

## ANALYSIS AND EVALUATION OF PROSPECTS FOR THE DEVELOPMENT OF INSTITUTIONAL MECHANISMS IN AGRICULTURE

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**Abstract.** *This article reveals the role and place of agriculture in the economy of the region in particular, and the country as a whole, and also gives the main results of research on improving institutional mechanisms for agricultural development, in particular, an algorithm for optimal placement of major crops, taking into account yields, as the main factor of rational use of land resources, offers on the wide distribution of property rights, the institution of the contract, as well as mechanisms to reduce transaction costs in agriculture.*

**Keywords:** *institutional mechanism, specification of property rights, contract, transaction costs, innovation, innovation activity, agriculture.*

As you know, agriculture in our republic is one of the leading sectors of the economy. 3.6 million rural people are employed in this industry (27 percent of the number of people employed in the economy as a whole). The share of agriculture in the gross domestic product is 32 percent. The area of land used for agricultural production is 45 percent of the territory of the republic, about 50 percent of the population lives in rural areas. At the moment, 99.0 percent of business entities work in this industry. In addition, about 20-25 percent of the total export revenue to the Republic of Uzbekistan is accounted for by agricultural products, mainly cotton, fruit and vegetable products. Currently, more than 180 types of agricultural products are exported to more than 80 countries. Considering this, agriculture in our country is considered one of the main branches of the region's development both economically and socially. The effective functioning of the agricultural sector, including the institutional one, determines the level of development of the region.

The development of a territory often depends on the optimal and rational placement of productive forces on it. Our study presents a methodology for the placement of production forces in the agricultural sector. In the economic justification of the optimal placement of agro-industrial enterprises, the following factors must be taken into account: the state and development of crop production and animal husbandry; the development of the

food industry; market demand for agricultural products; the possibility of using various materials in the transportation of raw materials and finished products; the level of development of the agro-industrial complex. In addition, taking into account the fact that the development of the fruit and vegetable industry of the republic, as well as the increase in export potential due to this, is one of the priority areas, the algorithm of optimal placement of the main crops, taking into account yields, as the main factor of rational use of land resources, dividing the territory of the republic into economic zones, geographically close to each other, and also, the algorithm for calculating the need for these types of products, the placement of processing capacities and the estimated export opportunities of the regions of the republic. Our calculations have shown that as a result of these transformations, the share of agriculture in GDP will increase by an average of 2.1 times.

According to the economic theory of property rights, not a resource (means of production or labor) by itself is the property, and a bundle or a share of the rights to use the resource. The most complete definition of property rights, which has become a textbook, was proposed by the English lawyer A. Honore: the full "bundle of rights" consists of 11 elements:

1) the right of ownership, i.e. the right of exclusive physical control over goods;

2) the right of use, i.e. the right to use the useful properties of goods for oneself;

3) the right of management, i.e. the right to decide who and how will ensure the use of goods;

4) the right to income, i.e. the right to have the results from the use of goods;

5) the right of the sovereign, i.e. the right to alienate, consume, change or destroy the good;

6) the right to security, i.e. the right to protection from expropriation of goods and from harm from the external environment;

7) the right to transfer inheritance of goods;

8) the right to indefinite possession of the good;

9) the prohibition of using a method that harms the external environment;

10) the right to liability in the form of collection, i.e. the possibility of collecting the good in payment of debt;

11) the right to residual character, i.e. the right to the existence of procedures and institutions that ensure the restoration of violated rights.

However, the current legislation of the Republic clearly defines only three property rights (right of use, right of possession and right of disposal). Therefore, the legislation regulating land relations needs to be amended in order to expand coverage, clarify the circumstances, and protect rights. In this regard, proposals have been developed for amendments and additions to the current Land Code of the Republic of Uzbekistan on a wide distribution of property rights, taking into account national characteristics and the above-mentioned full "bundle of rights".

The analysis showed that the current contracts are not being fulfilled, due to the fact that there are no norms that stimulate the fulfillment of the terms of the contract and protect the interests of the owners. In this regard, proposals have been developed to improve the institution of the contract in our republic:

- in practice, foreign countries, for example, in Russia, the expression "the imposition of fines does not release a party from fulfilling the obligations received" is usually used in the text of contracts. In this regard, in order to ensure the full and effective execu-

tion of the contract, increase the responsibility of the participants, it is advisable to make this proposal into the contract and revise the interest rate of the fine.

- most contracts (mainly with infrastructure entities) are concluded in the interests of one party, often without taking into account the interests of farms. Therefore, when signing contracts, a lawyer's signature is also required in order to take into account and protect the interests of farmers;

- the head of the farm enters into many contracts a year. He spends a lot of time and money on this. This ultimately leads to invisible costs that are not included in the cost of the product. To avoid this, it is necessary to conclude a general agreement in related areas (supply and supply) with the participation of three or more parties, and in these agreements it is necessary to describe in detail the specific obligations and rights of each of the parties. And the place of their meeting can be a Council of farms, a cooperative or an agricultural cluster. A lawyer must also participate here, who confirms that all the interests of the parties are taken into account with his signature;

- it is also advisable to specify in the contracts the bonus points of the land leased by farms, which will allow optimal placement of agricultural products.

- our republic has adopted laws "On electronic document management" and "On electronic digital signature". Taking this into account, it is advisable to conclude contracts between farms and infrastructure, as well as other entities serving them in electronic form.

One of the ways to reduce transaction costs in the farms of the republic is the development of farmers' cooperation. Therefore, to reduce these costs, it is advisable to create specialized cooperatives and agro-clusters in the regions of the republic. The creation of such structures in the regions makes it possible to reduce the loss of agricultural products grown by farms during the ripening period, reduce transport and other costs for its sale of these products, as well as increase the production of livestock products, their processing on the territory itself, and then sale on local and foreign markets. The sale of cheap agricultural machinery will also accelerate, the need for

agricultural machinery will be provided to a certain extent.

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## АНАЛИЗ И ОЦЕНКА ПЕРСПЕКТИВ РАЗВИТИЯ ИНСТИТУЦИОНАЛЬНЫХ МЕХАНИЗМОВ В СЕЛЬСКОМ ХОЗЯЙСТВЕ

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***Аннотация.** В данной статье раскрывается роль и место сельского хозяйства в экономике региона в частности, и страны в целом, а также приводятся основные результаты исследований по совершенствованию институциональных механизмов развития сельского хозяйства, в частности, алгоритм оптимального размещения основных культур с учетом урожайности, а также основных факторов рационального использования земельных ресурсов. Описаны предложения о широком распределении прав собственности, институте контракта, а также механизмы снижения транзакционных издержек в сельском хозяйстве.*

***Ключевые слова:** институциональный механизм, конкретизация прав собственности, контракт, трансакционные издержки, инновации, инновационная деятельность, сельское хозяйство.*