



NECESSITY, TASKS AND FINANCIAL BASES OF ACTIVITY OF AGRO-CLUSTERS IN THE CONDITIONS OF INSTITUTIONAL REFORMS IN AGRICULTURE

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ABSTRACT: *The basis and ultimate goal of the ongoing reforms in our country is 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, develop production activities by improving enterprises, providing the population with jobs. Achieving economic development through comprehensive social protection and increasing their incomes, ultimately strengthening the national independence of our country.*

KEYWORDS: incomes, develop production, public administration.

According to the Decree of the President of the Republic of Uzbekistan PF-5853 dated October 23, 2019 "On approval of the Strategy of agricultural development of the Republic of Uzbekistan for 2020-2030", the agricultural sector in our country has become a platform for new changes and reforms. and raising it to the level of world demand. Carrying out radical reforms in agriculture is a requirement of the times and is very important for the current globalizing world economy.

Carrying out radical institutional reforms in agriculture, improving the system of public administration in the agricultural system, expanding entrepreneurial activity, establishing effective relations between producers, processors and sellers of agricultural products, the introduction of resource-saving technologies in agricultural financing and modern equipment for agricultural producers. The focus on providing is relevant.

As a result of a number of measures taken in recent years to strengthen food security in our country, Uzbekistan has managed to strengthen its position in the world and gradually improve its position in global rankings. In 2018, the Republic of Uzbekistan ranked 52nd out of 119 countries in the Global Hunger Index, reaching a "moderate" level with 12.1 indicators.

The process of growing crops in agriculture has always been seen as a complex, labor-intensive, and low-efficiency sector compared to other industries. But the scientific focus on the field has changed dramatically over the last 50 years. As a result of scientific approaches



and innovations in the use of the sector, the agrarian system has changed radically, and the increase in profitability has led to a unique approach to the system of financing in agriculture. The developed countries of the world, which have carried out radical reforms in agriculture, have achieved great results in this area and ensured food security in the country.

The world is becoming more global. The integration of the countries of the world and the expansion of economic ties, the growth of the population's share promotes the efficient use of economic resources in each country, increasing the volume and weight of products and pursuing high profits. If we also provide resources in the form of raw materials, high profits will result in other countries taking over and we will become dependent on their goods. If we study the level of development of the agrarian sector of developed countries since the 60s of the twentieth century, we will see the introduction of clustering in the agrarian sector. So what is a cluster? and what is its role in the country's economy?

The founder of cluster theory in economics was Professor Michael Porter of the Harvard Business School in the United States, whose 1990 book, *Competitive Advantages of Countries*, was published.

Clusters are suppliers of goods and services, firms in their respective industries, as well as relevant organizations that compete in certain areas but work together at the same time.

An important aspect of the cluster system is that it achieves a high level as a result of cooperation based on ensuring competitiveness. Such a system will lead to greater efficiency in the agricultural sector of the economy. The quality, size and processing system of products grown, delivery and sales will change radically. Quality, cheap and fully processed products are exported to the national market. This system consists of several firms and enterprises connected to each other like a chain, and the resources become a finished product in this chain of enterprises. The proceeds will be distributed among the cluster members. The necessity of this system is reflected in these economic relations, where all the enterprises in the chain work in a single beneficial pyramid system, regardless of which industry they belong to. The system depends on the development of the cluster and each member is very interested in it. The cluster system is very important in the agricultural sector. This system will lead to radical changes and institutional reforms in



agriculture. This is a very important economic reform for our country, where half of the population lives in rural areas. The employment, income and development of the infrastructure of our rural areas depend on the accelerated clustering of the agricultural sector. For Uzbekistan, which is currently being modernized, this will be a necessary economic reform and fully complies with the scale of economic reforms being carried out by our government.

As a result of consistent reforms in recent years to modernize and diversify agricultural production, to develop the processing industry, a new system of activity in the agricultural sector - the cluster method has been introduced.

In the agrarian system of the country, cluster activity has shown its advantages and significant work has been done on the introduction of resource-saving techniques and technologies in agricultural production, the introduction of industry in rural areas and the creation of new jobs, production of finished products with high added value increased

The first scientific understanding of clusters was introduced by economist M. Porter introduced it in his scientific works.

Clusters are a group of geographically convenient, locally integrated companies that supply equipment, products and components, services, infrastructure, research institutes, and complement each other to build a competitive advantage.

Integration within the agrocluster provides its partners with the following motivation:

- Achieving sustainable survival and development in agribusiness and the use of company guarantees in obtaining loans;
 - access to infrastructure facilities formed by the cluster;
 - joint participation in investment programs and projects, investment attraction;
 - achieving high quality standards;
 - saving transaction costs through cooperation;
 - reduction of transaction costs;
 - collective brand, joint product distribution
- create a network.



Clusters are uniquely integrated structures that sometimes come together spontaneously or artificially

1-figure

Structural principles of clusters¹

No	Principles of clustering	A description of each of the principles of clusters
1	Territoriality	Convenient geographical location is useful for joint use of resources, technology, infrastructure, management and logistics capabilities in production
2	Purposefulness	High profit and social efficiency is the goal of each member of the cluster, and joint activities are organized in this direction
3	Access to the cluster on a voluntary basis	Cluster members jointly form a movement to produce a competitive product or service by mutual consent
4	Based on cooperation with the state	Mutually beneficial relations with the state will be established in the development of clusters, expansion of the range of products and services. This is reflected in the legal framework for the organization of cluster activities, regulatory documents, tax payments and benefits in customs activities.
5	Benefit of economic cooperation	The expansion of the cluster will bring economic benefits to all its members. The development of the system depends on the active organization of each

¹These principles were developed by the author .



		member, the emergence of national and international markets with competitive products.
6	Social propensity for the development of cluster technology	Cluster The desire to create a system of high-tech development and its implementation in all cluster entities leads to a combination of financial, social and intellectual organization. The infrastructure of rural areas is changing dramatically

The organization of agro-clusters for the agrarian system of the Republic of Uzbekistan will ensure the institutional reform of the agricultural economy of the country and the effective use of existing opportunities in the agricultural sector. Under this system, the incomes of agricultural producers will increase and the branches of the regional economy will expand. The quality of agricultural products will be brought up to world standards and their destruction will be prevented. The infrastructure of rural areas will be improved by increasing the income of the population and attracting farmers to the cluster in the future.

Based on the above considerations, the need for agroclusters is reflected in the following: 1) Ensuring access to production of goods on the basis of world standards from existing agricultural resources

2) Gradually ensure the abandonment of the problems accumulated in agriculture over the years and the mechanism of work on the basis of the old order, the inefficient method of work.

3) Ensuring that a large proportion of the country's population lives in rural areas and their employment continues throughout the year

4) Improving the infrastructure of rural areas, bringing the lifestyle of the population in line with modern requirements



5) Expansion of logistics networks, achieving the organization of statistics, the share of each agricultural product in real numbers

6) Effective provision of markets with quality agricultural products throughout the year, their storage and packaging system

7) Ensuring the production of finished products in the regions on the basis of the value chain of agricultural products and further increase their export potential, etc.

Another important feature that distinguishes the agro-industrial cluster from others is the generality of production-cooperation and other models of interaction of economic entities, including the leading (integrating) product (cotton, viticulture, vegetables, livestock, etc.).

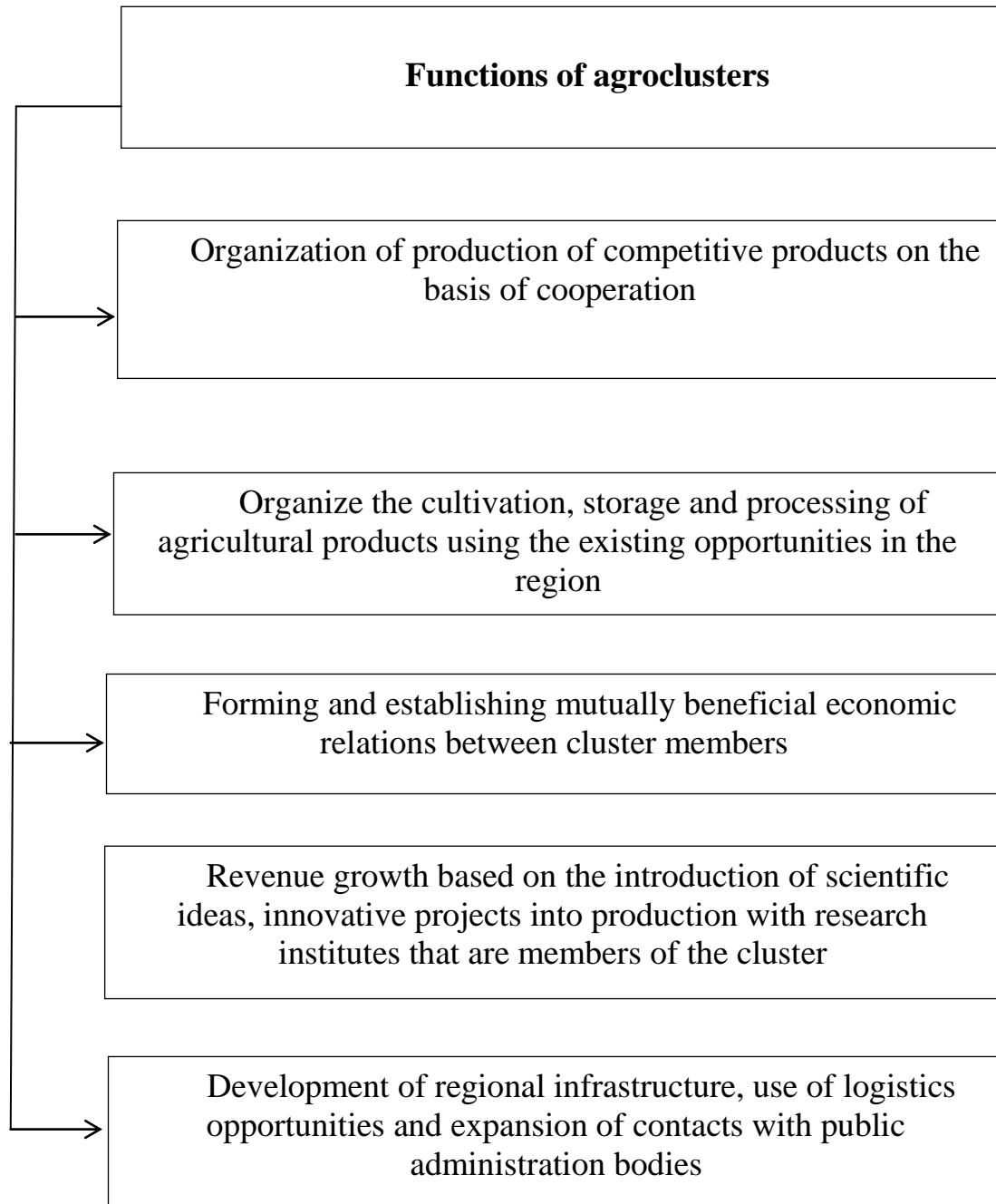


Figure 1. The main functions of agroclusters

Above, Professor A. Kadyrov cites the cooperation of subjects as an important feature of agro-clusters. Clusters are interpreted as a model for the integration of several entities into a cooperative. In fact, this character is a key feature of the cluster. However, each of the cooperating entities has its own interests. These features are more pronounced in the functions of agroclusters.

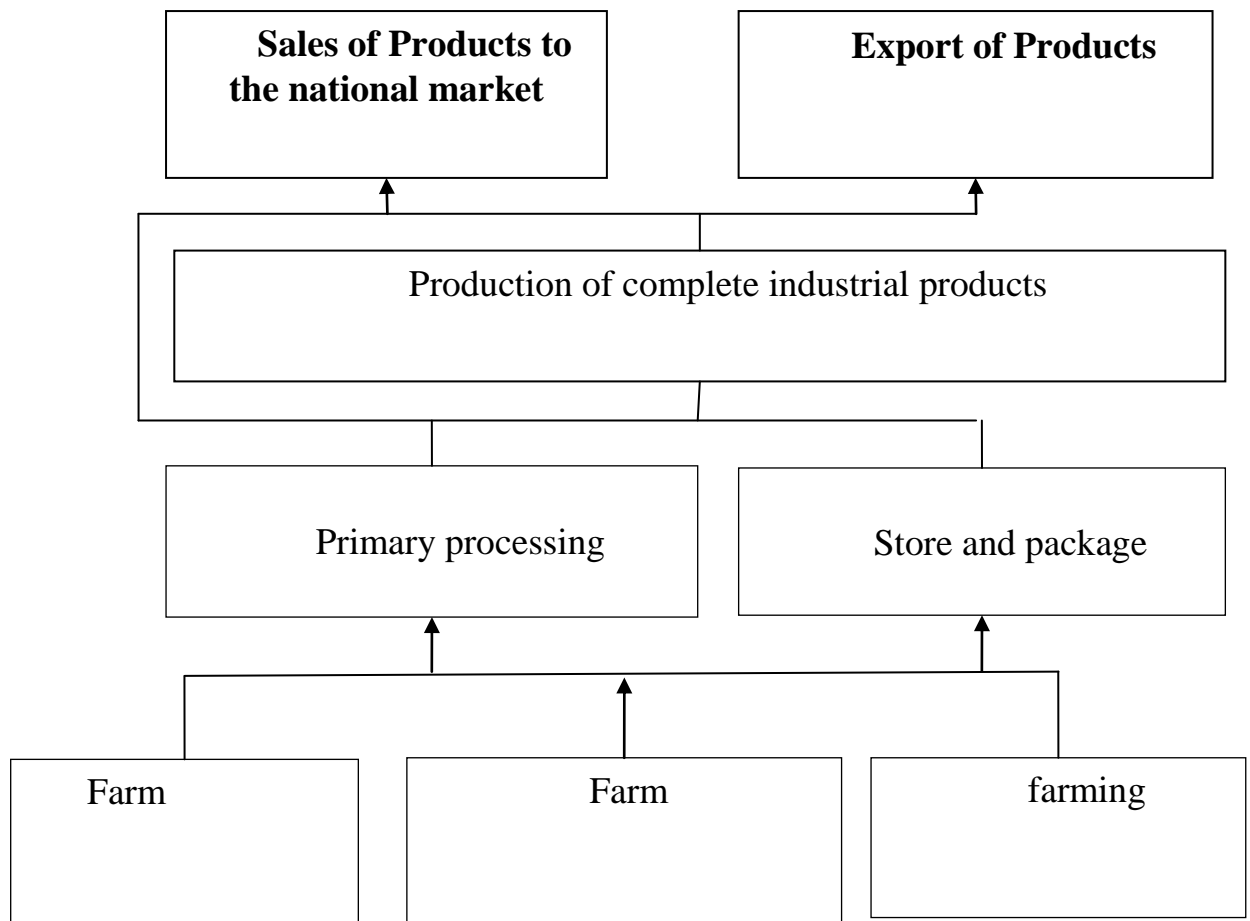


Figure 2. The structure of production and sales of agroclusters

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The state's cluster policy is a set of measures aimed at increasing the country's competitiveness by encouraging the development of clusters.

The main purpose of the formation of agro-clusters is to focus on the creation of competitive goods based on the organization of innovative production - the integration of enterprises of the same industry located in the district and region and their educational,



scientific, engineering, consulting, standardization, certification and other services in a single technological chain.

Improving the economic efficiency of agricultural production depends on many factors, in particular, the use of new agro-technologies and techniques, training, knowledge, skills and information flow. It is these factors that can be ensured through the effective organization of agrocluster activities. In the future, it is necessary to introduce the integration of agro-clusters not only with agriculture, but also with science, education and other areas. The goal of clusters in the agricultural sector is to create competitive products based on the integration of a single industry, education and research, engineering, consulting, standardization, certification and other services into one network.

In Figure 3 below, we show how the composition of the agrocluster will change in the future and what its main participants will look like.

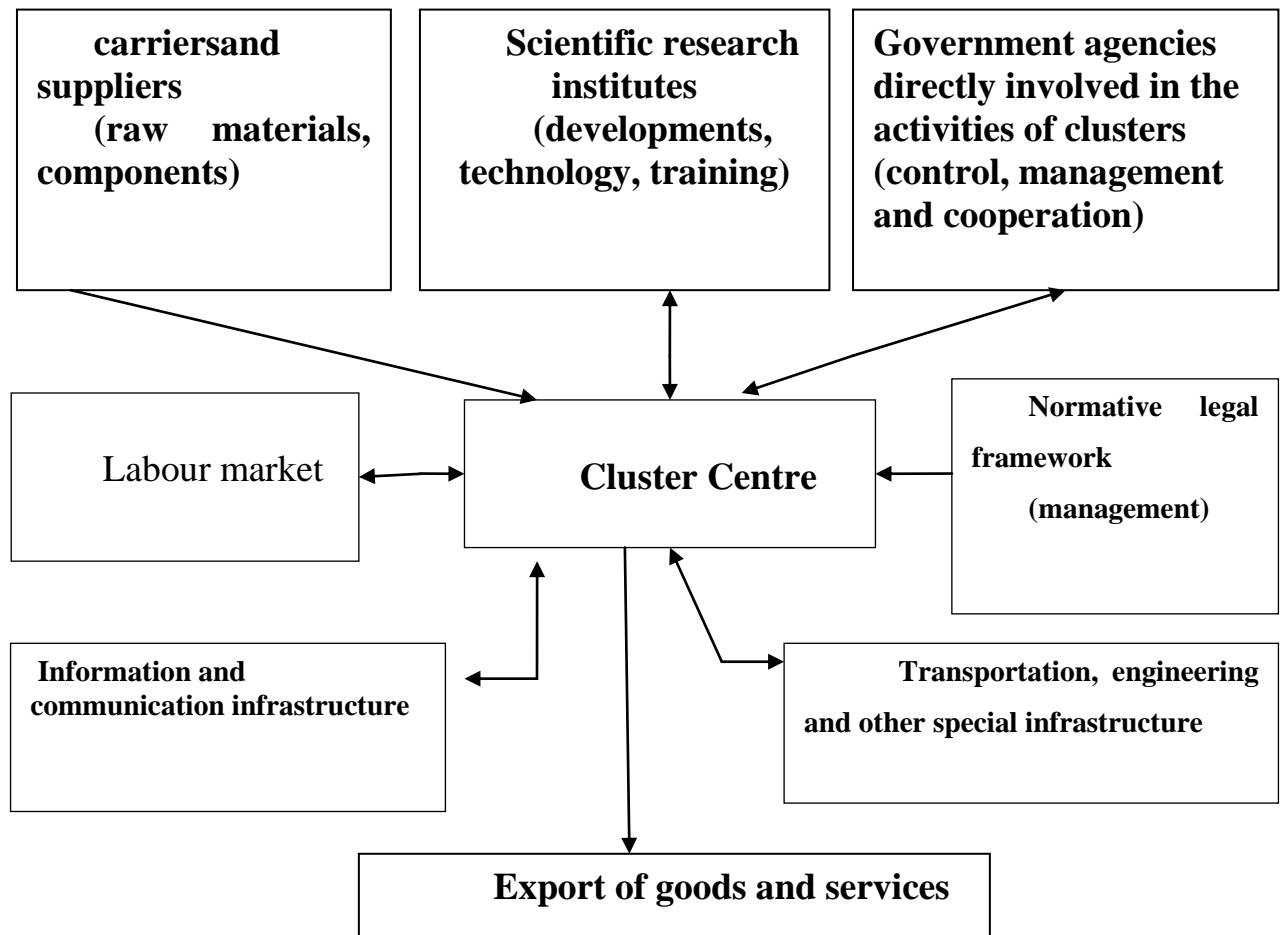


Figure 3. The structural structure of the modern agrocluster

Thus, in the analysis of foreign and domestic researchers, the following definitions of the concept of "cluster" are given:

- Cluster - a group of enterprises united in one area and in close contact with each other.
- cluster - a group of enterprises located in one geographical area and forming a single network.
- Cluster - a group of interconnected and complementary companies, institutions operating in a single geographical area in specific areas.
- cluster - a group of enterprises that are functionally connected horizontally and vertically
- cluster - a group of interconnected and complementary enterprises, research and development institutions in the form of collective, private and semi-collective.



- Cluster - a group of commercial and non-profit organizations, which serves to ensure the competitiveness of each enterprise operating in the group.

- cluster - an industrial complex that unites suppliers of goods and raw materials, major producers, based on regional concentration and connected to the technological chain.

The activity of agro-clusters is based on sources of funding. These resources tend to change over the years as the cluster expands. Below, economist R. Khasanov shows the composition of the synergistic effect of clusters.

The synergistic effect of clusters is manifested in:

- 1) The effect of the spread of knowledge on the cluster
- 2) the volume of cash flows in the cluster will further expand at the expense of its member companies
- 3) the effect of joint use of infrastructure facilities
- 4) the effect of reducing transaction costs is achieved.

This means that in agroclusters, first of all, knowledge is used effectively for mutual benefit. This knowledge further enhances the financial capabilities of the cluster. Cash flows are managed together, and the volume of cash flows will also increase if cluster expansion is observed. Through the use of shared infrastructure, the efficient use of each object by cluster members is observed. This creates a very efficient system of spending resources. Every type of fixed assets is used effectively.

Although most clusters have emerged naturally over the years as a result of the merger of several companies and the formation of single goods and services in the region, some agro-clusters have also emerged as a result of recent government reforms. To this end, the state subsidizes the formation of agro-clusters through the allocation of soft loans. As a result, specific types and forms of clusters are being formed in the country. This will have a huge impact on the country's economy. A strong financial base is a necessary condition for the expansion and development of clusters, and its formation requires internal resources of companies and government support. The formation of clusters in the regions is a necessary condition for the economy of the region, as well as for the formation of its infrastructure.



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