximum) norms of land plots, which may be in private ownership or land use, and the minimum ones are not established (Kazakhstan, 2003).

In practice, the fact of the creation of a farm or a legal entity already gives grounds to state the existence of commodity production. Establishing the size of a land plot from which it is possible to judge the management of commodity production is important now, in conditions when many peasant farms are not officially registered with the real estate authorities.

– organizational and legal form of activity on the land plot. These include legal entities and individual entrepreneurs engaged in agricultural production for profit. In this regard, I would like to note that «the expansion of agrarian legislation beyond land relations in their narrow sense led to its inclusion in its orbit as a central legal institution in the field of agricultural regulation, the institute of an agricultural enterprise, therefore the problem of agricultural activity as a subject of legal regulation closely related to the problem of an agricultural enterprise, as an economic and legal category» (Amirkhanova, 2005). Determining the availability of commodity agricultural production is necessary in order to properly implement the norms of the current Land Code of the country, which requires that agricultural land be provided to private ownership or use of peasant farms and non-state legal entities of the RK for commercial agricultural production. (Article 24 , 97). This means that not for all types of agricultural activity, agricultural land can be made privately owned. For example, if an economic entity deals only with the processing or sale of agricultural products, it cannot be the owner of agricultural land, because in its activities the land does not play the role of the main means of production, it plays the role of a spatial basis. Therefore, many studies use the term «primary processing», «sales of own production»,

which indicates that agricultural activity in the agrarian and legal aspect takes place when it comes to the close connection of the production process, and only then its subsequent stages, that is, the processing and sale of agricultural products.

The Russian legislator is more consistent in this area. As an agricultural producer, the law recognizes the organization of an individual entrepreneur engaged in the production of agricultural products, their primary and subsequent (industrial) processing (including leased assets) in accordance with the list approved by the Government of the Russian Federation. The sale of these products is subject to the total income of agricultural producers' share from the sale of these products is not less than seventy percent in a calendar year. This provision allows to judge about the presence of the fact of commodity production. It takes place in the presence of 70% of the sold agricultural products of own production or processing during the calendar year. The formulation «subsequent industrial» processing is not entirely clear. In our opinion, this type of economic activity is not directly related to the use of land as the main means of production, therefore the inclusion of private ownership of agricultural land in the subjects is undesirable.

The progressive provisions of this law, in our opinion, should be adopted and implemented in national legislation.

According to the current land legislation of the Republic of Kazakhstan, both state and non-state legal entities can act as subjects of rights to agricultural land plots. Thus, the subject of the law of permanent land use, according to Art. 34 of the Land Code of the Republic of Kazakhstan may be state land users engaged in agricultural production, as well as research, experimental and educational activities. As for non-state structures, the land legislation does not specify the particularities of the legal regime of land plots of such entities, only stipulating that they can act as actors, both the rights of temporary land use and the rights of private ownership of agricultural land.

According to Amirkhanova I.V. «The legal framework for agricultural entrepreneurship of individuals and legal entities is significantly different due to the specifics of determining the land regime as the main means of production used for this activity.

The identification of types of entrepreneurial activity is possible according to several criteria, namely: the criterion of the fundamental principle of entrepreneurial activity – the form of property on which it is carried out; according to the criterion for

determining a business entity and its organizational and legal forms.

The main specific division of entrepreneurship, depending on the form of ownership in accordance with the current legislation is into private and state entrepreneurship. And legal forms of entrepreneurship can be distinguished, first of all, by legal subjects of entrepreneurial activity which is the entrepreneurship of individuals and legal entities.

Legal support of agricultural entrepreneurship of individuals and legal entities has significant differences in connection with the specifics of determining the mode of land as the main means of production used for this activity. These differences are manifested in the formation of agrarian business entities, at the initial stage of providing the opportunity for the state to use land for business, throughout the entire period of the activity itself. There should be created a separate niche for agricultural entrepreneurship in the legislative design

Among all agricultural producers a certain percentage of the production of agricultural products accounted for agricultural organizations.

In the current legislation of the Republic of Kazakhstan there is no well-established definition of the concept of agricultural organization. In our opinion, it is necessary to distinguish the concepts of «agricultural organization» and «agricultural commodity producer». They should not be equal in the meaning. Why? We will try to clarify our position.

Firstly, the agricultural organization has the status of a legal entity, whereas an agricultural producer may be an individual. Secondly, not every agricultural organization directly participates in the production and primary processing of agricultural products. For example, an agricultural partnership may be created with the aim of providing various services. Thirdly, the land is not always the main means of production of such an agricultural organization, which is engaged in the provision of various types of sales, supply and other services. Fourthly, the agricultural organization should be recognized as the organizational and legal form of agricultural entrepreneurship, since it is associated with agricultural activities, agricultural business, and its implementation involves making profit or solving some statutory tasks. To narrow the circle of subjects of agrarian business, recognizing only agricultural producers, as it was suggested by I.V. Amirkhanova, in our opinion, is wrong.

Currently, the state is interested in the development of various organizational and legal

forms of agrarian entrepreneurship. Therefore, it creates economic conditions to stimulate the activities of both agricultural producers and other economic entities in the agricultural business, for example, the activities of a rural consumer cooperative, agricultural partnership.

In this regard, there is an urgent need for legislative differentiation of the above concepts, in order to determine their legal personality. Automatic recognition of all agricultural organizations by agricultural producers will lead to «squandering» of agricultural land, which is unacceptable luxury. Land legislation is in the position that agricultural land is provided for agricultural production. Therefore, regulatory authorities should be armed with specific statutory regulations that allow to judge the existence of such production in order to exercise effective control over the use of agricultural land and the assessment of its quality. We focus not on all agricultural land; we are talking only about farmland.

The presence of these practical problems is explained by the fact that the current legislation does not contain a clear understanding of the agricultural organization. This question is not answered in the agrarian and in the land legislation, although many agricultural scientists recognize the existence of an independent legal institute «Organizational and legal forms of agricultural organizations», which shows the content of all foreign and domestic textbooks on agrarian law. Moreover, there is a lack of comprehensive scientific research in agrarian and legal science in this area, which requires its solution.

In the Republic of Kazakhstan, the legal and economic foundations for the creation and activities of agricultural cooperatives and their unions constituting the system of agricultural cooperation are determined by the Law of the Republic of Kazakhstan from October 29, 2015 No. 372-V «On Agricultural Cooperation». According to Art. 5 of the law, an agricultural cooperative is a legal entity in the organizational and legal form of a production cooperative created on the basis of membership by voluntary association of individuals and (or) legal entities to carry out joint production and (or) other economic activities in order to meet their socio-economic needs in production, processing, marketing, storage of agricultural products, aquaculture products (fish farming), the supply of the means of production and mate technical resources, crediting, water supply or other servicing of members of a cooperative, as well as associate members of a cooperative (The Law on agricultural cooperatives, 2001). The main activities

of agricultural cooperatives are the production, processing, marketing, storage of agricultural products, aquaculture products (fish farming), the supply of production facilities and material and technical resources and other types of services for members of the cooperative, as well as associated members. Thus, paragraph 5 of Art. 96 of the Civil Code of the Republic of Kazakhstan established that the legal status of an agricultural cooperative formed in the form of a production cooperative, as well as the legal status, rights and obligations of its members are determined by this Code and other Laws of the Republic of Kazakhstan, except as provided by the Law of the Republic of Kazakhstan «On Agricultural Cooperatives».

However, paragraph 2 of Art. 2-1 of the Law of the Republic of Kazakhstan dated October 5, 1995 «On Production Cooperative» (Republic of Kazakhstan. About production cooperative, 1995), it is established that this Law does not apply to relations on regulation of the legal status of an agricultural cooperative formed in the form of a production cooperative, as well as the legal status, rights and obligations of its members, which are determined by the Law of the Republic of Kazakhstan «On Agricultural Cooperatives». Thus, on the one hand, the legislation establishes that an agricultural cooperative is created and operates in the form of a production cooperative. On the other hand, it does not allow the application of the norms of the Law on Production Cooperatives to agricultural cooperatives. Even more confusion in this issue makes paragraph 4 of Art. 5 of the Law on Agricultural Cooperatives, according to which the company name of an agricultural cooperative must include its name with the words «agricultural production cooperative» or the abbreviation «APC». Another problem is related to the introduction of the law on agricultural cooperatives. It has also been established that rural consumer cooperatives, rural consumer cooperatives of water users, agricultural partnerships are required to undergo a reorganization or liquidation procedure in accordance with the legislation of the Republic of Kazakhstan. If these requirements are not fulfilled after one year from the moment this Law enters into force, these cooperatives are subject to liquidation by a court decision. At the same time, the Law does not indicate in what form the reorganization should be made. Probably, the developers of this Law and the legislator have left this question to a consideration of the members (participants) and the heads of these legal entities, as well as the registration authorities.

However, it is obvious that in whatever form such reorganization is supposed, it cannot be carried out with the preservation or appearance (the last – during reorganization in the form of division, separation or merger) of legal entities of the mentioned organizational and legal forms. In other words, due to the repeal of the aforementioned Laws, rural consumer cooperatives, agricultural partnerships and rural consumer cooperatives of water users were excluded from the list of legal forms of legal entities. There remains a transformation, but into what form a legal entity? There are only two options: a «simple consumer cooperative» or an agricultural cooperative (but not a religious association, a political party, an autonomous educational organization, a cooperative of apartment owners or a notarial chamber). But both options are also flawed. The possibility of transforming into «just a consumer cooperative» does not contradict the law, but shows the imperfection of the system of non-profit organizations themselves. Unlike the list of commercial organizations closed by the Civil Code, the list of forms of non-profit organizations is «half-open» to other legislation (Art. 34 Civil Code). The Law from January 16, 2001 No. 142-II «On Non-Profit Organizations» also did not «close» it. (The Law About the non-profit organizations, 2001)

The possibility of transforming rural consumer cooperatives, rural consumer cooperatives of water users and agricultural partnerships into agricultural cooperatives is even more difficult issue. It would seem that the answer is «on the surface» since the laws on the specified forms of legal entities were put on cancellation in connection with the adoption of the Law on Agricultural Cooperatives, they should be transformed into a legal entity of this legal form. S.I. Klimkin runs into the question of the very possibility of transforming non-commercial legal entities into commercial ones. Supporters of the idea of the possibility of such a transformation usually put forward the thesis: in civil law, in contrast to administrative and criminal law, the principle is «Everything is allowed that is not prohibited.» Since it does not contain a direct ban on the transformation of a non-profit organization into commercial civil law, it means that such a transformation is possible. However, in his opinion, this approach to the fundamentals of legislative regulation of legal relations is detrimental (Kerimov, 2017) After all, in addition to the method of direct prohibition (imperative) and the principle of the freedom of civil legal relations (for example, the regulation of contracts), there are less categorical methods of regulation, for example, through a prescription.

However, none of the laws of the Republic of Kazakhstan directly devoted to the organizational and legal forms of commercial organizations: «On State Property» (On state property, 2011), «On Economic Partnerships» (The Law About economic partnerships, 1995), On Limited and Additional Liability Partnerships (On limited and additional liability partnerships, 1998), «On Joint-Stock Companies» (About joint-stock companies, 2003), and «On the production cooperative» from October 5, 1995 №2486 does not allow the possibility of creating a commercial organization by transforming it into a non-profit organization. In other words, there is no such permission.

Conclusion

Summing up this brief study of the legal status of agricultural cooperatives, it should be that the developers of the law on agricultural cooperatives violated the integrity of the system of organizational and legal forms of commercial legal entities that its creators, the authors of the Civil Code of the Republic of Kazakhstan, are proud of.

The new law eliminated many of the flaws and mistakes made in previous laws. Today, in many regions of the country, agricultural producers are increasingly expressing a desire to unite in cooperatives.

The new law establishes the following principles for the creation of agricultural cooperatives:

- voluntary entry into the agricultural cooperative and exit from it, the possibility of entry for any person;
- democratic governance based on equality of members of the cooperative: one member – one vote, regardless of the size and quantity of property (share) contributions, with the exception of associate members of the cooperative;
- election and accountability of the management bodies of the agricultural cooperative to the general meeting of its members;
- autonomy and independence of agricultural cooperatives;
- the agricultural cooperative sells goods (works, services) to its members at their cost price;
- mutual assistance and provision of economic benefits for members of the cooperative;
- availability of information on the activities of an agricultural cooperative, an association (union) of agricultural cooperatives for all their members.

Analysis of the development of the agro-industrial complex of the Republic of Kazakhstan shows that in order to increase agricultural production, to increase competitiveness and to

ensure food security, it is necessary to create large commodity farms. Only in large commodity farms it is possible to conduct expanded production and introduce innovative technologies. The solution to this problem is the development of economic mechanisms for the association, merger of small farm into large commodity farms, mutual assistance and mutual responsibility to each other.

A study of the history of the development of cooperation in Kazakhstan shows that cooperation is a powerful ideological and economic force capable of solving complex problems in the world structure. The effective functioning of such production structures is possible with their proportionality, consistency, rhythm, rational economic relations and production relations. One of the forms of cooperation in Kazakhstan, which functioned for many years, was the collective farms, which were created with the aim of eliminating private ownership of land and for a rapid transition to socialism and communism. In the years of the emergence of Kazakhstan as an independent state in the 1990s, in order to boost and strengthen the economy of the agrarian sector, the government of the republic adopted a program on the denationalization and privatization of state agricultural and other agricultural enterprises. The mechanism of privatization led to the fragmentation of the former state and collective farms into medium and small farms. Subsequently, medium-sized farms turned into small ones, and small ones went bankrupt and filled up the ranks of households. Based on the above problems, it is necessary to create financial institutions in order to develop agricultural cooperation in Kazakhstan; provide state subsidies

to agricultural cooperatives for the reimbursement of expenses for the payment of interest on loans and borrowings; improve the procedures for granting preferential loan.

Today, a wide circle of stakeholders is involved in the process of creating and developing agricultural cooperatives: government agencies, research and educational centers, business structures from both the agricultural and non-agricultural sectors, agricultural producers. And it should be noted that among them there is still no common understanding of the essence of cooperation in the agricultural sector, including both the production process and the types of work of a post-production nature (cleaning, storage, processing, marketing and others). This causes certain difficulties in creating cooperatives, and first of all, farmers who are not fully aware of the key conditions and requirements set out in the new law face difficulties, which in turn contain provisions contrary to the norms of other laws of the country. This leads to further complication of the situation.

The main constraints to the development of cooperatives are: an imperfect mechanism for encouraging the unification of farmers into agricultural cooperatives; The lack of coordinating authorities in the cooperation of the union, including in the field of education, protection, accounting, registration, etc.; a high level of distrust of agricultural producers, especially small forms of management of the newly created structure, the fear of losing the main means of production – the land; low level of legal culture in the village, lack of awareness of farmers about the benefits of agricultural cooperatives (Musayeva, M.A., Diehard Rudert., 2015)

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