

DIRECTIONS OF STATE SUPPORT FOR THE DEVELOPMENT OF THE CULTIVATION SYSTEM OF HORTICULTURE PRODUCTS

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Abstract

This article explores using digital technologies in the horticulture network, the creation of trading platforms, the construction of a closed system and the layered subsidization mechanisms for the production of horticulture products. This article presents proposals for the introduction of market mechanisms of support in the development of the horticulture network.

Keywords: *agricultural enterprises, sustainable development, horticulture industry, state support, economic efficiency, agribusiness environment.*

Introduction. Based on the specific characteristics of the agrarian sector, it should be noted that support is sometimes required for agrarian entrepreneurs to start their own business, for poor agricultural enterprises to “stand on their feet” and to enter new export markets. This will eventually lead to the creation of new job places and an increase in the income of the population. For this purpose, a number of benefits have been introduced in our country in recent years. In 2021, the total volume of the revised benefits was 51 trillion soums. As a result, 170,000 new business entities were opened last year, and more than 500,000 job places were created.

It is known that the comprehensive reforms of state support for agriculture have been carried out in recent years, and in 2017-2022, a system of providing more than 84 types of subsidies, as well as tax, credit and customs benefits, was created in the areas and branches of the agricultural sector. In order to simplify the procedures for allocating subsidies, create a favorable environment for their use, reduce administrative and documentation-related obstacles, and cover all layers of producers, emphasis is placed on the distribution of subsidies to 18 ministries and agencies based on the proposal of their regional departments. At the same time, in order to ensure the transparency of the state support system, a special platform was established under the Ministry of Finance, as well as special platforms in relevant ministries and agencies. It has provided facilities such as fast, transparent, open and real-time operation for the benefit users.

In general, the market mechanisms of state support of the agricultural sector are slowly being fully implemented, and at the current stage, it is being improved in certain directions, in particular, in the section of products. According to researches, today the main directions of state support for agriculture are as follows. In particular:

- In the direction of production organization:
- support for the equipment of warehouses, drying, sorting, packaging for business entities that have established work on the basis of cooperation with landowners ;
 - preparation of technical and economic feasibility study of newly established promising projects for the production of food products ;
 - compensation of a part of transportation costs when exporting products ;
 - compensating part of the costs of marketing research in foreign markets ;
 - to cover part of the costs related to the

establishment of gardens and vineyards, new modern plantations ;

- creation of a free service system for paid services provided by various government agencies (water resources, meteorological, hydrological and agrometeorological data, registration, approval, licensing, etc.).

The state support of the agricultural sector in the above directions is having its positive effect, it serves to create an attractive investment environment in the sector, the formation of enterprising entrepreneurship, the introduction of new business directions, and the formation of the entrepreneurial culture of the population.

In particular, encouraging the cultivation of horticulture products as ways of ecologically supporting the sustainable development of the horticulture industry in the future; constant monitoring of changes in soil composition, level of pollution and level (volume) of underground water; directions such as optimizing the supply of resources (water, fertilizer, seeds) in adapting to climate changes are proposed.

The experience of developed countries shows that the creation of a favorable agribusiness environment leads to an increase in the flow of investments into this industry. In turn, the investor feels the need for qualified personnel, specialists with the ability to use new technologies. The integration of labor resources leads to the neglect of the labor force with relatively low local skills in the context of free interstate migration. In this case, the social effectiveness of the network development programs will not be evident. Therefore, state support in social directions such as providing the horticulture network with a narrow range of specialists, constantly improving knowledge and skills related to the use of new technologies, and improving social infrastructure facilities is becoming a need of the hour.

Methods. In the research, together with literature analysis, monographic research was conducted in Zomin and Zarbdar districts of Jizzakh region by the method of “face to face survey”.

Result and discussion. Economic levers and mechanisms were studied in the studies, with a wider emphasis on the economic directions of state support for the cultivation of horticulture products. Based on the results of surveys and monographic studies conducted in the regions, attention was paid to coordination of problems in the areas of crediting, taxation, subsidization and customs administration, taking into account the practice, researching the scientific basis of the negative situations

that afflict producers.

In particular, research conducted in the Zomin district of the Jizzakh region shows that one of the problems that plagues the growers of horticulture products is the lack of working capital and the high impact of natural disasters and force majeure (Figure 1).

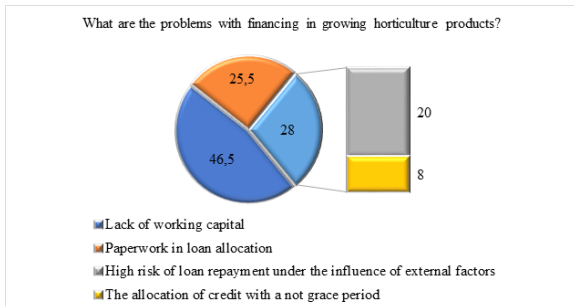


Figure 1. Problems related to financing in production of the horticulture products (percentage of total respondents)

Circumstances such as the above do not ensure the sustainable development of the network, creating the ground for agribusiness built on the basis of short-term business plans. Therefore, in our opinion, it is suggested that the state's targeted programs should treat the producers separately, provide them with a 3-month grace period by providing 6-month revolving loans for working capital regardless of the form of business management and the method of production organization, and by increasing the bank loan by the state.

At the same time, one of the main risks in the cultivation of horticulture products is natural disasters (floods, pests, drought, etc.) and negative signals in the foreign market create a high risk. In today's undeveloped agricultural insurance market, non-repayment of loans for working capital endangers normal reproduction in the economy. Researches have shown that in the conditions of high-risk situations in horticulture farms, an average loss of 7-10 percent does not pose a threat to normal reproduction (Figure 2).

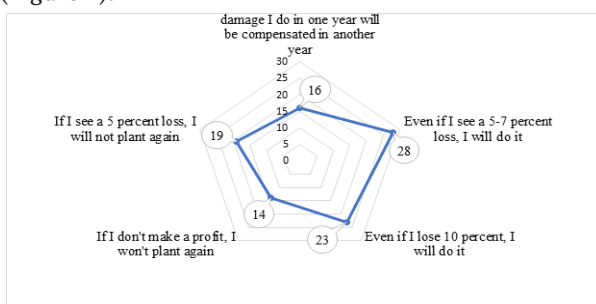


Figure 2. What is the highest risk level (percentage of total respondents) for simple replication in production of the horticulture products?

As a result of supporting these cases by covering the part that exceeds the refinancing rate, but not more than 10 points, when the effects of natural disasters, pests, and interventions in foreign markets are observed, it is possible to achieve the organization of production on the basis of medium and long-term business plans of producers.

Land and water tax payment procedures in our country were changed several times during the reforms. In particular, in the early years of independence, there were

taxes for using land and water resources, but since 1999, a single land tax has been introduced, which includes 11 types of taxes.

It is known that in developed countries, risks in agriculture are mainly insured through agricultural insurance companies and are covered in the event of an insurance event. In our country, the agro-insurance market is not sufficiently developed, and only "Uzagrosugarta" JSC operates. According to the researches, this insurance company has a very small share of funds allocated directly for crop insurance, and is mainly engaged in the insurance of non-return risks of loans allocated to cotton and grain farms, insurance of agricultural machinery, as well as providing a number of other types of non-agricultural insurance services. There are specific scientific reasons for this, and the fact that farms do not keep indicators such as cost calculations and statistics has a negative effect on mutual cooperation. In such conditions, the only way to encourage the farms that provide agro-insurance services and produce crops is to cover a part of the insurance premium by the state.

A new and popular method of state support for the production of agricultural products is related to the allocation of subsidies, which has been one of the methods that have received the most attention in recent years. However, the allocation of subsidies focuses mainly on introducing new technologies and covering some of their costs.

In developed countries, state subsidies are viewed from the perspective of supporting competition and creating a level playing field for market participants. In our case, on the other hand, a financially stable economy continues to have a stronger segment in the market with the introduction of new technology.

In our opinion, in order to create healthy competition between producers, to ensure equal conditions between them, it is proposed to introduce subsidizing mechanisms based on the location of farms in relation to infrastructure facilities. With the aid of this method, firstly, the ground is created for the efficiently using land in remote areas, and secondly, it allows to operate in a healthy competitive environment due to the reduction of transport costs. Therefore, it is appropriate to subsidize the transport costs (based on the price of diesel fuel) of farms growing products at a distance of more than 50 km from infrastructure facilities.

In turn, one of the main functions of the state is to create a transparent information system for producers and to open the way to the world market by conducting a pragmatic foreign policy. Thanks to the pragmatic foreign policy conducted in our country, the European Commission granted Uzbekistan the status of a beneficiary country under the General System of Preferences (GSP+).

It should be noted that this regime allows national producers to enter the markets of European Union (EU) countries under favorable conditions. Here we are talking about the market of the region with more than 513 million inhabitants. Now the number of goods positions that Uzbek producers can export to EU countries will increase to 6,200. Generally, 0 or reduced tariff is applied under the GSP+ system. Therefore, it is important that each beneficiary country can take full advantage of the opportunity provided by this regime.

Based on the above, there are all conditions for gaining a new segment in the EU markets, taking into account the high potential for growing horticulture products in

our country and the high possibility of growing organic products in mountain and sub-mountain regions. For this, it is necessary to encourage the producers of products.

The Law of the Republic of Uzbekistan "On Organic Products" was adopted in our country on April 25, 2022, and Article 12 of it specifies the ways of state support for the organic products sector. Accordingly, the state supports producers of organic products in areas such as certification, introduction of innovative methods and technologies, and service provision. However, in our opinion, specific economic mechanisms are required to encourage producers.

In today's conditions, it is considered one of the acceptable ways to allocate a subsidy corresponding to the positive difference between the domestic market and the EU market prices to farms that grow organic products and export to EU markets. It is based on the average price of one kilogram of horticulture products.

When it comes to the EU, its markets differ sharply from the eastern market, especially the markets of our country. In particular, separate European standards have been established for product sales methods, terms, composition and agrotechnologies. Also, the technologies of providing horticulture products at any time of the year have been effectively put into practice. In this case, the technology of cultivation of horticulture products on protected lands is considered one of the most common methods. The opening of the EU markets to the entrepreneurs of our country under the GSP+ program encourages the introduction of a system of continuous production throughout the year. In turn, the energy crisis observed in the EU in recent years creates problems in the protected land using system. This creates a gap in the market segment and creates a basis for strengthening the position of new participants.

That is why the issue of state support for the continuous cultivation of horticulture products on protected lands throughout the year is considered one of the urgent directions in our country.

In our opinion, organizational, economic, social and environmental incentives can be widely used in the state support for the cultivation of horticulture products in Protected Land Areas (PLA). In particular, as levers of economic stimulation:

- providing tax holidays and credit guarantees for farms that grow horticulture products in the winter and spring seasons;

- In order to encourage the use of alternative energy in PLA, incentives can be given in such directions as covering a part of their costs.

Also, the following levers can be used in the state organizational support for the cultivation of horticulture products in this technology. In particular:

- development of horticulture products cultivation, construction of "In vitro" laboratories;

- to increase the research related to cultivation of horticulture products and train qualified specialists in PLA;

- introduction and guarantee of market mechanisms in providing PLA with continuous energy;

- export of horticulture products in the autumn-winter season, provision of services such as marketing research in foreign markets, etc.

On the basis of the research, it can be noted that the costs associated with the organization of the cultivation of horticulture products on one hectare of protected land area in agriculture, if it is directed to effective export, can

fully cover the expenses spent in 5 years, and approximate calculations show that it can slowly enter the profit from the fifth year (Table 1).

Table 1.

Indicators of economic efficiency of growing horticulture products on the protected land area

Indicators	Units of measure	Cultivation of horticulture products in PLA
Protected land area	hectares	1
Field planted with horticulture products	hectares	1
Average productivity	centner/hectares	400
Gross yield	tonn	40
Average annual cost	First year	million UZS
	Third year	million UZS
	Fifth year	million UZS
Average annual income	million UZS	355,2
Average annual profit	million UZS	190,3
Cost recovery period	year	5

However, it is known that in the winter and early spring seasons, cold weather is observed in our country and requires additional heating systems and energy consumption. In practice, as a result of interruptions in gas supply to greenhouses in the winter season, "entrepreneurs' hands get cold from work". The only solution to this is to create a system of guaranteed supply of PLA with continuous energy at the market price (at gas export prices) and to create a system of compensating the damage caused by energy interruption.

In turn, the promotion of farms that have organized the use of alternative energy resources contributes not only to the development of the industry, but also to social development, reducing the pressure on the national energy system. Therefore, based on the resolution of the President of the Republic of Uzbekistan № PR-4422 dated August 22, 2019 "On the rapid measures to increase the energy efficiency of economic sectors and the social sphere, introduce energy-saving technologies and develop renewable energy sources" a number of benefits have been provided.

In conclusion, there is an opportunity for the rapid development of the horticulture network in our country, the potential of the regions, which can be achieved only with the introduction of modern management methods, market mechanisms of incentives and innovative technologies. Therefore, on the basis of research, directions and mechanisms of state support of the horticulture network are proposed, which are suitable for the interests of the parties and provide healthy competition, which are the basis for creating a favorable agribusiness environment, and which serve to increase the rural population's additional source of income, employment, and entrepreneurial ability.

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