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THE ROLE AND SIGNIFICANCE OF INVESTMENT POLICY IN AGRICULTURE DEVELOPMENT OF THE REPUBLIC OF UZBEKISTAN

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Abstract

The article describes the role of agriculture in the national economy of the Republic of Uzbekistan, the socio-economic results of reforms for its development. Investments directed into agriculture and the state of use of the investment potential of the agricultural sector have also been studied. Scientifically based proposals and practical recommendations on promising areas are presented for attracting investment in the agricultural sector.

Key words: modernization, investment, long-term strategy, investment programs, gross agricultural product, econometric model, profitability.

РОЛЬ И ЗНАЧЕНИЕ ИНВЕСТИЦИОННОЙ ПОЛИТИКИ В РАЗВИТИИ СЕЛЬСКОГО ХОЗЯЙСТВА РЕСПУБЛИКИ УЗБЕКИСТАН

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Аннотация

В статье описывается роль сельского хозяйства в национальной экономике Республики Узбекистан, социально-экономические результаты реформ по его развитию. Также изучены инвестиции, направляемые в сельское хозяйство, и состояние использования инвестиционного потенциала аграрного сектора. Представлены научно обоснованные предложения и практические рекомендации по перспективным направлениям привлечения инвестиций в аграрный сектор.

Ключевые слова: модернизация, инвестиции, долгосрочная стратегия, инвестиционные программы, валовой продукт сельского хозяйства, эконометрическая модель, рентабельность.

ЎЗБЕКИСТОН РЕСПУБЛИКАСИ ҚИШЛОҚ ХЎЖАЛИГИНИ РИВОЖЛАНТИРИШИДА ИНВЕСТИЦИОН СИЁСАТНИНГ РОЛИ ВА АҲАМИЯТИ

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Аннотация

Мақолада Ўзбекистон Республикаси миллий иқтисодиётида қишлоқ хўжалигининг ўрни, уни ривожлантириш бўйича ислохотларнинг ижтимоий-иқтисодий натижалари баён қилинган.

<http://iqtisodiyot.tsue.uz/journal>

Шунингдек, қишлоқ хўжалигига ажратиладиган инвестициялар ва аграр сектор инвестицион салоҳиятидан фойдаланиш ҳолати тадқиқ қилинган. Аграр секторга инвестицияларни жалб қилишнинг истиқболли йўналишлари бўйича илмий асосланган таклиф ва амалий тавсиялар баён этилган.

Калит сўзлар: модернизациялаш, инвестиция, узоқ муддатга мўлжалланган стратегияси, инвестиция дастурлари, ялпи қишлоқ хўжалиги маҳсулоти, эконометрик модель, рентабеллик.

Introduction

Currently, many scientific researches are being conducted in the world on the problems of increasing investment activity in agriculture to ensure the welfare of the population and food security. Development of innovative approaches to increase investment activity in the agrarian sector, an index focused on agriculture in evaluating the effectiveness of investment activity in the general national economy (Agriculture Orientation Index - AOI) method of use, assessment of the relative efficiency of agricultural investments, making decisions aimed at increasing the investment activity of the sector and ensuring the efficiency of their implementation, using modern approaches in the assessment of the relative efficiency of investments involved in agriculture in the region is one of the priority areas of scientific research.

In Uzbekistan, special attention is paid to the development of the agricultural sector as one of the important directions in ensuring socio-economic development and the well-being of the population. The need for additional investments in the agricultural industry is also related to the next socio-economic model of society's development, i.e., the transition to intensive and innovative types of management within the framework of the development strategy, and solving the problems of expanding reproduction. At the moment, the development strategy aimed at building a new Uzbekistan is determined to carry out reforms based on new principles in the investment policy as a modern and new course of economic development. In particular, 2022-2026 of the new Development Strategy of Uzbekistan for years. According to the 26th goal in the direction of goals for "rapid development of the national economy and ensuring high growth rates" a number of tasks have been set to further improve the investment climate in the country and increase its attractiveness, to take measures to attract 120 billion US dollars, including 70 billion dollars of foreign investments in the next five years. As a result, to agriculture by attracting investments conditions will be created to ensure the quality of life of villagers, well-being, and food security of the regions.

In the past short period, great work has been done in the field of attraction of internal and external investments and their effective use in agriculture, as well as in all branches of the country. For this purpose, investment programs are being created and implemented in the country. On the basis of attracting these investments to agriculture, there are opportunities to create technological conditions for the introduction of "Smart Agriculture" technologies [1]. Investing in agriculture is an important and most effective strategy to reduce poverty in rural areas by creating significant employment opportunities in agricultural and non-agricultural sectors and developing rural infrastructure. It is known that the production of agricultural products in the republic of Uzbekistan increased by 103.9%. In particular, the share of the value created in this sector in GDP has reached 1% by 2021 compared to previous years.

In general, although the share of agriculture in comparison to other sectors has a low indicator, the accumulated economic, natural resource and personnel potential in this sector can create opportunities for consistent economic growth and strengthening of macroeconomic stability through the development of the sector in the future[2]. The above circumstances require to identify the possibilities of attracting active investments in the sector by comprehensively researching the weak aspects of the current conditions of the agricultural economy.

Literature review

There are intense discussions in the economic literature about the efficiency indicators of agricultural production as one of the issues of decisive importance for investment activities. In the economic literature, the criterion - the essence of the efficiency category and the unified interpretation of the indicators characteristic of it are not sufficiently systematized. K.P.Obolensky describes the efficiency of agricultural production from the point of view of investment attractiveness as "criteria of agricultural production efficiency... characterized by the ratio of gross production to living and materialized labor costs...". In this matter, N.I.Kholod and E.R.Vitun defines it as "... an increase in net production (gross income) while minimizing living expenses and spending on material labor." According to Professor L.F.Dogil, the criteria of economic efficiency should be described as maximizing profit from a unit of capital (resources) expenditure while ensuring high quality level and competitiveness of products. It can be concluded from the above that many opinions about economic efficiency are expressed in the economic literature, but special emphasis is placed on the determinants of agricultural efficiency, which create conditions for increasing investment activity.

According to economists, a generalized assessment of the activity of agricultural enterprises is given by the ratio of profit to production costs. Then the summary indicator of efficiency is expressed in the level of profitability. This position was taken by G.I.Makin once again confirms the criterion of economic efficiency of agro-industry production conditions. The consideration of profitability, which reflects both the amount of profit and the level of production costs as the main summarizing indicator, has systematized all types of material, technical and intellectual wealth spent for a certain period in order to develop agricultural industries.

Research methodology

In the research of the role and significance of investment policy in the development of agriculture of the Republic of Uzbekistan were used systematic analysis and economic comparison and analysis, logical thinking, scientific abstraction, grouping of information, analysis and synthesis, economic and mathematical modeling, induction and widely used deduction methods.

Analysis and results

One of the unique aspects of the agricultural economy in our republic is determined by the seasonal nature of the annual production of the main product. Also, the possibility of production of the main product depending on the natural climatic conditions and the need to speed up the process of realization of the grown products should be directed to the modernization of the technological processes of optimal storage based on the conditions of changing consumer demand while attracting investments to the industry[3]. This process is one of the important aspects of attraction of investments to the circulating production funds

of agricultural entities. Especially in the current conditions, in the state of the current price policy in our Republic, in the case of a violation of the price path of the state procurement system for the main products of the agricultural system, there is a need to improve the market mechanisms of stimulating the system of attracting investments in current assets. provides a high multiplier effect in economic development. Since the main activity of the agro-industrial complex is the development and processing of agricultural products, the role of this sector in the national economy is reflected in the table below. By the end of 2021, the volume of GDP in Uzbekistan was 734.6 trillion soums or 69 billion dollars. This indicator has increased by 7.4% compared to 2020 (\$59.885 billion). GDP per capita increased by 5.3% compared to 2020.

Table 1

GDP growth by types of economic activity is recorded as follows in 2021, (as a percentage of the total) ¹

No	Indicators	in percent
1.	Agriculture, forestry and fisheries	4
2.	Industry	8.7
3.	Construction	6.8
4.	Shopping, accommodation and catering services	13
5.	Transport and storage, information and communication	17.2
6.	Other service networks	5.9
7.	Net taxes on products	6.7

The highest indicator you can see in the table is taccess and storage, information and communicationservices, agriculture, forestry and fisheries 1.8 percent increase compared to previous years. However, taking into account the great potential of our Republic in the production of agricultural products, the share of gross added value in agriculture, forestry and fisheries requires deepening of reforms to ensure innovative development by attracting investments to the sector and further increase its contribution to the country's economy by producing high added value products. We know that the economic potential of all regions of our Republic, the network structure of economic development are different from each other. Therefore, in the investment policy aimed at ensuring innovative development in the future, it is important for the trend of sustainable economic development of the country to carry out the investment policy in a selective approach based on the existing economic potential and the ratio of industries in each region.

For example, in this table, we can see that in 2021, the highest indicator of the share of agriculture, forestry and fisheries in the GDP of Jizzakh (39.9%) and Khorezm (34.7%) regions has significantly increased the gross added value of the sector.

On the one hand, this trend depended on the stable development of the region's economy and systematic reforms on the correct, economically based investment placement.

Table 2

The composition of the gross territorial product of the Republic of Uzbekistan in the section of economic activities(as a percentage of GDP)²

The name of the territories	Agriculture, forestry and fisheries	Industry	Construction	Services
Republic of Karakalpakstan	12.8	37.6	8.8	40.8
Andijan	22.8	26.4	6.9	43.9
Bukhara	27.7	22.1	10.1	40.1
Jizzakh	39.9	15.1	8.0	37.0
Kashkadarya	21.8	27.3	8.5	42.4
Navai	8.0	76.7	3.5	11.8
Namangan	23.4	19.0	8.9	48.7
Samarkand	28.5	18.9	7.1	45.5
Surkhandarya	30.8	8.5	11.1	49.6
Syrdarya	22.2	35.4	10,	32.4
Tashkent region	16.0	52.7	5.8	25.5
Ferghana	20.2	24.5	8.1	47.5
Kharezsm	34.7	14.9	7.0	43.4

It is knownIn the data in Table 3 the production of agricultural products in the Republic of Uzbekistan increased by 103.9%. In particular, the share of the value created in this sector in the GDP will be around 1% by 2021, compared to previous years, growth was achieved by 2%, mainly in Namangan (106.6), Bukhara (104.9), Navoi (104.6) and Andijan (104.5) regions. We must conclude from this that increasing the activity of investments in the agricultural sector leads to an increase in the level of employment in these areas and an increase in its share in the GDP. At the same time, socio-economic development of the agrarian sector, increase of production efficiency, efficient use of available resources, and increase of investment activity in agriculture are of great importance. Increasing investment activity is considered a fundamental principle of direct investment and investment to achieve specific goals, compromise goals, maintain the current value of the involved investments, manage the effective implementation of the project by applying the measures of investment incentives according to the types of activities of agricultural producers, fiscal, is to increase the volume of financial and other forms.

Issues of regulation of increasing investment activity in agriculture are carried out through the following measures:

- encouraging the provision of capital funds to industries, sectors and individual farms through credit and tax incentives in agriculture;
- state support for investment processes for the full operation of rural production capacities, etc.

Table 3

Growth rates of agricultural, forestry and fishery products (services) in the cross-section of regions³

Areas	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Republic of Uzbekistan	106.9	106.5	106.1	106.1	106.1	101.2	100.3	103.1	102.9	103.9
Republic of Karakalpakstan	118.9	103.6	106.4	109.8	108.4	103.5	101.4	107.6	102.7	103.5
Andijan	107.1	106.5	106.7	106.1	106.1	100.8	106.4	102.7	101.5	104.5
Bukhara	106.1	106.6	106.5	107.1	108.4	103.4	102.9	103.4	102.1	104.9
Jizzakh	106.9	107.1	106.1	106.8	106.2	103.7	99.2	106.2	103.1	104.1
Kashkadarya	106.9	107.2	105.9	106.0	106.4	103.3	96.6	101.2	104.0	101.9
Navai	105.7	106.5	105.9	106.7	106.1	103.8	102.0	101.4	103.4	104.6
Namangan	106.3	107.2	106.8	106.0	106.7	103.4	102.2	102.5	104.0	106.6
Samarkand	106.3	106.9	106.6	106.9	108.2	100.5	94.3	103.0	102.8	103.2
Surkhandarya	107.9	106.8	106.6	106.3	104.7	104.7	97.3	103.1	105.5	104.2
Syrdarya	107.7	105.8	105.7	105.2	105.7	92.9	97.5	107.9	101.6	103.7
Tashkent region	104.0	103.3	104.0	103.7	101.6	97.1	99.2	100.6	100.4	104.2
Ferghana	106.0	106.8	106.1	105.7	105.7	97.3	109.5	103.4	105.1	103.1
Kharezm	110.1	109.6	106.3	105.6	106.9	101.5	98.1	104.1	102.4	103.4

The use of investment incentives to increase investment activity in the agricultural sector, attracting private and foreign investors to this process, without adversely affecting their material interests, improving land reclamation, which is a priority in the network, renovating and developing water infrastructure, introducing new agricultural technologies, domestic and the conditions created for foreign investors should not allow sharp differences and the given benefits should fully satisfy the participants of the economic process. After the independence of our country, there were changes in the activity of a number of investments in innovative projects in agriculture.

As a result, the agricultural sector cannot participate as an equal economic agent in intersectoral competition due to the nature of the activity that reduces its competitiveness compared to other sectors of the economy and creates the possibility of self-financing in market conditions. The need to increase investment activity in agriculture is to ensure sustainable development on the basis of restoration of agricultural potential, taking into account the specific characteristics of its activity. Solving the problem implies a comprehensive analysis of the relationship between the economic efficiency of the investment process and the dynamics of agricultural activity.

Conclusion/Recommendation

The change of the strong difference in the variation width according to the indicator of the ratio of investments in the fixed capital of the agricultural sector per capita in the cross-section of the regions was mainly due to the activity of local government bodies in attracting investments to the agricultural sector. First of all, it is desirable to further increase the

activity of local government authorities taking into account the existing potential (in agriculture) in attracting investments in agriculture in each region.

If the degree of specialization and state of agricultural production within the regions is not fully taken into account when attracting investments to agriculture, it will be difficult to achieve efficiency in the investment activity of direct farms at the micro level. Because agriculture is distinguished by its uniqueness, natural-economic, location, specialization and social conditions. From this point of view, Kashkadarya region has great potential to ensure regional economic growth by attracting investments in agriculture compared to other regions.

However, obstacles to making agriculture a competitive sector that serves the interests of the private sector, the population, and the state must be overcome. For this purpose, it is desirable to deepen reforms in the following directions:

- it is necessary to balance the use of agricultural land;
- it is necessary to increase the yield of agricultural products;
- export opportunities should be used to the maximum for agricultural development;
- it is necessary to improve the efficiency of the use of budget funds for financing agriculture;
- it is necessary to protect the land ownership rights of farms.

It can be seen that, in turn, increasing the efficiency of investments allocated to the agricultural economy and improving the scientific approach to the issues of correct distribution determines the relevance of the chosen topic.

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