

**IMPROVING THE SYSTEM OF FINANCIAL SUPPORT FOR AGRICULTURE BY
THE STATE**

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ANNOTATION

The article examines the scientific and theoretical views of economists on the financial support of agriculture by the state and evaluates their practical significance, as well as the study of advanced foreign experience on the subject.

INTRODUCTION

In the world economy, the system of financing the activities of agricultural producers is the key to ensuring the sustainability of their activities. In developed countries, the level of financial support for agricultural producers from the state budget is high. "In the member countries of the Organization for Economic Cooperation and Development, the share of government spending on agriculture in GDP is 0.17%, in middle-income countries - 0.62%. In particular, the state budget subsidies account for 30% of the value of agricultural products sold in the United States, 68% in Japan, 41% in Canada and about 23% in the European Union. The United Nations International Bank for Reconstruction and Development (IBRD) provides loans to national programs to improve the practice of financial support of agriculture by the state in countries with agrarian reforms and market relations.

In world practice, scientific research is conducted to improve the mechanism of financial support of agriculture by the state. In particular, in developed countries, the objects of concessional lending to farms and forms of financial support from the state, the difference between the interest rate on soft loans to farms and the interest rate on commercial loans from the state budget are studied in depth as an object of study. The above research does not sufficiently disclose the methods, forms of the level of financial support of agriculture by the state and its impact on the activities of farms, the procedure for allocating subsidies from the state budget and improving the calculation mechanism.

The state financial support of agriculture, which is one of the leading sectors of the economy of Uzbekistan, is identified as one of the priorities in the Strategy of Agricultural Development of the Republic of Uzbekistan for 2020-2030. To accomplish this task, it is necessary to improve the mechanism of state financial support for agricultural producers, including subsidizing interest rates on commercial loans allocated for the cultivation of some strategically important agricultural products. This situation is a scientific problem of scientific and practical importance to increase the level of creditworthiness of agricultural enterprises, to improve the practice of state financial support for agricultural lending and insurance in Japan.

At the same time, the main focus should be on the state's sufficient accumulation of intervention resources in the grain market. Therefore, the state's share of the country's grain market should not be less than 20 percent. Otherwise, a monopoly situation may arise in the country's grain market by some entities

The results of the comparative analysis of scientific and theoretical views on financial support of agriculture by the state showed:adequate accumulation of intervention resources by the state in the grain market prevents the emergence of a monopoly situation in the grain market of the country by some entities;lending to

farms through the right of lease and pledge of future crops plays an important role in the development of their activities;

the process of issuing long-term investment loans by banks to farms, their interest rates should be regulated by the state;

due to a number of specific features of agriculture (natural climatic conditions, the duration of the production cycle), the agricultural credit market can not operate continuously. This, in turn, requires active financial support of agriculture by the state in the form of direct subsidies, soft loans;

In developing countries, the creditworthiness of agricultural enterprises is low. In this context, there is a problem of increasing the access of agricultural enterprises to loans from commercial banks;

the unstable financial situation of agricultural enterprises and the low level of solvency prevent them from increasing the level of access to financial services of credit institutions.

it is economically viable for the government to work with a small number of commercial banks that provide credit services to agriculture in terms of reducing the cost of monitoring costs. The analysis shows that the accumulation of agricultural lending in one or two commercial banks has a negative impact on the interbank competitive environment, which can have a negative impact on the agricultural lending process;

creates the need for small businesses to bonify the interest rates on investment loans issued by banks in order to establish production enterprises and firms specializing in the processing of agricultural products in rural areas.

From the very beginning, great importance has been attached to the state financial support and regulation of agro-industrial production in foreign countries. State financial assistance and support has always been an important pillar of public financial policy in the agricultural sector. The reason for such a serious focus on agricultural production in the world is the need for food security of the country and the specificity of agriculture, which is explained by the fact that the market mechanism of management in agriculture can not work with full efficiency as in other sectors of the economy.

The experience of countries with developed agriculture shows that the solution of these problems requires the participation of the state and effective governance by the state. The objective necessity of financial regulation by the state economy has been confirmed in the course of historical development. At different times in history, different views have prevailed on the necessity and limits of the state's participation in the management of the economy. Various forms and methods of this participation have been discussed. However, there is no doubt about the necessity and inevitability of regulation by the state.

In the second half of the nineteenth century, Americans moved westward, focusing heavily on the development of livestock and agriculture in order to meet the high demand of the population for food. However, there was no financial system that would allow farms to meet their demand for financial resources. This hindered the development of farm activities. In the 1970s, U.S. agriculture developed under conditions of intensive industrialization. During this period, new industries emerged - metallurgy, petroleum, chemicals, refining, mining and transport. Funds and capital were accumulated in cities due to high interest rates and a high

degree of credit diversification. Under such conditions, agriculture remained in a difficult position in terms of financial provision. Because, first, the farms lacked their own funds; second, there was no practice of preferential lending to them; third, banks in rural areas did not have the resources to meet the demand for loans from farms; fourth, there were no fixed prices for agricultural products; fifth, railway tariffs were high. In this context, the U.S. government was forced to introduce a system of state support for agricultural financing, given the urgency of ensuring food security and increasing the role of agriculture in the supply of raw materials for industrial enterprises.

In the practice of developed countries, the method of bonification of interest rates on loans provided by commercial banks to farms at the expense of the state budget and the method of state financial support of their export process are widely used. In particular, in the practice of Germany and France, the difference between the preferential interest rate on loans to farms by commercial banks and the market rate is paid from the state budget. As a result, first, the costs associated with repaying loans from commercial banks to farms have been reduced; second, the level of risks associated with commercial banks lending to farms will decrease. In a market economy, the mechanism of state support as a single system of regulation of the agricultural sector should be formed on the basis of such principles as the adequacy of budget allocations, timeliness of support, purposefulness, targeted use of funds allocated from state budget support. The agrarian sector support mechanism should combine various forms of support for agriculture by the state, directly (subsidizing), indirectly (preferential taxation, etc.) and through an intermediary (not related to agricultural production). The harmonious combination of these forms of support increases the stability and efficiency of the mechanism.

Direct and indirect government subsidies for the costs associated with the export of farm products is an important form of financial support for their activities. In particular, in the UK, 50% of the export-related costs of farms are covered by the state. In Germany, Italy, Belgium and Ireland, farm export operations are insured by the state.

At present, the Central Bank of the Republic of Uzbekistan recognizes only investments of commercial banks in securities of the Government of Uzbekistan as highly liquid assets, and does not recognize investments in corporate securities as highly liquid assets. In our view, due to the small issue volume of government securities, commercial banks are unable to maintain their current liquidity through investments in these securities.

CONCLUSION

In the course of the research, the following scientific conclusions were made on improving the practice of financial support of agriculture by the state:

A comparative analysis of scientific and theoretical views on the practice of financial support of agriculture by the state showed:

In the financial support of agriculture by the state, lending to farms through the right of lease and pledge of future crops plays an important role. The analysis shows that the mechanism of lending on the basis of the right of lease does not exist in the practice of the republic. As a result, the procedure of deprivation of land to a farmer who was unable to repay the loan has not found a legal solution;

The process of issuing long-term investment loans by banks to farms and their interest rates should be regulated by the state;

Due to the fact that agriculture has a number of specific features (natural climatic conditions, the duration of the production cycle), the agricultural credit market can not operate continuously. This, in turn, requires active financial support in the form of direct subsidies to agriculture by the state, soft loans.

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