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Formation and competitive environment in the production and sale of fruits and vegetables

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ABSTRACT: The article explores the issues of formation and development of a competitive environment in the production and sale of fruits and vegetables in the regional economy.

KEY WORDS: Agricultural sector, Food independence, Cotton and cereal crops, Food security, Harmonization of agricultural development, Agricultural industries, Storage capacities

I. INTRODUCTION

In Uzbekistan, the modernization of production and the liberalization of economic relations are increasingly embracing the agricultural sector. The course on the modernization of agricultural production is enshrined in the Strategy for the Further Development of the Republic of Uzbekistan in 2017 - 2021, which provides for the deepening of structural changes and the consistent development of agriculture, further strengthening the country's food independence, expanding the production of environmentally friendly products, and significantly increasing the export potential of the agricultural sector. This implies the optimization of sown areas by reducing the sowing of cotton and cereal crops, the placement of potatoes, vegetables, fodder and oilseeds, new intensive orchards and vineyards on the liberated areas (1).

The course on modernizing the production is directly aimed at achieving a decent standard of living for the country's population. Since 2017, in Uzbekistan, agriculture is increasingly focused on ensuring food security and the well-being of the rural population. The decree of the President of the Republic of Uzbekistan "On measures to further ensure the food security of the country" clearly outlined further actions necessary to fully meet the demand of the population for high-quality food products available (2).

II. SIGNIFICANCE OF THE SYSTEM

The paper mainly focuses on how to ensure food security as it is always the starting point in ensuring the well-being of the population. It is important not only to achieve the appropriate level of food consumption, but also the sustainable and guaranteed production of the main types of food products in the country, especially if there are no transport communications that directly go to the world's waterways. Methodology is explained in section III, section IV covers the experimental results of the study, and section V discusses the future study and Conclusion.

III. METHODOLOGY

Uzbekistan is in the position of ensuring the well-being of the population. Therefore, here agriculture must provide specific volumes of certain types of products, that is, not only the total volume of agricultural production is important, but also its structure. There is another aspect to this issue. At each level of socio-economic development of the country, a specific structure of food consumption is taking shape. So, in Uzbekistan in the early 1990s, bakery products prevailed in the diet of the population, the share of livestock products was low. The 2010s are characterized by a decrease in the share of bakery products in consumption and a rapid increase in the consumption of livestock products, the most valuable types of vegetables and fruits. In other words, food security is not a concept frozen in time. 28 years ago, in Uzbekistan, the very first need was to ensure the minimum required grain production, to achieve grain



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independence. Indeed, in 1991 there was a period in Uzbekistan when grain reserves remained in the country for only 7-10 days and the situation was very critical.

Given the current volume and structure of agricultural production, the task of ensuring and maintaining food security is posed wider and deeper, i.e., in the following areas:- production of the most important types of products in stable volumes, its steady increase;- competitiveness of products in the domestic and foreign markets, preservation and strengthening of export orientation;- increasing the efficiency of production on the basis of innovative development (new technologies and agricultural technology, grade change, introduction of the production of organic products, water and energy conservation, the highest culture of agriculture);- ensuring harmonization of agricultural development with environmental requirements.

Agricultural food production is also of great export importance. The structure of agricultural exports in recent years has undergone significant changes. Export of raw cotton has ceased to be a decisive article in national exports. A course has been taken to completely abandon the export of raw cotton and replace it with the export of finished products with high added value. At present, export diversification is becoming relevant, that is, it is necessary to expand the range of agricultural products sold abroad, as well as to overcome the predominance of certain types of goods in the export structure. In this regard, the expansion of the geography of exports is important, which significantly reduces market and other risks associated with the sale of goods.

Uzbekistan has favorable conditions for the production of fairly competitive agricultural products, including fruits and vegetables, fruits and grapes. In particular, in the regions of the Fergana Valley there are favorable economic and organizational conditions: a) historical traditions, an agro technical culture, and skills for growing fruit and vegetable crops and grapes have been preserved and continued in households; b) there are specialized farms and in this area; c) there is a gradual reorientation of many other farms in this direction; there is an acceleration of agro-industrial integration in the production of vegetables, fruits and grapes (farmers seek to process products in their own households, mini technologies are spreading); d) positive trends in agro technical and technological renewal of the industry are increasingly manifesting themselves; e) the volume of lending to farmers and rural family business is expanding significantly; f) a gentle taxation regime is gradually introduced; g) agricultural production infrastructure is mainly financed by the state; h) the availability of market infrastructure for the sale of industry products; i) the presence of demand for products in the domestic and foreign markets; j) industry products at cost and consumer quality are competitive in the domestic and foreign markets (3).

In 2018, Uzbekistan produced 6124 thousand tons of grain, 2300 thousand tons of raw cotton, 8661 thousand tons of vegetables, 1607 thousand tons of melons, 2411 thousand tons of potatoes, 2100 thousand tons of fruits, 1314 thousand tons of grapes, 18 thousand tons of cocoons. The total volume of fruits and vegetables, melons and legumes amounted to more than 16 million tons. Meat production reached 1.5 million tons, and milk - 10 million tons. According to official data, per capita consumption of vegetables per year exceeds 270 kilograms, fruits - 140, potatoes - 55, meat and meat products - 40, sugar - 30, eggs - 210 pieces, milk and dairy products - 270 liters, vegetable oil - 25. According to the recommendations of the World Health Organization, the intake of fruits and vegetables for an adult is 400 grams per day. Thus, according to this indicator, the diet of residents of Uzbekistan is five times higher than this norm. The progressive development of the industry implies the presence of sufficient market competition among both producers and buyers (4.5). The insufficient development of the competitive environment of buyers is one of the reasons for the incomplete use of manufactured products (6). In Uzbekistan, only 15 to 20 percent of industry products undergo industrial processing. Loss of production reaches 30 percent, which is also associated with the insufficient development of agrology. Currently, mainly for this reason, only 3-4 percent of the produced vegetables and 11 percent of the fruits are exported (7).

For producers of most agricultural products, the demand from processors is crucial. On July 29, 2019, the Decree of the President of the Republic of Uzbekistan "On additional measures for the further development of in-depth processing of agricultural products and the food industry" was adopted. It provides for the implementation of 174 investment projects for the processing of agricultural products, as well as 24 large investment projects for the production of import-substituting products based on local raw materials, which should lead to a significant increase in demand for agricultural food raw materials (8). Increased demand and real competition from raw material buyers should provide significant economic benefits for producers and stimulate production.



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It should be noted that the export opportunities of the industry are not fully utilized, but there is a gradual increase in exports. In 2017, 860 thousand tons of fruits and vegetables were exported for \$ 620 million, i.e. less than 4 percent of total production. In 2018, exports of 1 million tons and \$ 1 billion were carried out, and for 9 months of 2019, the volume of exports has already reached \$ 1 billion. The measures taken in recent years are aimed at consolidating and accelerating these trends. In Uzbekistan, in 2017, as part of the implementation of the Strategy measures of priority directions for the development of the Republic of Uzbekistan, 13 thousand hectares of intensive orchards and 7.3 hectares of vineyards were created, 15.4 thousand hectares of gardens and 9 thousand hectares of vineyards were reconstructed, 147 projects processing fruit, vegetables and meat in the amount of a total value of \$ 147 million. This was due to areas under cotton on 49 thousand hectares and under wheat - on 10 thousand hectares. In addition, the area of potatoes increased by 8.1 thousand hectares, vegetables - by 27.2 thousand hectares, intensive orchards - by 5.9 thousand hectares, vineyards - by 2.9 thousand hectares, oilseeds - by 4 thousand Successful completion of these tasks requires legal (inviolability of private property, respect for the rights of agricultural producers, organizational and legal norms), organizational and institutional (presence of state and non-state institutions supporting agricultural producers), economic (availability of business entities with the necessary capital volumes), financial (opportunity attracting financial resources from other spheres and sectors, state financial support), personnel (prepared ka and retraining), a research and engineering (scientific research, plant breeding) prerequisites, market infrastructure and, equally important, preservation of national traditions of growing food crops, respect for dekhkan labor. In Uzbekistan, the reform and restructuring of agriculture implies the further strengthening of these premises.

The President of the Republic of Uzbekistan Sh. M. Mirziyoyev has repeatedly emphasized the need to continue structural reforms in agriculture and to cultivate export-oriented crops in the liberated areas, which are in great demand both in the domestic and foreign markets. The state agrarian policy in Uzbekistan in recent years has really aimed at the formation and strengthening of the competitiveness of agricultural producers and, in particular, those who are engaged in the production of food crops. In 2018, there was a noticeable shift in the introduction of market mechanisms in the agricultural sector, a cluster system was introduced, which would essentially overcome the direct state interference inherited from the Soviet period in the production and financial activities of agricultural entities. Old traditional agricultural industries are being revived and new ones are being created: modern greenhouse farms, fish farming, beekeeping, poultry farming, horse breeding, growing licorice, saffron, hot pepper, garlic, expanding the practice of secondary autumn sowing of vegetable crops, homestead farming.

Thus, diversification of agriculture is taking place with an increase in the share of food destinations in it. It should be noted that in 2016 - 2018, land under cotton decreased significantly in Uzbekistan. In 2018, 2300 thousand tons of raw cotton were produced, which is 1.5 - 2 times less than the volumes of previous years. In the structure of agricultural production, there is more space for food and, although to a lesser extent, forage crops.

In the country, 55 districts (fogs) are specialized in the production of fruits and vegetables. And in other areas, the creation and effective functioning of specialized farms, the priority orientation of family dekhkan farms to gardening, horticulture and viticulture, accelerating agro-industrial integration processes in the industry (farmers establish industrial processing of their own products) will give a tangible socio-economic effect. These business entities are inherently susceptible to innovation. All this is supported by positive trends in technological renewal, a rapid increase in lending by banks to economic entities of the industry, and an annual observed tendency to reduce the tax burden on private business. In addition, the production infrastructure is mainly financed by the state, there is a market infrastructure for the sale of industry products, there is a steady demand for industry products in the domestic and foreign markets. In addition, from November 1, 2018, the export of products of the industry takes place in almost complete free mode - prepayment is canceled, the export contract is mandatory and must be registered, customs procedures are simplified and, which is also very important, the state canceled the monopoly of several state business entities on fruit export and vegetables.

IV. EXPERIMENTAL RESULTS

The revival of traditional agricultural sectors can be seen in sericulture. It creates a single organizational chain that incorporates all the processes - from providing the feed base to the release of finished products. To strengthen the food supply, grow mulberry seeds and create nurseries, 600 hectares of land have been allocated, special farms have been created. The total area of the plantations of the mulberry tree, whose leaves are food for silkworms, is 45.7 thousand



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hectares. In the fall of 2017 and in the spring of 2018, 25 million mulberry seedlings were planted around the country. Another 39 million shrubs were delivered from China. The industry's exports in 2016 amounted to \$ 22 million, and in 2018 exceeded \$ 50 million. Employment in the processing part of the industry in 2018 reached 15 thousand workers. 2 - 3 years ago, it did not exceed 2 thousand people. Improving the efficiency of agricultural sectors in modern conditions is based on the use of intensive factors and on improving the reclamation state of land. For these purposes, in 2019, 1.7 trillion are allocated from the State budget. soums and 84 million dollars from international financial institutions. In 2019 - 2020, stable irrigation of 1,200 thousand hectares will be provided, savings of 1,700 million cubic meters of water per year, and the reclamation state of 600 thousand hectares will improve. In 2019, it is planned to implement a number of investment projects in the agricultural sector with a total value of \$ 1,870 million.

In the regions, the growth of food crop yields is hindered by such factors as poor equipment, which is associated with a lack of investment in the industry, a lack of irrigation water and the virtual absence of technologies that save irrigation water, mainly irrigation using electric pumps is used in the foothill zone, which significantly increases the cost of production. To mitigate the impact of such factors, in 2018 in Namangan Oblast, work was carried out on the implementation of 360 projects directly or indirectly related to the expansion of the export potential of the region's food complex. It should be noted that both in the country as a whole and in the Namangan region, the technical and technological backwardness of agriculture has not yet been overcome. The material and technical equipment of the industry does not meet modern requirements, there is a shortage of specialized equipment, its prices are unattainable for the bulk of agricultural producers, the requirements for mineral fertilizers and biological and chemical protection are not fully met, monopolistically high prices are set for them, modern agricultural technology is being circulated slowly.

V.CONCLUSION AND FUTURE WORK

It is known that the competitiveness of business entities largely depends on their financial stability. The financial conditions for the functioning of the industry are significantly behind the requirements of modern market relations. The main part of farms producing fruits and vegetables do not have charter capital. This means that financial support for their activities is not really guaranteed by the owners, which undermines the credibility of market financial institutions. Cash proceeds from the sale of products often bypass the banking system, which negatively affects their relationship with banks; they become less interesting customers for banks. Accordingly, for them, bank lending is less affordable. Farms have practically no financial planning, their managers do not have sufficient financial knowledge, the real lack of accounting significantly weakens internal financial control, which cannot but be reflected in the results of economic activity (9). Researchers note the persistence of difficulties in the sale of products. Wholesale buyers of the domestic market and large processors purchase products at unreasonably low prices, due to their monopoly position and insufficient development of wholesale channels. Voluntary-compulsory consolidation of manufacturers to large purchasers of their products and the obligatory preliminary conclusion of supply contracts nullifies the marketing activities of product manufacturers. Foreign markets are studied by structures that have no direct interest in the results of production. Difficulties remain in the delivery of products to distant consumers. Storage capacities, despite their accelerated expansion, are not yet sufficient for long-term storage of products in large volumes, which forces the manufacturer to sell their products at low prices and strengthens the seasonal nature of production and the imbalance between supply and demand on the market (10). The elimination or mitigation of the above factors will significantly contribute to a more complete realization of the country's export opportunities and potential for food production of agricultural products, as well as strengthening the competitiveness of fruit and vegetable producers.

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