

## **REGULATION OF THE REPRODUCTION PROCESS BY THE STATE, TAKING INTO ACCOUNT INVESTMENT ACTIVITIES IN AGRICULTURE**

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### **ABSTRACT**

This article examines investment activities in agriculture and the process of reproduction. Agriculture is a vital sector of the economy, and investments play a crucial role in its development. The reproduction process consists of resource preparation, production, processing, and consumption. To regulate investment activities, the state must implement legislative measures, subsidies, and monitoring systems. These efforts contribute to improving agricultural efficiency. As a result, food security is ensured, and economic stability is achieved. The article highlights the impact of investment activities on agriculture.

**Keywords:** Investment, reproduction, resources, technology, monitoring, subsidies, legislation.

### **INTRODUCTION**

Agriculture is one of the fundamental sectors of any country's economy. It ensures food security and provides essential products for the population. This sector plays a crucial role in maintaining a state's social and economic stability. Investment activities in agriculture serve as a key factor in enhancing production efficiency. Numerous investment programs aimed at agricultural development are implemented annually. However, the agricultural sector faces challenges such as resource shortages and outdated technologies. Addressing these issues requires state regulatory mechanisms.

The reproduction process holds significant importance in agricultural development, ensuring the continuity of production. Investment activities help optimize resources and introduce new technologies. Governments must develop legislation and subsidies to encourage agricultural investments, enabling farmers and producers to expand their operations. Monitoring systems are vital for evaluating the effectiveness of investment projects. Agricultural investments contribute not only to economic but also to ecological sustainability.

Food security determines competitiveness among nations. This article analyzes the impact of investment activities on agriculture and proposes regulatory measures for the reproduction process. It examines existing challenges in the agricultural sector and their solutions, which

are essential for economic development. International knowledge exchange also holds great importance. Ultimately, new opportunities emerge for agricultural advancement. [1]

**Enhancing the added value at each stage of agricultural production, processing, distribution, and marketing contributes to improving product quality and increasing economic benefits.** In the agricultural sector, measures aimed at significantly increasing productivity and profitability levels include the introduction of a mechanism for pledging land lease rights as collateral within the framework of land reform. Meanwhile, the *"Strategy for the Development of Agriculture of the Republic of Uzbekistan for 2020–2030"* outlines the priority directions for implementing institutional changes in the sector [2].

In particular, this strategy aims to widely implement market principles by reducing state involvement in the agrarian sector, ensuring sustainable development of the food sector, diversifying production and supporting it, as well as creating favorable conditions for the comprehensive development of the private sector in agriculture.

These measures are designed to increase the interest and investment of farmers and dehqons (smallholder farmers), while also necessitating timely solutions to issues related to the rational and efficient use of natural resources and the protection of the environment.

### **Level of Study of the Topic:**

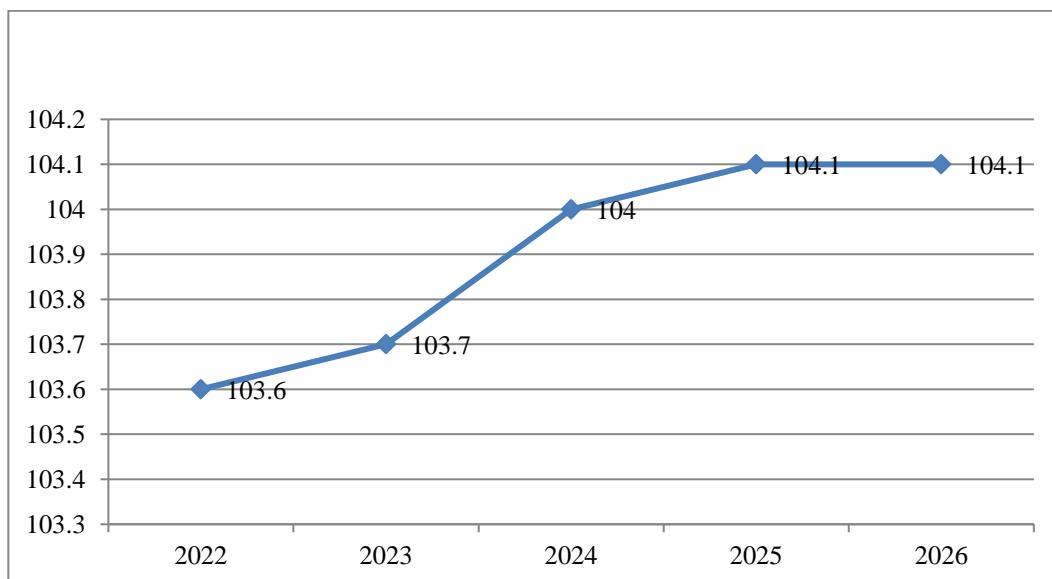
The process of reproduction plays a crucial role in agriculture. This process ensures the continuous renewal and development of production. The first stage of reproduction involves the preparation of resources. Land, water, energy, and labor resources play an essential role in this phase. In the second stage, the production process is carried out: farmers grow crops and raise livestock on their lands. After the products are harvested, the processing phase begins to ensure product quality. During processing, raw materials are transformed into final goods. Technological innovations and advancements are applied at this stage. Once the products are ready, they move on to the distribution stage, which involves delivering the products to consumers through market mechanisms. The reproduction process is also important for ensuring ecological sustainability. Resources must be used efficiently, and pollution should be minimized. The role of the state is also significant in this process, as the government defines agricultural policy and encourages investments. The reproduction process contributes to economic stability and guarantees food security for consumers. However, it is influenced by various factors, such as climate change, economic conditions, and technological advancements. Introducing innovations can make the reproduction process even more efficient. Farmers and producers need to diversify their activities. Successful cooperation and experience sharing are essential in this context. The reproduction process also involves strong competition, which leads to improved product quality and reduced prices. As a result, new opportunities are created for consumers.

**Currently, there is a lack of sufficient scientific research comparing the total volume and effectiveness of public and private investments in the agricultural sector.** Researcher G. V. Markova proposes that the organization of investment activity in agricultural enterprises can be implemented in two directions. The first direction involves identifying the sources of funding for the enterprise's investment activity, their quantity and volume, and the division

between internal and attracted funds. In turn, the second direction focuses on determining the types and volumes of investments in fixed and working capital, securities, and similar assets, as well as selecting appropriate channels for acquiring these resources. According to Markova, the first direction of investment activity in agricultural organizations is aimed at identifying the sources of investment resources, while the second direction deals with determining the objects of investment. These two directions of investment activity, on the one hand, define the type of agricultural development (extensive, intensive, or innovative), and on the other hand, determine the type of reproduction (narrow, simple, or expanded) to be implemented. [3]

### ANALYSIS AND RESULTS

The analysis shows that the share of agriculture in Uzbekistan's gross domestic product (GDP) currently accounts for 24.12%. This figure is expected to decline to 22.0% by 2026. In the near future, the growth of gross value added in agriculture is projected to average around 4.0%, which, in turn, will require a sufficient amount of investment funds (Figure 1).



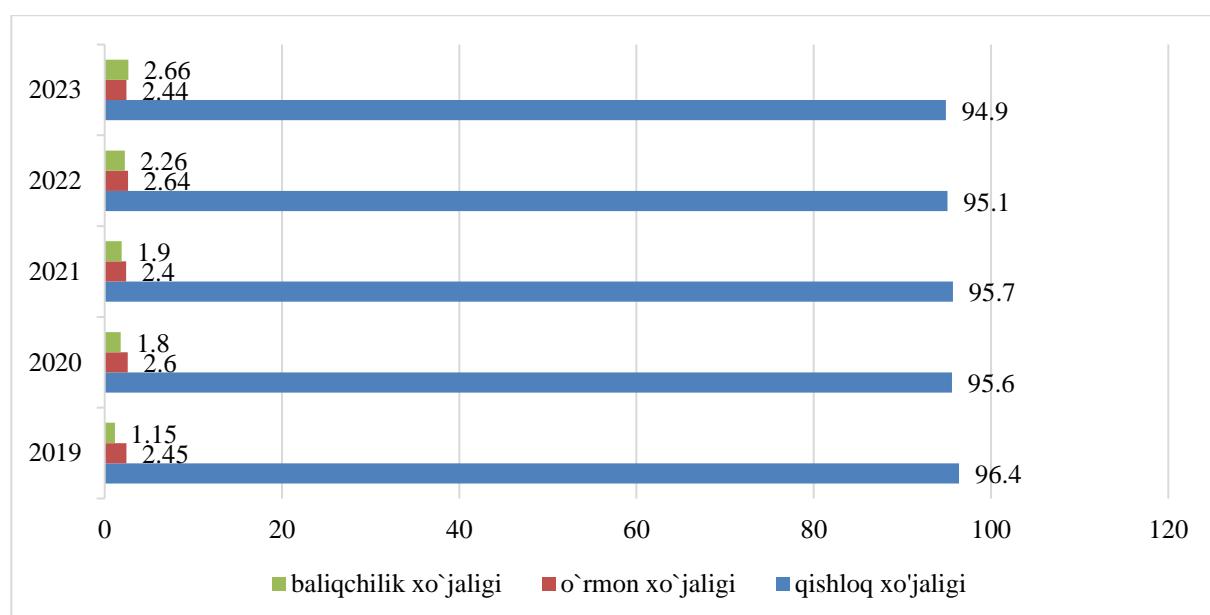
**Figure 1. Growth rates of added value in agriculture in Uzbekistan for the period 2022–2026**  
*Source: Stat.uz*

The share of agriculture varies across countries and plays an important role in ensuring economic development and food security.

Investments have a positive impact on society by supporting improvements in social infrastructure, education, and healthcare. Investments are being made in agriculture, industry, infrastructure, and other sectors, significantly contributing to the country's economic development. In Uzbekistan, investments directed toward agriculture are crucial for ensuring economic stability and enhancing food security.

The organization of investment activities in agricultural enterprises is considered complex in nature, as it combines the stages of investment activity with those of the reproduction process in material production.

At the same time, as a result of the ongoing reforms in the agricultural sector, changes can also be observed in the structure of the added value generated in the sector (Figure 2).



**Figure 2. Distribution of value added in agricultural sectors, in % [5]**

*Source: Stat.uz*

In recent years, particular attention has been paid to the development of sectors such as fish farming and poultry in the country, which has led to an increase in their share in the gross value added of agriculture. For instance, the share of value added generated in fish farming has grown from 1.15% to 2.66% over the analyzed period.

Researcher G.V. Markova proposes that the investment activities of agricultural enterprises be organized in two directions. Within the first direction, the sources of financing for the investment activities of the enterprise, their quantity and volume, and the division into internal and attracted funds are determined. The second direction involves identifying the types and volumes of investments in fixed and working capital, securities, and other such objects, as well as selecting the channels through which these resources are acquired. According to Markova, the first direction of investment activity in agricultural organizations focuses on the sources of investment resources, while the second clarifies the objects of investment. These two directions of investment activity, first, define the type of agricultural production development (extensive, intensive, innovative), and second, determine the type of reproduction process (narrow, simple, or expanded). The organization of investment activity in agricultural enterprises is considered quite complex in its economic nature: it combines the stages of investment activity with those of material production reproduction; it reflects the interconnection of production and financial activities, and therefore encompasses more than two directions.

A.V. Masik attempts to substantiate that the organization of investment activities in agricultural organizations involves the creation of a regulated spatiotemporal structure of economic relations that includes the planning, implementation (production), and utilization of investments. In terms of organizing investment activity in agricultural organizations, the approach of Russian researcher Yu.F. Dolgopolova is considered relatively well-founded. According to her, the organization of investment activity represents a manageable process that

includes a cycle of four specific stages: attracting free funds and accumulating financial resources for investment; converting financial resources into investments (investing in projects and capital expenditures); increasing the value of invested capital (through the creation of new tangible assets); and fulfilling financial obligations to investors (distribution of investment income and monitoring the fulfillment of obligations). [6]

In Uzbekistan, the total number of dehkan (smallholder) and household plots amounts to approximately 6.3 million. This figure has increased by about 300 thousand compared to 2022. In general, the number of dehkan farms has shown consistent growth over time, except for a decline observed in 2020. The number of farm enterprises has also increased during the observed period. The highest growth was recorded in 2020, while the largest decline occurred in 2019, when the figure fell by 61.3% compared to the base year. In 2021, growth was reported at 104.5%. The number of agricultural organizations has been rapidly increasing, with an average growth rate of 32.3%. Taking into account that this category includes agro-clusters, it can be concluded that the mechanism for introducing clusters into agriculture since 2017 has proven to be effective. Accordingly, since 2017, the share of agro-clusters in agricultural production has been steadily increasing. Specifically, in 2017, agricultural organizations accounted for 1.7% of the gross agricultural output, whereas by 2023, this figure had risen to 7.1% (see Table 1).

**Table 1 Distribution of Agricultural Products by Farm Types [7]**

Farm Type	2017 y.	2018 y.	2019 y.	2020 y.	2021y.	2022 y.	2023 y.
Farm Enterprises	34,7	27,3	26,9	27,8	29,2	31,4	29,8
Peasant (Personal Subsistence) Farms	63,6	70	70,1	68	65,9	62,2	63,1
Agricultural Organizations	1,7	2,7	3	4,4	5,2	6,4	7,1

Source :Stat.uz

The trend of linking farm holdings to clusters and establishing new agro-clusters in the sector is intensifying. This plays an important role in increasing productivity. According to current legislation, agro-clusters operate in the form of LLCs and benefit from the privileges outlined in the law. The number of agro-clusters in our country increased from 486 in 2020 to 669 in 2023. The land area assigned to agricultural clusters exceeded 2.2 million hectares.

The development of reproduction helps improve the quality of agricultural products, reduce costs, and ensure overall economic stability.[8] Investment activities play a key role in developing all sectors of the economy. Attracting investments in agriculture is crucial for increasing the productivity of farms and ensuring food security. Investments help introduce new technologies and innovative solutions. This, in turn, optimizes production processes and improves product quality. Investment activity stimulates economic growth. New projects and entrepreneurial initiatives will become the main sources of economic development. New investments create jobs, which helps improve the welfare of the population. In particular, the creation of new jobs in rural areas is of great importance in solving economic problems. Investments ensure the efficient use of resources. In agriculture, water, land, and energy

resources can be managed rationally. Investments provide an opportunity to ensure environmental sustainability. Modern technologies help carry out production without harming the environment. Investment activity stimulates the local economy. This is achieved by supporting local producers and creating new markets. Investments strengthen international cooperation. Opportunities for exchanging experiences and implementing joint projects between countries are created. In agriculture, investments increase the financial stability of farmers. By introducing new technologies and methods, they gain the opportunity to become competitive. Investment activity is crucial for ensuring food security. New projects will increase the production of agricultural products and meet consumer needs. Investments ensure social stability. The increase in jobs, the improvement of people's welfare, and the resolution of social issues help in achieving this. As a result, investment activity plays an important role in ensuring sustainable development in agriculture and the overall economy. This process needs to be supported and stimulated by the state. State regulation is an important mechanism for stimulating investment activity in agriculture. Through this process, the state aims to ensure economic stability. First and foremost, it is important to create a legal framework. Laws ensure the protection of investments and encourage them. The state can provide financial support to farmers through subsidies and tax benefits. These measures help attract investments and expand production. Monitoring systems are essential for evaluating the effectiveness of investment projects. The state uses these systems to control the rational use of resources. Maintaining environmental sustainability in agriculture is also crucial. The state develops environmental laws and monitors their implementation. This ensures the protection of nature and the sustainability of agriculture. The state should also focus on developing agricultural infrastructure. The creation of new roads, storage facilities, and water supply systems increases the effectiveness of investments. By developing international cooperation, the state enhances the potential to attract foreign investments. This, in turn, brings new technologies and skills to agriculture. Through regulating investment activities, the state ensures economic growth. This process also helps improve social stability. Programs implemented by the state create new opportunities for farmers and producers. Additionally, the state should develop special programs to foster entrepreneurship in agriculture. Through this, innovative ideas and new entrepreneurs can be supported. Regulating investment activities strengthens cooperation between the state and the private sector. In this process, the state's role is crucial as it ensures economic and social stability. Strong regulatory mechanisms increase competition in agriculture. As a result, farmers will have the opportunity to improve their products and gain new markets. Consequently, the agricultural sector develops, and the welfare of the population increases.

In summarizing the research results, we conclude that the specific characteristics of the agricultural sector have a significant impact on profit formation. We can observe that the use of the profits of agricultural enterprises as a private source of financing investment activities is somewhat limited.

## CONCLUSION

To solve the problems of developing rural production infrastructure in agriculture, it is necessary to promote protectionism for farm holdings, create an economic mechanism based on state regulation, and ensure the harmonization of self-governance. Priority directions for the use of budget and credit funds should be related to targeted programs aimed at the development of agriculture and other sectors of the agro-industrial complex.

Along with the changes in the forms of economic activity of agricultural enterprises in our country, it is necessary to ensure the formation of various types of enterprises and associations based on mutual benefit. In the issue of land ownership and use, there cannot be a single approach. Ownership forms may vary from state property to private property, and it is necessary to grant the right to freely choose one of them.

**Based on the above points, the following conclusions were made:**

1. **Production-economic relations** are a multi-level and complex system that reflects organizational-economic relations formed as part of the country's economy, industries, and enterprises development goals, influenced by a series of factors during the activities of economic entities in a specific historical period.
2. **Economic relations** not only serve as a distinctive dimension of production relations but also act as a system of economic tools that implement the interests of the enterprise and its employees.
3. **Land ownership in agriculture** encourages land users to manage it efficiently by utilizing resource-conserving production technologies, maintaining soil fertility, and applying scientifically-based crop rotation systems.
4. The main goal of the **reforms in the agrarian sector** is to increase the effectiveness of agricultural production by consistently implementing free market principles through institutional changes.

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