



DOI: **10.5958/2249-7137.2021.00909.5**

THE ROLE TO IMPROVE THE MECHANISMS OF STATE SUPPORT FOR THE AGRICULTURAL SECTOR IN UZBEKISTAN

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ABSTRACT

This article presents the features and factors that determine the attraction of investments into the agricultural sector of the country and the investment policy in the agricultural sector. Thus the main foreign partners on attraction of foreign investments into the sector and ways of development of investments into fixed capital for agriculture in Uzbekistan are allocated.

KEYWORDS: *Strategy, Infrastructure, Agriculture, Agriculture, Credit, Agrarian, Project, Machinery.*

INTRODUCTION

In order to achieve sustainable development of the agricultural sector, it is necessary to form the investment potential of farms, improve their support mechanisms.

To do this, it is necessary to develop an agricultural investment policy that includes a mechanism to develop the investment potential of the industry, increase the attractiveness of the investment environment, reduce risks.

The action strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 sets the task "... active attraction of foreign investments in the sectors and regions of the economy of the country through comprehensive and balanced socio-economic development of regions, districts and cities, improvement of the investment climate" [1].

THE MAIN FINDINGS AND RESULTS

Socio-economic, financial-organizational-legal and other factors in increasing investment activity should be directly related to the formation of a favorable investment climate for producers in this sector.

In order to increase investment activity in agriculture, the following tasks need to be addressed:

- Development of institutional market infrastructure that will attract investment in agriculture;
- Formation of investment markets in the regions, which are engaged in the organization and direction of capital investment in the production investment of the population, farmers and small businesses and private entrepreneurship;
- Development of the banking system serving agriculture and increasing their capitalization;
- Improving organizational forms of investment attraction;
- Improving the participation of the state and investors in the justification and adoption of investment projects in agriculture;
- Organization of information-consulting and marketing services of the investment process.

In attracting investment in the agricultural sector, the financial condition of agricultural entities, high risk, long-term coverage of the results and efficiency of their fixed assets requires the creation of a system of direct investment: a system of strong links between domestic and foreign investment sources and collateral reserves. reaches

The system of mutual guarantees between agricultural entities, suppliers of agricultural raw materials, technical equipment (logistics of the project), which are mainly used by investors, should be implemented by government agencies and commercial banks.

They must simultaneously guarantee loans and guarantee the risk of non-return on investment. In agriculture, the mechanism of investment in fixed assets will ensure the continuity and sustainability of their reproduction, as well as the effective use of investments in the agricultural sector.

The specific features and factors that determine investment policy in the agricultural sector require a direct transition from quantitative to qualitative indicators, that is, to attract investment in areas that are highly productive and priority.

In 2017, funds from international financial institutions were attracted for the development of agriculture:

-\$ 150.0 million from the Asian Development Bank for the project “Modernization of Agricultural Production”;

-\$ 150.0 million from the International Bank for Reconstruction and Development for the Livestock Sector Development Project;

-International Fund for Agricultural Development

23.8 mln. USD for the project “Expansion of dairy production and development of processing in Kashkadarya and Jizzakh regions”;

-\$ 14.0 million from the International Development Association for the project “Adaptation and mitigation of climate change in the Aral Sea region”.

In 2019, the volume of investments from all sources of financing reached 220.7 trillion soums, which is 2 times more than the approved forecast for the year. At the same time, the volume of investments in fixed assets amounted to 189.9 trillion soums, and the growth rate compared to 2018 was 1.3 times.

The share of fixed capital investment in GDP increased from 30% in 2018 to the current 36.2%, the share of total investment in GDP in 2019 amounted to 42.1% [2].

At present, 2.8 thousand social, infrastructure and production facilities have been commissioned. There are 145 large production facilities, 167 large regional projects, more than 2,500 social and infrastructure facilities.

Significant growth in investment activity is directly related to the inflow and disbursement of foreign investment of \$ 13.3 billion, including:

- Foreign direct investment and loans - \$ 9.3 billion (including fixed capital - \$ 6.6 billion;)
- State-guaranteed foreign investments and loans - \$ 4.0 billion (including fixed capital - \$ 3.2 billion).

At the same time, the share of disbursed foreign direct investment and loans in total investment reached 37%, while in 2018 this figure was 10.5%.

According to a report by the United Nations Conference on Trade and Development (UNCTAD), global foreign direct investment fell for the third year in a row, reaching its lowest level since the global financial crisis. As of January 1, 2019, this figure decreased by 19%, while in 2017 - by 16%.

At the same time, according to the UNCTAD report on developing countries, a positive growth in foreign direct investment was observed in Asia, its volume increased by 5% [3]. At the same time, the growth of foreign investment in Central Asia averaged 8-10%, while in the Republic of Uzbekistan this figure was \$ 2.9 billion for the same period in 2019, including \$ 1.6 billion in fixed assets, which is 3.2 times more than last year. \$ 9.3 billion, of which fixed capital increased by \$ 6.6 billion. This has ensured the leadership of Uzbekistan in terms of growth among Central Asian countries [4].

China, Russia and Germany can be recognized as the main foreign partners in attracting foreign investment to the republic. At the same time, the total number of countries investing in the economy of Uzbekistan has exceeded 50. As a result, the share of large investor countries in total foreign direct investment and loans decreased to 34%.

It should be noted that the active growth of foreign direct investment and lending compared to 2019 increased by 2.5 times in the textile industry, 2.1 times in leather and footwear.

The growth rate of foreign direct investment and credit flows has also strengthened in projects of regional significance, with a total volume of \$ 4.8 billion in 2019, including \$ 4.2 billion in fixed assets.

In 2020 and beyond, work is underway to diversify their areas by actively attracting foreign direct investment and credit, implementing them in priority areas, such as the production of finished products in agricultural and industrial enterprises.

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The cost of investment projects for the construction of new enterprises for deep processing of agricultural products, reconstruction and modernization of existing ones in 2016-2020 [5].

TABLE 1

Investment projects	Total cost of projects	By sources of funding:		
		own funds	bank loans	foreign investment and loans
Total projects) (180)	595 886,3	242 916,7	189 461,6	163 508,0
Including				
New construction (141 projects)	463 267,3	169 714,7	144 324,6	149 228,0
Reconstruction and modernization (39 projects)	132 619,0	73 202,0	45 137,0	14 280,0

According to the above, in 2016-2020, 138 fruits and vegetables with a processing capacity of 99,100 tons, 46 meat processing plants with a capacity of 16,500 tons, 79 dairy products with a processing capacity of 34,850 tons and other food products will be produced. It is planned to launch 153 new food processing enterprises with a capacity of 26,840 tons.

In accordance with the Investment Program approved by the President of the Republic of Uzbekistan on January 9, 2020 No PD-4563, in 2020 it is planned to invest about 233.2 trillion soums in fixed assets from all sources of financing; including foreign direct investment and loans - \$ 7.1 billion; state-guaranteed foreign investments and loans - \$ 2.7 billion.

In January-March 2020, the development of investments in fixed assets by type of economic activity in the Republic of Uzbekistan: 3182.5 billion soums in agriculture, forestry and fisheries accounted for 9.5% of total investments.

In January-September 2020, investments in fixed assets by type of economic activity in agriculture, forestry and fisheries amounted to 260.9 billion soums, or 0.9% of the total.

The development strategy of the Republic of Uzbekistan until 2035 provides for the allocation of \$ 67.9-83.0 billion to agriculture [7].

This indicates that the volume of investments in the agricultural sector of Uzbekistan has increased.

CONCLUSION

In our opinion, in the context of deepening and liberalizing economic reforms in agriculture, it is possible to achieve sectoral stability by ensuring the priority development of farms, namely:

-Production of high quality products through the efficient use of land and water resources of agriculture, equipping the material and technical base with modern equipment, the widespread introduction of high-yield crops and productive livestock;

-By attracting foreign investment, which expands the export of agricultural products.

To do this, attracting foreign investment in agriculture and investment activity can be based on the following principles:

-Continuous improvement of legal, socio-economic, organizational and institutional conditions that ensure the broad attraction of foreign investment in agriculture;

-Development of mechanisms for the organization, support, granting and implementation of foreign economic activity of agricultural entities, including farms and *dehkan* farms;

-Consistent implementation of preferential and incentive policies for foreign investors;

-Directing foreign investors' funds to industries, regions and directly to agricultural entities that ensure the sustainable development of agriculture and have a wide range of opportunities for the production of competitive products;

-Improving the system of comprehensive practical assistance and promotion of priority projects of the subjects.

The implementation of these principles will be an important factor in attracting direct investment, including foreign investment in agriculture, increasing the investment activity of the industry and, ultimately, its sustainable development.

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