

# The current state of entrepreneurship in agriculture in Uzbekistan

**Dekhkanova Nilufar Sagdullaevna**

Senior Lecturer

Department of Agribusiness and Investment Activities,  
Tashkent State Agrarian University, Tashkent city, Uzbekistan

Email – dexkanova17@mail.ru

**Abstract:** *This article discusses issues related to the modern development of entrepreneurship in agriculture of Uzbekistan, as well as the implementation of priority areas for the development of the country's agricultural sector. The main directions and mechanisms for the development of agricultural production and increase export potential in the context of modernization of the national economy are determined. In addition, the work reveals the organizational and economic foundations of the formation of entrepreneurship in the countryside. The significance of legal regulation in the development of small business and entrepreneurship is determined.*

**Key Words:** *entrepreneurship, entrepreneurial activity, agriculture, crop production, livestock, agricultural enterprises.*

## 1. INTRODUCTION:

Comprehensive development of small business and private entrepreneurship, increasing its share in the country's GDP, improving the well-being of citizens are priority tasks on the way to achieving Uzbekistan a worthy place among the developed democracies of the world.

On this basis, the Republic of Uzbekistan pays special attention to the constant study and overcoming of the problems associated with the formation of a healthy business environment and the freedom of entrepreneurial activity, the accelerated development of small business and private entrepreneurship in the country.

## 2. ANALYSIS AND RESULTS:

The Government of the Republic of Uzbekistan is carrying out certain work in creating a comprehensively favorable business environment for entrepreneurship and the investment climate in the country, including improving the regulatory framework, ensuring the integrity of benefits and preferences created for small businesses and foreign investors, prevention of bureaucratic barriers and barriers that arise in the establishment and conduct of business.

Over the years of independence in the Republic of Uzbekistan, systematic work has been carried out to liberalize the economy, introduce market principles and management mechanisms, create a favorable business climate, remove unnecessary bureaucratic barriers and obstacles to the development of private property and private entrepreneurship.

Only for the period 2012-2018, more than 20 laws and other regulatory legal acts of the Republic of Uzbekistan were adopted aimed at enhancing the role of private property and protecting it, further improving the state of the business environment and business conditions, including «On protection of private property and guarantees of the owner's rights», «On guarantees of freedom of entrepreneurial activity (new edition)», «On licensing procedures in the field of entrepreneurial activity», «On competition», «On family entrepreneurship», «On additional measures to ensure the accelerated development of entrepreneurial activity, the full protection of private property and the qualitative improvement of the business climate», «On measures for the further development of craftsmanship and comprehensive support for artisans», «On the State Program "Yoshlar-Kelajagimiz"», «On additional measures to improve the activities of farmers, dekhkan farms and homeowners», «On the implementation of the program "Every Family is an Entrepreneur"», «On measures to improve and improve efficiency and work to ensure employment of the population» and others [1-9].

As a result, the share of small business and private entrepreneurship in gross domestic product increased from 31 percent in 2000 to 59.4 percent in 2018. (tab. 1).

If we consider the sectors of the national economy of the country, in 2018 the share of small business and private entrepreneurship in agriculture amounted to 98.1%, industry - 34.7%, investment - 34.9%, construction - 66.6%, and trade - 86.3%, the provision of paid services - 55.2%, exports - 26.5% and imports - 55.8% [10].

Table 1

**The share of small entrepreneurship (business) in the economy and its main industries, %<sup>1</sup>**

	2000 year <sup>1)</sup>	2012 year	2013 year	2014 year	2015 year	2016 year	2017 year	2018 year
GDP	31,0	54,6	55,8	56,1	56,5	57,3	63,6	59,4
Industry	12,9	23,1	28,1	31,7	40,6	45,3	41,2	34,7
Agriculture	73,6	97,8	98,0	98,3	98,4	98,2	98,1	98,1
Investments	15,4	35,3	32,7	35,4	35,8	37,0	34,8	34,9
Construction	38,4	71,1	71,5	69,5	66,7	66,9	66,2	66,6
Trade	42,5	87,3	86,6	86,3	87,1	89,6	88,3	86,3
Paid services	37,0	44,9	46,2	48,6	50,5	61,4	58,4	55,2
Cargo transportation	6,7	44,2	47,3	50,9	53,7	54,2	54,2	54,4
Passenger transportation	30,0	83,1	84,5	85,2	87,3	88,8	90,1	90,8
Export	10,2	14,0	26,2	27,0	27,8	26,0	22,0	26,5
Import	27,4	38,6	42,4	45,4	44,5	46,8	53,6	55,8
Employment	49,7	75,6	76,7	77,6	77,9	78,2	78,0	-

1) small and medium businesses

Entrepreneurship plays an important role in the development of agriculture. On the one hand, economic, it makes a significant contribution to the production of agricultural products and at the same time has great potential for increasing its production volumes. On the other, social, it creates new jobs, reduces poverty, supports the rural way of life.

The priority tasks in the field of development of entrepreneurship in agriculture are: deepening democratic processes; ensuring sustainable development; creating a healthy business environment; the formation of the middle class of owners.

In Uzbekistan, consistent large-scale reforms in agriculture are underway. A solid legislative framework has been created for this. Thus, the issues of developing entrepreneurship in the agricultural sector are regulated by the laws «On Farming», «On Dekhkan Farming», «On Guarantees of Freedom of Entrepreneurship», «On Microfinancing», the provisions of the decrees of the President of the Republic of Uzbekistan «On measures to ensure reliable protection of private property, small business and private entrepreneurship, removing barriers to their accelerated development» and other regulatory legal acts.

Currently, farmers and dehkans are the main agricultural producers in the country. They achieve high crop yields, develop livestock, introduce new technologies, establish production, create jobs for villagers, participate in solving social issues.

As of February 25, 2019, more than 77.5 thousand (after optimization) farms and about 4.7 million dekhkan farms were operating in the republic.

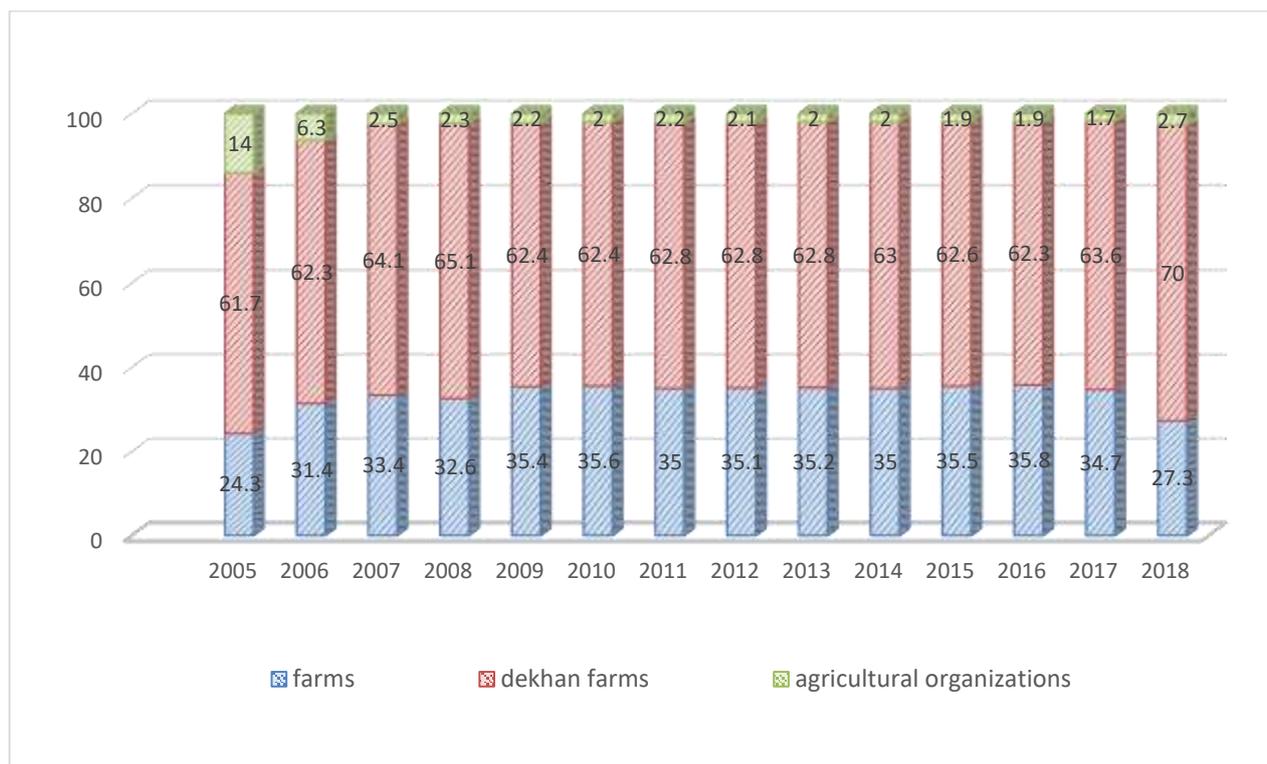
More than 24.7 thousand farms specialize in the production of cotton and grain crops (an average of 98.1 hectares of land per 1 farm) and fulfill the state order.

Only 12.5% of farms specialize in animal husbandry, they have an average of 29.4 hectares of land, the rest (about 61% of farms) grow vegetables, melons, fruits, grapes and other products. They have an average of 11 to 50 ha. land. Dekhkan farms occupy an average of 0.2 hectares of land.

In the structure of agricultural production by category of farms, dekhkan farms occupy the main place. In 2018, their share amounted to 70.0% of the total. It should be noted that the share of dekhkan farms has been stably at the level of 63-67% since 2011. Moreover, this trend has persisted in recent decades. The replenishment of the domestic market with food is mainly carried out at the expense of dekhkan farms; they also provide part of the export of food. The second major producer of agricultural products are farms, whose share in the reporting period amounted to 27.3%. The share of other agricultural enterprises does not exceed 2.7% (Fig. 1).

A modern production and market infrastructure is being formed in the village, providing farmers with a full range of necessary services. Diversified farms are being created. They provide services, produce building materials, flour and confectionery products, process fruits and vegetables, meat and dairy products, are engaged in fish farming, intensive gardening, viticulture, etc.

<sup>1</sup>The State Committee of the Republic of Uzbekistan on Statistics, [Electronic resource], URL: <http://www.stat.uz>



**Fig. 1. The structure of agricultural products by category of farms, %<sup>2</sup>**

Thanks to the multidisciplinary farms created, the agricultural sector has expanded the ability to process agricultural products, trade, services, etc. As a result, jobs are being created for youth in rural areas. The implementation of investment projects in the field of production and processing of fruits and vegetables was developed and launched.

Currently, about 90% of livestock products are produced by dekhkan (small) farms (Fig. 2, Table 2). The largest share of dekhkan farms is in the production of milk - 95.6% and meat (in live weight) - 92.6%. The number of livestock in each dekhkan farm is small (2 - 3 heads of cattle, 8 - 10 heads of sheep and a small number of poultry). The lack of land for feed production, as well as the lack of concentrated feed is one of the main reasons for the low productivity of livestock.

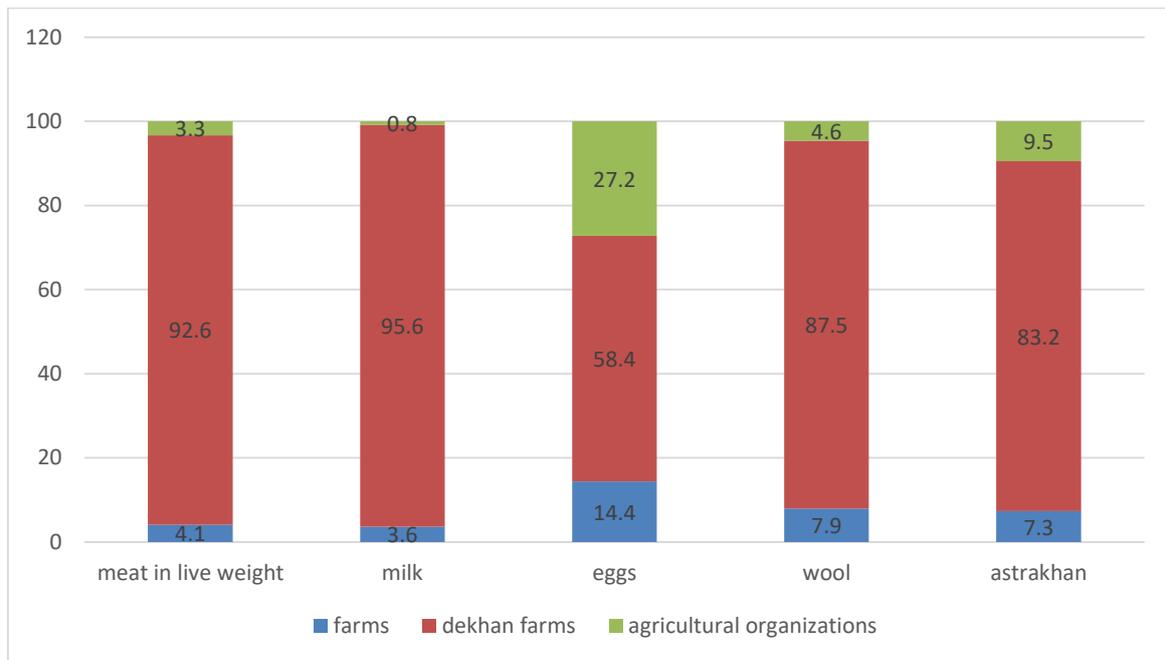
Indicators for livestock production tended to increase, so meat production in 2018 at dekhkan and farm enterprises increased by 24.4% and 77.2%, respectively, compared to 2014, milk - 24.2% and 20.8% eggs - 57.5% and 95.7%, respectively (table. 2).

In order to further increase the potential of the livestock sector, in 2018, 1,692 projects for the development of cattle were implemented through loans from commercial banks. As a result, on January 1, 2019, the total number of cattle reached about 12.7 million heads. In 2018, 2.4 million tons of meat in live weight, 10.5 million tons of milk, 7.4 billion eggs and others were produced.

In the structure of crop production, dekhkan farms account for potato production - 88.4%, vegetables - 74.3%, fruits and berries - 62.6% and grapes - 55%. Farms produce potatoes - 10.9%, vegetables - 24.2%, fruits and berries - 35.2% and grapes - 43.3%. In addition, farms are the main producers of grain and industrial crops. (Fig. 3, table. 2).

Crop production had a declining trend in farms and a rising trend in dekhkan farms. So, the indicators of grain production at farms and dekhkan farms decreased by 22.6% and 16.8% compared to 2014, potato production at farmers decreased by 48.6%, vegetables - 28.4%, melons - 13.4%, fruits and berries - 19.8%, grapes - 11.5%. In dekhkan farms, these indicators tended to grow, so the production of potatoes increased by 31.7%, vegetables - 20.3%, food melons - 40.3%, fruits and berries - 24.3% and grapes - 31.8% ( table 2).

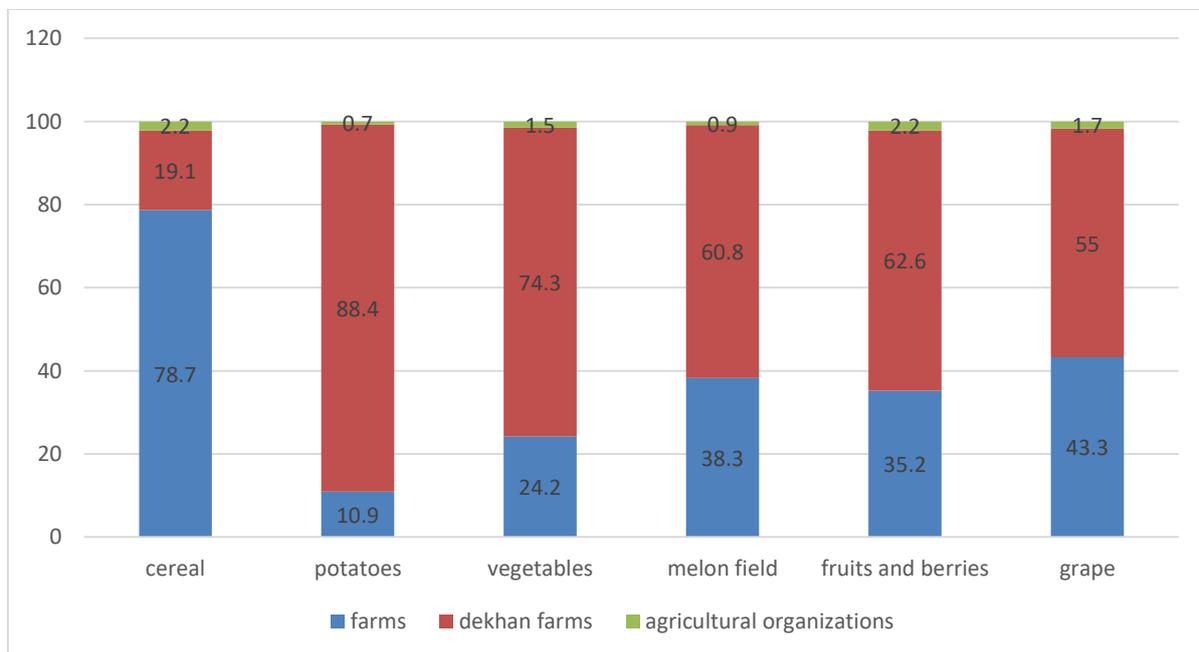
<sup>2</sup> Agriculture of Uzbekistan. Statistical Digest. - T.: State Committee of the Republic of Uzbekistan on Statistics, 2016, 2017, 2018; <https://stat.uz/uploads/doklad/2018/yanvar-dekabr/ru/4.pdf>



**Fig. 2. The structure of production of the main types of livestock products by categories of farms,% (2018)<sup>3</sup>**

As part of the consistent implementation of measures to form market relations in the agricultural sector, from the beginning of 2018, a cluster form of organization of production has been widely introduced.

So, at present 75 cotton-textile clusters are functioning, which occupy more than 625 thousand hectares of cultivated areas and 40 fruit and vegetable clusters, covering 32 thousand hectares.



**Fig. 3. The structure of production of the main types of crop production by categories of farms,% (2018)<sup>4</sup>**

Agriculture of the republic has significant export potential. As a result of measures to expand the country's export potential and develop new markets, the export of fruits and vegetables, grapes, melons, legumes, and also dried vegetables and fruits is growing.

In 2018, about 180 types of fruits and vegetables were exported to more than 80 countries of the world in the amount of 1230.6 thousand tons. in the amount of 874.5 million US dollars.

<sup>3</sup> Agriculture of Uzbekistan. Statistical Digest. - T.: State Committee of the Republic of Uzbekistan on Statistics, 2016, 2019.

<sup>4</sup> Agriculture of Uzbekistan. Statistical Digest. - T.: State Committee of the Republic of Uzbekistan on Statistics, 2016-2019.

**Table 2 Agricultural production by farms and dekhkan farms of the Republic of Uzbekistan<sup>5</sup>**

Indicators	2014 year		2015 year		2016 year		2017 year		2018 year		2018/2014,%	
	farms	d/f	farms	d/f								
Cereals and legumes, thousand tons	6487,4	1460,6	6588,3	1482,9	6640,4	1514,0	5733,1	1436,6	5020,5	1215,6	77,4	83,2
Potato, thousand tons	583,6	1846,9	632,1	2043,2	684,8	2251,5	429,3	2347,6	299,9	2432,3	51,4	131,7
Vegetables, thousand tons	3251,0	5953,8	3458,5	6584,7	3925,7	7253,3	2995,2	7090,9	2328,1	7162,0	71,6	120,3
Melon field, thousand tons	841,1	825,9	907,2	915,3	1013,5	999,3	953,4	1059,1	728,7	1 158,7	86,6	140,3
Fruits and berries, thousand tons	1136,1	1303,5	1260,1	1429,4	1393,1	1586,9	963,2	1604,0	911,6	1620,1	80,2	124,3
Grapes, thousand tons	765,5	653,1	843,8	711,1	921,4	788,8	740,6	862,1	677,6	860,9	88,5	131,8
Meat (in live weight), thousand tons	55,3	1800,2	58,3	1920,7	62,2	2051,3	69,3	2145,9	98,0	2238,7	177,2	124,4
Milk, thousand tons	308,6	8064,6	328,4	8635,3	352,7	9278,8	337,7	9641,8	372,9	10018,6	120,8	124,2
Eggs, mln. Pcs.	543,0	2726,9	613,6	3105,5	653,7	3528,2	695,3	4020,8	1062,5	4294,0	195,7	157,5
Wool, thousand tons	2,8	29,5	2,9	30,8	3,0	31,7	2,2	32,4	2,8	30,6	100,0	103,7

d/f - dekhkan farms

We also note that the share of exports of processed products with higher added value has increased. So in 2018, the volume of textile exports amounted to 1.6 billion US dollars and increased by 41.4% compared to 2017. Cotton fiber exports totaled \$ 222.1 million.

The principles of incentives that ensure the development of small business and private entrepreneurship are the provision of tax benefits, the application of a simplified taxation system, concessional lending, reducing the frequency and timing of submission of tax and accounting reports to state tax and statistical authorities, ways to reduce the frequency of tax and other inspections.

The development of small business and private entrepreneurship must be considered not only as a socio-economic factor that ensures employment of the population and improves living standards, but also as a driving force that eradicates dependent attitudes, changes a person's worldview and opens up additional opportunities for using his abilities in new business conditions.

### 3. CONCLUSION:

Important, specific measures for the development of entrepreneurship in agriculture include:

- assisting in the transfer of technology, improving access to long-term loans for reconstruction, acquiring equipment and manufacturing new competitive products, ensuring interests in all trade negotiations, creating a training base at higher and secondary institutions for training and practical training of young people for active entrepreneurial activities, etc. .;

<sup>5</sup> Agriculture of Uzbekistan. Statistical Digest. - T.: State Committee of the Republic of Uzbekistan on Statistics, 2016, 2019; <https://stat.uz/uploads/doklad/2018/yanvar-dekabr/ru/4.pdf>

- strengthening the responsibility, role and importance of local authorities for ensuring the sustainable development of small businesses. They are entrusted with developing a development strategy, attracting interested partners, consolidating financial resources, creating the foundations of local infrastructure (roads, communications, business incubators, educational institutions), organizing support, developing cooperation with large businesses, spreading small businesses throughout the region;

- develop mechanisms and implement innovative methods of supporting small business and private entrepreneurship in rural areas. Reorient the innovative and technological potential of the Republic of Uzbekistan to the needs of rural small businesses and private entrepreneurs, given that technological information has become the basis for economic development;

- further reduction of the tax burden for small industrial enterprises (including innovative ones);

- containment of rising prices for the products of natural monopolies and monopolistic enterprises that supply raw materials, energy, and also provide services for this sector of the economy;

- providing industrial production with necessary working capital (providing loans at affordable interest rates);

- equalization of taxation conditions between large and small enterprises;

- support of demand for the purchase of products of small industrial enterprises.

Thus, the solution of these problems gives an impetus and creates an appropriate investment climate for accelerated business development, will provide further development and will expand the potential of small business and private entrepreneurship and can help ensure economic and political stability in society.

## REFERENCES:

1. Law of the Republic of Uzbekistan «On protection of private property and guarantees of the owner's rights» LRU-336 24.09.2012.
2. Law of the Republic of Uzbekistan «On guarantees of freedom of entrepreneurial activity» LRU-328 02.05.2012.
3. Law of the Republic of Uzbekistan «On family entrepreneurship» LRU-327 26.04.2012.
4. Decree of the President of the Republic of Uzbekistan "On the Strategy for the Further Development of the Republic of Uzbekistan" dated July 02, 2017 No. UP-4947.
5. Decree of the President of the Republic of Uzbekistan "On measures to radically improve the system for protecting the rights and legitimate interests of farmers, dekhkan farms and homeowners, and efficient use of agricultural land" dated October 9, 2017 No. UP-5199.
6. Decree of the President of the Republic of Uzbekistan "On organizational measures for the further development of the activities of farmers, dekhkan farms and homeowners" dated October 10, 2017 No. PP-3318.
7. Decree of the President of the Republic of Uzbekistan "On measures to improve the public administration system in the field of agriculture" dated April 17, 2019, No. PP-5708.
8. Decree of the President of the Republic of Uzbekistan "On additional measures to improve mechanisms for the provision of public services to business entities" dated February 01, 2017 No. PP-2750.
9. Decree of the President of the Republic of Uzbekistan "On measures to radically improve the system of support and protection of entrepreneurial activity" dated May 14, 2019 No. UP-5718.
10. Agriculture of Uzbekistan. Statistical collection. - T.: State Committee of the Republic of Uzbekistan on Statistics, 2014, 2016, 2017, 2018, 2019.
11. The State Committee of the Republic of Uzbekistan on Statistics, [Electronic resource], URL: <http://www.stat.uz>
12. Galimova, F.R., & Islamov, F.R. (2019). Development trends and the economic situation of agriculture in Uzbekistan. Higher School: Scientific and Practical Journal (8), 14-15.
13. Galimova, F.R. (2019). Innovative strategy of development of entrepreneurship activities in Rural areas. Higher School: Scientific and Practical Journal (7), 6-7.
14. Galimova, F.R., & Dekhkanova, N.S. (2019). The system of state regulation of agriculture in Uzbekistan. Higher School: Scientific and Practical Journal (7), 8-10.
15. Dekhkanova, N.S., & Sagdiev, S.E. (2016) Development of entrepreneurship in agriculture of Uzbekistan. Innovative economy: prospects for development and improvement. Scientific and practical journal, 2(12), 48-54.
16. Dekhkanova, N.S. (2018) The place of agriculture in the economy of Uzbekistan. Agro chemistry protection and quarantine of plants journal, 1(5), 42-44.
17. Dekhkanova, N.S. (2019) Entrepreneurship as an economic force in rural development. Actual Science: International Scientific Journal. 3(20), 43-47.