



ISSUES OF FINANCIAL MANAGEMENT AND ITS IMPROVEMENT IN AGRICULTURAL INDUSTRY

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Abstract

As an important methodological basis of financial management in enterprises of the agricultural sector, it is important to determine the general principles of its organization, based on the specifics of agricultural production. This article describes the definition of the general criteria of financial management activity in agriculture of our country and its importance, based on world practice.

Keywords: agricultural sector, competitive product, financial management, financial stability, credit, investment, subsidy.

Relevance and Necessity of the Topic

The agricultural sector plays a leading role in the economy of the independent Republic of Uzbekistan. A significant part of the country's GDP is grown in this area. Therefore, from the first days of independence of our country, great attention was paid to the development of the industry. The basis and ultimate goal of the reforms implemented in our country are to further increase the country's GDP, fully meet the needs of the population, provide our people and national markets with quality, affordable, competitive products, improve production activities, provide the population with jobs. Achieving economic development through comprehensive social protection and increasing their incomes, and ultimately strengthening the national independence of our country.

President of the Republic of Uzbekistan Sh. Mirziyoyev: "Agricultural reform and food security will undoubtedly remain one of the most important tasks for us. First of all, great attention will be paid to the consistent development of the agro-industrial complex and its locomotive, such as multi-sectoral farms, which are the driving force "[1], - he said.

Therefore, in the context of liberalization and modernization of the economy, it is important to create the foundations of a diversified economy in agriculture. The





Government of the Republic also pays special attention to the reform of the agricultural sector, the creation of a new structure in its form and content.

The Decree of the President of the Republic of Uzbekistan dated October 9, 2017 "On measures to radically improve the system of protection of the rights and legitimate interests of farmers, peasant farms and landowners, the effective use of agricultural land" approved the proposal of the Republican Commission on Deepening to gradually transform farms into diversified farms in 2018-2021, and from January 1, 2022, land lease agreements with farms that do not engage in diversified activities will be terminated in accordance with the law [2].

With this Decree, the Cabinet of Ministers of the Republic of Uzbekistan has developed relevant regulations aimed at further development of fruit and vegetable growing, animal husbandry, poultry, fisheries, beekeeping and other important areas of agriculture, coordination of farms in this area and further increase its efficiency introduces the release.

Our President Sh. As noted in Mirziyoyev's traditional address to the members of the Oliy Majlis on January 24, 2020: "The state order for the cultivation of cotton and grain will be abolished. In the future, the Ministry of Agriculture will refrain from giving instructions, allocating resources, and setting plans. Cheap loans will be provided to other sectors of the agricultural sector. After that, it is planned to export 2 billion US dollars this year and 3-4 times more in the next 5-7 years. In the same year, water-saving technologies will be introduced on 44,000 hectares of land." [3]

Therefore, the formation of a modern financial system and effective management mechanisms in Uzbekistan is one of the important factors in achieving the expected results of the current reforms in the implementation of reforms aimed at building a stable economic system based on democratic principles, ensuring socio-economic well-being. The main goal of the current socio-economic, financial and structural reforms is to create a modern system of financial management and ensure its effective operation.

Management of financial relations in the agricultural sector is one of the main directions of the program of independent Uzbekistan to deepen economic reforms. Therefore, the need to reform the entire system of the financial sector more resolutely and quickly is a priority, and it is necessary to look at the financial management system, all its links as a single complex.

The transformation of farms into the main economic entities in the country since 2007 not only opens the way for the development of private entrepreneurship in the industry, but also leads to the introduction of new types of entrepreneurship. Since 2012, the focus on entrepreneurship in agriculture has focused on the development of





diversified production, which has led to the need to pay serious attention to the issues of financial management on farms. This need is developed on the one hand, by studying the risks in the efficient use of production resources at the disposal of farms in a market economy and reducing the likelihood of their occurrence, on the other hand - by forecasting the amount of business profits in production through efficient use of available material and financial resources is directly related to the need for strategic planning of the extraction process.

These factors justify the current practical and scientific significance of the introduction of financial management systems in agricultural enterprises.

The management of financial relations in the economy is one of the most important and key areas of attention not only in the economy, but also in human development in general, because it is in this area that the foundations of financial stability are created contributes to the achievement of high peaks in the economy of the state and society.

Cooperation with international institutions on the study of modern financial management methods and their implementation in the practice of companies is being established in foreign countries. These include The International Association of Financial Executives Institutes (IAFEI) in Europe, the International Financial Management Association (FMA) in the United States, the Korea Association for Chief Financial Officers (KCFO) in Korea, the AII-Russian Public Organization in the Russian Federation, and others.

Based on the important tasks set by the President of the Republic of Uzbekistan Shavkat Mirziyoyev in his Address to the Oliy Majlis on December 28, 2018, the main direction has been tested in international practice. extensive use of experience and ensuring financial sustainability are essential.

Today, a new stage of organization of production with high scientific capacity, resource-saving, innovative ideas and scientific achievements, competitiveness of the industry in foreign markets, increasing the export potential of agriculture and ensuring food security of the country has begun.

To implement the measures specified in the third direction of the Decree of the President of the Republic of Uzbekistan dated February 7, 2017 PD-N^o4947 "On the Strategy for further development of the Republic of Uzbekistan" entitled "Further development and liberalization of the economy" ensuring the stability of the national currency and prices, the gradual introduction of modern market mechanisms of currency regulation, expanding the revenue base of local budgets, expanding foreign economic relations, the introduction of modern technologies for the production of export products and materials, development of transport and logistics infrastructure,





entrepreneurship and increase of investment attractiveness for foreign investors, improvement of tax administration, introduction of modern principles and mechanisms of banking regulation, In the current context of rapid development of diversified farms, financial management is not only within the internal framework of agricultural enterprises, but also the budget, extra-budgetary funds, banks and other lenders, financial and credit institutions, It is also reflected in the interaction of international institutional investors.

Therefore, in modern market conditions, the main task of business entities is to be able to quickly adapt their activities to changes in the external environment and to easily solve problems at their own expense. Also, one of the main areas of activity of any enterprise is financial management.

An important methodological basis of financial management in agricultural enterprises is to determine the general principles of its organization, based on the specific features of agricultural production. This, in turn, is important to determine the general criteria for the activities of financial management and its implementation. Financial management is also closely linked to the general principles of management organization, including planning, incentives, interoperability of individual elements, target orientation.

In general, the formation of the financial management system is determined by the economic independence of business entities, i.e. the formation of all opportunities for entrepreneurial activity. At the same time, the formation of a system of tax and social allocations with the budget and extra-budgetary funds, the formation of credit and investment methods in the formation of fixed and working capital of agricultural enterprises, responsibility for various risks in economic activities, transfer of profits, etc. factors.

Based on the experience of developed countries, the organization of financial management in various forms of ownership in accordance with market principles allows for efficient management.

Therefore, in the process of introduction of the digital economy in the Republic of Uzbekistan, special attention is paid to the rational organization of financial management in sectors of the economy and increase its efficiency. The Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 includes "deepening structural changes and consistent development of agricultural production, further strengthening food security, expanding the production of environmentally friendly products, significantly increasing the export potential of the agricultural sector. "To create favorable conditions for the promotion and development of diversified farms, where farms are primarily engaged in the





production of agricultural products, as well as processing, preparation, storage, sale, construction and provision of services"[6] the issue is highlighted. Therefore, it is important to conduct research on further development of agricultural enterprises, which play an important role in the development of the economy, taking into account the financial mechanism, functions and principles.

Decree of the President of the Republic of Uzbekistan dated February 7, 2017 № PD-4947 "On the strategy of further development of the Republic of Uzbekistan", Decree № PD-5853 of October 23, 2019 "On approval of the Strategy of agricultural development of the Republic of Uzbekistan for 2020-2030", Resolution № PR-4549 of December 11, 2019 "On additional measures for further development of the fruit and vegetable and viticulture sector, the creation of a value chain in the industry", Resolution of the cabinet of ministers №397 of June 22, 2020 "On measures to further develop the cotton and textile industry", June 22, 2020, №398 "On measures to organize the activities of cooperatives for the cultivation and processing of raw cotton" and other decisions serve to a certain extent in the implementation of the tasks set out in other regulations aimed at improving the system of financial management in agricultural enterprises.

Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated January 25, 2018 No 353 "On measures to introduce modern forms of organization of cotton and textile production" and Resolution No. 253 of March 31, 2018 "On additional measures to organize the activities of cotton and textile industries and clusters", as well as the Cabinet of Ministers of November 18, 2019 No. 914 "On the introduction of cotton and textile production in the regions of the Republic" in order to ensure the implementation of the decisions "On measures to further expand the mechanisms" In Andijan region, 13 cotton-textile clusters have been established on the basis of 2393 farms, 79,391 hectares of land have been consolidated, 320191 tons of raw cotton are planned to be grown, of which 55043 tons will be grown directly by clusters and 265 148 tons by farms.





№	Name of districts	Clusters name	Total land area, (hectares)	That's it			The amount of raw cotton that can be grown, (tons)
				Cluster, (hectare)	On the farm		
					Number	Area, (hectares)	
1	Andijon	"SOHIB OMAD BARAKASI" LTD	4620		125	4620	18318
2	Balikchi	"Tetratex" LTD	10309	1970	322	8339	43019
3	Bulokboshi	"XO`JAOBOD FAYZ-M" PC	2829		100	2829	12154
4	Buston	"SAYYORA FAVVORASI" PC	5169	1115	114	4054	20320
5	Jalakuduk	"AI`YORTEKS" LTD	6218	372	282	5846	25618
6	Isboskan	"BEST TEXTILE INTERNATIONAL" LTD	2655		78	2655	11275
7	Isboskan	"SOHIB OMAD BARAKASI" LTD	5293	1842	103	3451	22477
8	Ulugnor	"VODIY SANOAT FAXRI" LTD	8534	1658	197	6876	26847
9	Markhamat	"MARKHAMAT TEKSTIL" LTD	4927	1340	171	3587	20508
10	Oltinkul	"SAYYORA FAVVORASI PLYUS" LTD	5335		160	5335	23124
11	Pakhtabod	"Oltin Mato Teks" LTD	6481		263	6481	26064
12	Khojabod	"XO`JAOBOD FAYZ-M" PC	1753	532	60	1221	7271
13	Shakhrihan	"SAXOVAT TEKS" PA	7132	1484	216	5648	30392
14	Kurgantepa	"KHANTEX GROUP" LTD	8136	3425	202	4712	32804
Total:			79391	13737	2393	65654	320191

Information on cotton and textile cluster enterprises established in the districts of Andijan region. [13]

According to the table in 2020, 4620 hectares of land were transferred to "Sohib Omad Barakasi" LTD in Andijan district, 10,309 hectares in Tetratex LTD in Balikchi district, 2829 hectares for "Khojaobod fayz-m" PC in Bulakbashi district, 5169 hectares of "Sayyora favvorasi" PC in Boston district, 6,218 hectares to "Al-Yortex" LTD in Jalal-Abad district, 2655 hectares to "Best textile international" LTD in Izboskan district and "Sohib omad barakasi" LTD 5293 hectares, 8534 hectares to "Vodiy Sanoat Fakhri" LTD in Ulugnor district, 4927 hectares to "Markhamattekstil" LTD in Markhamat district, 5335 hectares to "Sayyora favvorasi plyus" LTD in Altinkul district, 6481 hectares to "Oltin Mato Teks" LTD in Pakhtaabad district, In Khojaabad district "Khojaabad fayz-m" PC 1753 hectares, In Shakhrikhan district to



"Sakhovat teks" PA 7132 hectares, 8,136 hectares of land attached to "Khantex group" LTD in Kurgantepa district.

The degree to which the problem has been studied

Researched by economists abroad and at home on the organization and improvement of financial management in the context of the development of the digital economy, conceptual foundations, economic content and basic principles of financial management by a number of foreign economists, including Dj.K.Van Horn, Dj. Vakhovich, S.Ross, L. Fung, S. Paramasivan, Yu. Brighem, L. Gapenski, S.P. Pryanichnikov, I.A. Blank, I.Ya. Lukasevich, I.V. Sergeev, G.B. Polish, S.V. Galitskaya, S.E. Kovan, V.V. Kovalev, V.V. Bykovkiy, N.V. Martinova, T.V. Teplova and others are reflected in their scientific works [7].

Improving the economic essence of financial management and some elements of the financial mechanism and practical aspects of its improvement studied by T. S. Malikov, O. Olimjonov, B. E. Toshmurodova, M. B. Khamidulin, S. E. Elmirzaev, G. N. Khusanov, M. L. Tursunkhodjaev, R.H. Karlibaeva, R. R. Abduraupov, K. U. Sharifhodjaeva, A.S. Ibragimov, Z. Madaminova, M. E. Rakhmatullaev, A. Yuldashev, I. Sirojiddinov, M. Khusanov and other scholars.

From the scientists of the Republic. K. Iminov, T. S. Malikov, O. O. Olimjanov's scientific works cover the essence of financial management and some aspects of the issues considered in it.

Khamidulin studied the financial mechanisms of corporate governance and corporate management. B. E. Toshmurodova, S. E. Elmirzaev, R. H. Karlibaeva's research covers the economic nature and functions of financial management, the practice of corporate valuation in financial management and the organization of tax management in enterprises [8].

The above-mentioned scientists have not comprehensively studied financial management as a separate scientific direction, taking into account the production characteristics of agricultural enterprises, analyzing foreign experience. This in turn requires scientific research on the chosen topic

The purpose of the study. In the conditions of development of science, enlightenment and digital economy in the Republic of Uzbekistan in the enterprises operating in the agrarian sector of various forms of ownership, in particular, improving the organization and management of financial management in agricultural enterprises in Andijan region and study and make recommendations on the prospects for their implementation and development.





The Object of Research

Entities involved in the organization of financial management and improvement of its methodology in agricultural enterprises in the Republic of Uzbekistan, In particular, agricultural enterprises in Andijan region are the object of scientific research in the dissertation.

Subjects of Research

The ongoing integration process in the world economy has a great impact on its globalization. This, on the one hand, implies a transnational “chain” of value creation, and on the other hand, intensifies competition in the manufacturing sector as well. In this context, the organization and improvement of financial management in agricultural enterprises, the processes related to the organization of their financial statements in accordance with the requirements of international standards will be the subject of this study.

Research Methods

The research used analysis and synthesis, induction and deduction, economic-mathematical modeling, statistical data grouping, comparative analysis, sample observation, correlation and regression analysis, scientific abstraction and other methods. Methods such as proportion (e.g. bar charts, histograms), distribution (e.g. pie charts), comparison (e.g. stacked bar charts, component bar charts), trend (e.g. line charts) are widely used in data representation.

Implementation of Research Results

In the innovative development of the agrarian economy, especially in the current period, when traditional methods of economic development do not provide sufficient benefits, organization of financial management in agricultural enterprises and implementation of modern management systems (cluster theory), and increasing its economic efficiency is the most optimal way.

Therefore, there are proposals to improve the financial management of entrepreneurial activities of agricultural enterprises on the organization of financial management on farms in Andijan region and the introduction of its improvement in production.

Expected Scientific News from the Research:

Based on the final results of the research, the following scientific innovations are expected:





1. Theoretically substantiated the need to improve the financial management of entrepreneurial activities of agricultural enterprises in the context of increasing the competitiveness of the agricultural sector and the indicators of their effective use;
2. Conceptual bases, methods of financial planning and forecasting of the organization of modern financial management in the agricultural enterprises in the conditions of increase of competitiveness of the agrarian sector are analyzed and substantiated.
3. The information support system of financial management in agricultural enterprises is analyzed.
4. Modern features of information support in making financial management decisions in agricultural enterprises in the context of increasing the competitiveness of the agricultural sector are developed and justified.
5. Ways have been developed to improve the financial environment and financial management in the entrepreneurial activities of agricultural enterprises in the context of increasing the competitiveness of the agricultural sector.
6. The role of financial management in the rational use of financial resources in agricultural enterprises in the context of increasing the competitiveness of the agricultural sector and approaches, comments and suggestions for their improvement have been developed.

Practical Significance of Scientific Work

The practical significance of the results of this research is that it can be used in the introduction of a cluster system in agricultural enterprises of the Republic of Uzbekistan, in the activities of entities engaged in financial management, in particular, they can be used to analyze the organization of financial management on farms and to improve its management. The results of the research, practical suggestions in the financial management of agricultural enterprises can be used in the process of organizing and managing production.

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