

## WAYS TO INCREASE THE ECONOMIC EFFICIENCY OF COTTON IN UZBEKISTAN

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**Resume.** Cotton growing in Uzbekistan is one of the leading sectors of agriculture. Improving the economic efficiency of cotton will make a significant contribution to the stability of the country's economy. The article presents the results of scientific research on increasing the economic efficiency of cotton, the main crop in Uzbekistan. Based on the results of scientific research, conclusions and recommendations have been developed to increase the economic efficiency of cotton growing.

**Keywords:** Uzbekistan, cotton, efficiency, economic efficiency, profitability, cooperative.

In the agricultural sector, it is especially important to conduct researches on the development and cost-effectiveness of the production, processing, and delivery of products to consumers. In the process of studying economic efficiency in agricultural production, the analysis of theoretical data requires a distinction between the concepts of "efficacy", "efficiency", and "economic efficiency". "In economics, the concepts of 'efficiency' and 'economic efficiency' can be defined by a country, industry, enterprise, sphere, and individual product.

The concept of economic efficiency has a broader meaning than the concept of efficiency. Economic efficiency is the cost associated with the activities carried out during a year (a certain period), compared to the amount of net profit received as a result. Then, the higher the amount of net profit received by the expenses made, the higher the level of economic efficiency, and vice versa.

Efficiency is represented by the achievements made as a result of the cultivation of certain activities, work, and products. Efficacy is an indicator of the effectiveness of any activity. [1,26-91]. Cotton growing, which is one of the leading sectors of agriculture in the country, plays an important role not only in the agricultural sector, but also in ensuring the stability of the country's economy. During this study, we reviewed statistics on cotton production in the Andijan region, which covers 1% of the country's land area but is home to about 10% of the country's population. If we look at the past of cotton growing in the region, the raw cotton was produced in 2001 by cooperatives and farms. By 2021, raw cotton in the region will be grown by cotton-textile clusters and farms. As a result of

economic reforms in the cotton sector in Andijan region, by 2021 the cotton yield in cotton-textile clusters will average 37.0 centners per hectare and on farms 34.0 centners per hectare. Compared to the national average, the average yield of cotton in the region is 20.0-25.0 centners of cotton, and in some regions - 12-15 centners. The average is 34-35 centners. The table shows that by 2021, the cotton yield in the region has increased to an average of 35.4 centners per hectare by 2021, and the rate of return, which is the final indicator of economic efficiency, has increased from 9.5% in 2016 to 17.8%. The fact that the results achieved are not yet at the level of demand indicates that there are a number of problems that need to be addressed in the field of increasing the economic efficiency of cotton. In particular, the steady and rapid rise in the cost of material and technical resources in the cotton sector over the past decade has had a significant impact on making it an unprofitable sector. Today, one of the tasks of agricultural policy is to improve the system of material and technical resources of cotton farms. Therefore, there is a need to reconsider the current system of logistics

#### **Economic efficiency of cotton growing in Andijan region in 2016-2021**

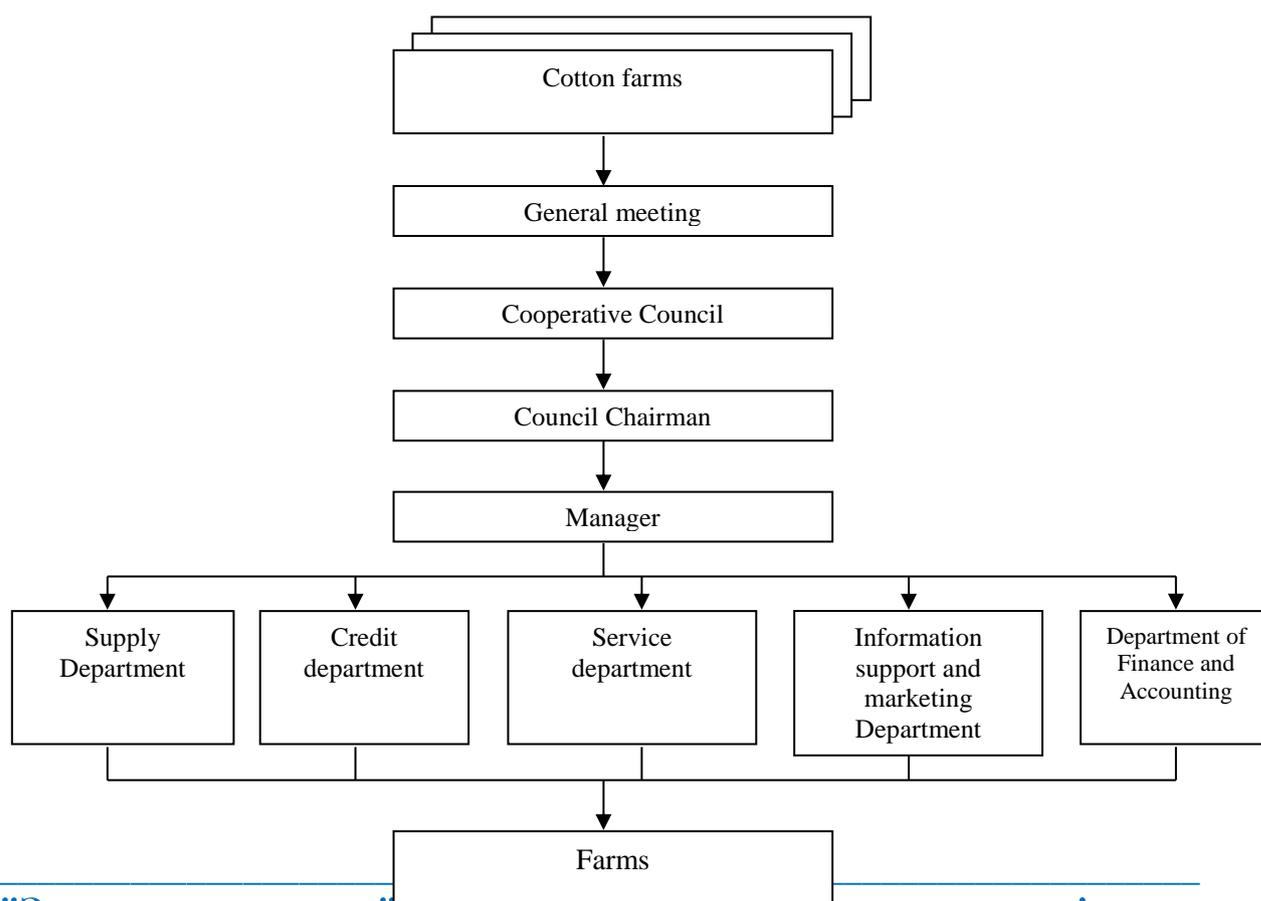
<b>№</b>	<b>Indicators</b>	<b>Unit of measure</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2020</b>	<b>2021</b>	
1	Crop area	ha	91400	89200	81791	79391	78991	
2	Productivity	centner/ha	28.7	26.8	26.5	34	35.4	
3	Gross yield	tons	261945	239378	216850	268232	279767	
4	Total costs	mln.UZS	262235	479352.5	671268	1128430	1605413	
5	Total income	mln.UZS	287081	445392	705464	1235188	1891564	
<b>Average per hectare</b>								
6	Costs	thousand UZS	2869	5373.9	8207	14214	20324	
7	Income	thousand UZS	3141	4993.2	8625	15568	23947	
<b>Average per ton of product</b>								
8	Cost of per ton of product	thousand UZS	1001	2002.5	3095.5	4207	5738	
9	Average selling price of per ton of product	thousand UZS	1096	1860.6	3253.2	4605	6761	
10	Profitability	%	9.5	-7.1	5.1	9.5	17.8	

Source: Andijan Regional Department of Agriculture

and create a completely new system in its place. In our opinion, the solution of this problem requires the accelerated development of cooperation and integration processes in the agro-industrial complex.

As a result of ongoing reforms in the field of increasing the economic efficiency of cotton, it has been identified that there are a number of issues that need to be addressed in this area. In particular, the steady and rapid growth of prices for material and technical resources in the cotton industry over the past decade has had a significant impact on its becoming an economically harmful sector. Today, one of the tasks of agrarian policy is to improve the system of material and technical resources of cotton farms. Therefore, there is a need to reconsider the existing system of material and technical resources and to create a completely new system in its place. In our opinion, the solution of this problem requires the accelerated development of cooperation and integration processes in the agro-industrial complex. In particular, in the context of the development of today's farming movement, the provision of them with material and technical resources and the establishment of multidisciplinary supply and service cooperatives will help solve the problem of meeting their demand for resources and services at quality, timely and affordable prices. The main goal of the cooperative should be the timely and quality satisfaction of the demand of the members of the cooperative for the relevant types of material and technical resources required in the production process. Farms specializing in cotton growing in a certain area will join the cooperative. Farmers applying for membership in the cooperative apply to the General Meeting to join the cooperative. The issue of joining and leaving the cooperative is decided by the general meeting, membership is voluntary, and its member can leave or join the cooperative at any time.

### **A model organization of a supply and service cooperative structure**



Source: Based on the author's research.

The supreme governing body of the cooperative is the general meeting of members. The general meeting is held once a year at the end of the reporting year. The general meeting may be convened in accordance with the decision of the Cooperative Council or at the initiative of at least one third of the members. The Cooperative Council is elected by the general meeting of farmers who have joined the cooperative for a term of one year. One of the members of the Council shall be elected Chairman of the Council for a term of one year. The Council and its Chairperson shall act on a community basis.

The proposed cooperative is fundamentally different from the current centralized supply and service system, which is supposed to operate in a fully liberalized environment, with cooperatives operating strictly in accordance with farmers' orders. Since the cooperative is organized on the basis of the property of farmers, as their organization will be both responsible and interested in the timely and quality performance of work and services.

Research on improving the economic efficiency of cotton in Uzbekistan has led to the following conclusions and recommendations:

1. Research shows that in cotton growing, when one factor is given more attention, there is a state of "indifference" to other factors.
2. According to the study, today the area under agricultural crops, in particular cotton, is declining, the use of new technologies to produce products at the level of demand, the development of the industry, increasing the amount of output per unit of resources, network efficiency, plays an important role in increasing. This will directly increase the knowledge and skills of cotton growers.
3. In the context of the development of today's farming movement in the cotton industry, the provision of them with material and technical resources and the establishment of multidisciplinary supply and service cooperatives will help solve the problem of meeting their demand for resources and services at quality, timely and affordable prices. In a market economy, cooperative relations have been an important factor in the transition of production to a real democratic basis in the process of political, social and demographic changes. The agro-industrial complex, the main component of which is agriculture, in particular the cotton industry, plays an important role in the development of cooperative relations, combining individual and collective interests in the current situation and its development.

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