

MAIN DIRECTIONS OF ENSURING THE FINANCIAL STABILITY OF AGRICULTURAL ENTERPRISES

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ANNOTATION: This article is aimed at identifying problems that undermine the financial stability of agricultural enterprises in our country, as well as developing measures aimed at their elimination. The interpretation of financial stability in relation to agricultural enterprises of our country is also given. Agriculture is a sector that forms the basis of Uzbekistan's economy. This sector, along with providing the population with food products and raw materials for industry, also serves as a market for industrial products and plays an important role in the social life of the population.

KEY WORDS: finance, food products, economy, stability, national security, agricultural sector.

INTRODUCTION

Agriculture is considered a key sector forming the foundation of Uzbekistan's economy. In addition to providing the population with food and supplying raw materials for industry, this sector also serves as a market for industrial products and plays a vital role in the social life of the population. Consequently, the state of agriculture has a significant impact on all sectors of the national economy. For instance, the current financial instability in agriculture is affecting other sectors of the economy. On one hand, agricultural enterprises are unable to make timely payments, and due to delays in purchasing industrial goods (such as machinery, chemicals, fertilizers, fuel, and services), production is halted and industrial enterprises cannot operate efficiently. On the other hand, due to delays in implementing necessary agro technical measures, agricultural enterprises face reductions in both the volume and quality of their output. Moreover, the centralized distribution of resources and disruption of prepayment systems due to administrative interference are leading some industrial enterprises to the brink of bankruptcy.

The financial sustainability of agricultural enterprises has implications not only at the microeconomic level but also at the macroeconomic level. Therefore, ensuring the financial stability of agricultural enterprises remains an urgent issue today.

Review of Scientific Literature. As a result, increasing the financial efficiency of agricultural enterprises requires optimizing production, reducing costs, and accessing new markets. Through the application of advanced agro-technologies, marketing strategies, and state support measures, agricultural enterprises have the opportunity to further develop their operations.

Additionally, considering the current environmental situation and the growing scarcity of water resources, a number of measures have been implemented in the agricultural sector. Notably, the Water Management Development Concept for 2020–2030 has been approved. It is worth noting that from 2017 to 2022, water-saving technologies were introduced on 1.4 million hectares of land. The main goal is not only economic gain, but also ensuring food security and improving the welfare of the population.

In 2023, based on the Presidential Decree on expanding and supporting agricultural production and processing, measures were taken to implement the goals outlined in the 2020–2030

agricultural development strategy. These include increasing food production, meeting domestic demand, maintaining price stability, and supporting agricultural producers both economically and financially through the efficient use of available resources.

According to the Ministry of Economy and Finance, within the framework of the Presidential Decree No. PQ-225 dated April 27, 2022, “On measures to finance agricultural production costs and improve the purchasing system,” a budget loan of 400 billion UZS (200 billion in the first half of 2023) was allocated to the Agency’s Horticulture and Greenhouse Development Fund for 12 months (including an 11-month grace period) at an annual interest rate of 10%.

Enterprise-level accounting is an essential tool for ensuring the financial stability of agricultural enterprises and increasing profitability. Accurate record-keeping enables enterprises to reduce costs, increase income, and implement effective management practices.

Research Methodology. This article discusses legal issues and presents research aimed at identifying challenges that undermine the financial stability of agricultural enterprises in Uzbekistan and at developing measures to address them.

The reforms in Uzbekistan’s agricultural enterprises are a set of systematic changes aimed at making the sector more efficient, competitive, and sustainable. These reforms are intended to align agriculture with market demand, ensure effective use of land and financial resources, and support farmers' activities.

The article also outlines interpretations of financial stability as applied to agricultural enterprises in our country.

Financial results refer to the increase or decrease in an enterprise’s capital over a given reporting period during the course of its business activities.

Although government spending on agriculture in Uzbekistan currently accounts for 1.68% of GDP—almost three times higher than in middle-income countries outside the OECD (0.62%) and ten times higher than in OECD member states (0.17%)—the sector remains inefficient and uncompetitive, with producers earning relatively low incomes. Much of the support is reflected under the “other” category in the state budget, which indicates a lack of strategic planning. There is also no clear connection between international financial programs (worth over \$3.5 billion), the state’s large investment projects, and strategic planning processes.

A recent assessment of agricultural organizations operating in Uzbekistan has revealed key issues in managing financial resources. These include the absence of regulatory criteria for evaluating financial stability, underutilization of resources needed to improve profitability, and the irrational use of finances.

In addition, the financial literacy of agricultural workers remains low, and there is no system for regular financial monitoring, which limits the ability to detect financial issues in a timely manner.

The study identifies specific measures to reduce the number of factors that negatively impact financial sustainability. Ensuring the continuity of modern agricultural enterprises depends on qualified management of key parameters that determine their economic resilience, with particular attention paid to financial condition. All of these factors increase the urgency of addressing financial stability challenges in agricultural organizations.

Establishing financial reserves is also crucial for ensuring the financial sustainability of agricultural enterprises. Such reserves can be formed at the level of individual farms, enterprises, or entire districts. This requires improving the mechanisms for generating income, net profits, and profit distribution.

Analysis and Results. The financial stability of agricultural enterprises refers to their ability to operate continuously, meet obligations on time, implement investment projects, and maintain development potential. This stability reflects how resilient the enterprise is to internal and external financial factors.

Key factors that determine financial sustainability include:

1. Capital structure – the ratio of own capital to borrowed funds; the higher the share of own capital, the greater the stability.
2. Liquidity and solvency – the ability to meet short-term obligations on time; the relationship between current assets and current liabilities.
3. Profitability indicators – net profit, asset efficiency, return on investment, and overall economic performance.
4. Production efficiency – effective use of land, labor, machinery, and other resources; productivity and value added.
5. Tax and credit policies – how well the enterprise adapts to tax burdens and credit terms; favorable tax regimes and affordable credit enhance stability.
6. Risk management – protection against natural disasters, market fluctuations, and price volatility.

Additionally, reducing state intervention in agribusiness management and improving investment attractiveness requires the refinement of financial support mechanisms. This includes subsidizing interest rates on commercial loans for the production of strategically important agricultural goods and improving credit and insurance mechanisms tailored to the strategic directions and needs of the agro-food sector.

Balance of income and expenses in ensuring the financial stability of agricultural enterprises, for example, let's take a cotton-growing farm, cotton is a traditional export product in the country.

However, it is expensive and requires water and labor resources. If an agricultural enterprise relies solely on cotton, then market price fluctuations jeopardize all revenue.

Therefore, it is recommended that the agricultural enterprise be engaged in the cultivation of both cotton, grain, or other agricultural products, that is, food products.

For example, a farm allocates 40% of its land for cotton, 30% for grain, and 30% for vegetables, resulting in stable income generation.

Currently, the population is growing, and the demand for food products is increasing. In order to ensure the financial stability of agricultural enterprises in our country, it is advisable to effectively use greenhouse farms. Greenhouse farms are an effective type of agribusiness in Uzbekistan, allowing for year-round production. However, a special approach is required to ensure their financial stability.

The costs of greenhouse construction, heating, water, and electricity will be high. If the price falls, it will be difficult to cover all expenses. Vegetables (tomatoes, cucumbers), greens, and even fruits less adapted to the soil (strawberries) can be grown on a rotational basis. In one hectare of greenhouse, up to three times a year can be harvested, which increases income. It will be possible to manage costs by planning in advance the costs of raw materials (seeds, seedlings, fertilizers) and fuel.

In ensuring the financial stability of agricultural enterprises, special attention should be paid to a number of factors. It is advisable to list the main directions below.

1. Maintaining a balance of income and expenses, i.e., diversifying the enterprise's sources of income (i.e., not being dependent on only one type of product). It is also necessary to analyze costs

in each production process and reduce unnecessary and inefficient costs.

2. It is advisable to improve financial management and regularly maintain and analyze financial statements, as well as effectively implement credit and investment policies, ensure timely payment of obligations, and maintain the interest burden at an optimal level.

3. It is advisable to assess the economic efficiency of ongoing projects, calculate in advance the level of costs, revenues, and risks for each project, as well as select low-risk, but stable-income projects.

4. It is necessary to monitor the demand for products, prices, and competition, taking into account the economic environment and market conditions, and to use agricultural insurance tools (protection from risk factors).

5. Effective use of state support mechanisms, that is, the use of subsidies, preferential loans and tax benefits, active participation in state programs for agriculture.

6. Advanced training and systematic incentives for employees with the effective use of labor and resources, as well as the rational and efficient use of land, water, and technical resources.

7. By introducing innovations and digitalization, it is possible to ensure the financial stability of agricultural enterprises through the productive and effective use of new technologies, digital payment systems, online market platforms, and other modern solutions.

Conclusion

Ensuring the financial sustainability of agricultural enterprises is vital for their consistent and efficient operation. Economic reforms in the country's agricultural sector have laid the institutional foundation for development and adapted property and management systems to market conditions.

This has enabled a degree of stable growth in agricultural production. However, the sector's growth and development have not met expectations. Any reform includes institutional, legal, organizational, social, economic, and environmental challenges. Unless agricultural reform addresses these challenges, it cannot be deemed effective.

Ultimately, the implementation of all these factors must result in economic and financial outcomes. Therefore, achieving financial and economic results should be the main goal of reform. Institutional changes, technological innovation, and environmental solutions all depend on funding. Addressing social issues also requires financial support.

Thus, ensuring financial and economic stability is now a strategic task at all levels—enterprise, district, regional, and national.

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