

# Institutional Transformations And Their Impact On The Development Of The Fruit And Vegetable Industry

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## Abstract

The article examines the issues of institutional transformations in the fruit and vegetable industry and the strengthening of the market orientation of production at the present stage of socio-economic development.

**Keywords:** institute, institutional transformations, market relations, private property, fruit and vegetable industry, farms.

## Introduction

An institution in the economic sense means a certain form through which economic relations are realized. For example, in a market economy, the decisive institution is the institution of private property, which means the possession of wealth on the basis of economic responsibility and interest. This institution provides real economic responsibility and interest in concrete results. In the fruit and vegetable industry of Uzbekistan, economic entities are organized mainly in the form of private ownership. However, the absence of private ownership of land to a certain extent weakens the role of private property relations in this sector of the economy. On the other hand, in recent years, the pace of socio-economic reforms has accelerated, and the social orientation of the economy is strengthening. From this point of view, two important facts can be noted: the very first task of the agricultural sector is to ensure the food security of the country and the official recognition of the existence of poverty in the country, as well as the need to overcome it. In the context of the coronavirus pandemic, these problems manifest themselves even more clearly. Their solution is to a certain extent connected with the development of the fruit and vegetable industry.

International experience shows that only market agriculture is able to provide a sufficient abundance of food and state support for agriculture should be carried out mainly by market methods, the widespread introduction of market institutions. Poverty is concretely expressed in the absence of real access to the corresponding benefits, including the underconsumption of food. So the two facts are related.

The conditions of the coronavirus pandemic had a significant impact on the structure of foreign economic relations between countries, on the structure of exports and imports. Significantly increased the importance of food exports. Of course, it was important before. In a pandemic, not only the nutritional and energy properties of products, but also their value in terms of impact on human immunity, have become especially important. These factors open up new opportunities for the export of fruits and vegetables, their producers get access to large markets.

## Analysis of literature on the topic

According to the theory of institutionalism, the institutional structure of a certain sector of the economy is crucial for its effective functioning. It is no coincidence that during the years of independence, agrarian reforms in Uzbekistan took place in this direction: the mass provision of household plots to the rural population, the transformation of collective farms into shirkat farms, the transformation of the latter into private farms, and the repeated

transformation of the latter. All this happened until 2017, and, however, in fact, modern agriculture was never created, technical and technological progress did not touch the most important sectors of the agricultural sector. In our opinion, the reason was that the established institutions, by their very nature, had to work in conditions of market freedom, and such freedom was not granted to agricultural producers.

Recently, many researchers have noted that the achievements of Uzbekistan are to a decisive extent due to the consistent implementation of market reforms. At the same time, due to historical and some other circumstances, market transformations affected agriculture the least of all sectors of the economy. Until recently, most of the irrigated lands, moreover the most fertile, were legally fixed for cotton crops, moreover, not by the laws themselves, but by by-laws, which directly contradicted the provisions of the country's Constitution. For example, the Law on Farming gives the farmer freedom of choice of crops, and by-laws give the right to local governments to take land from a farmer if he does not plant cotton on this land. Farmers were obliged to grow this particular crop and sell the resulting products to the state at fixed prices, which in no way covered the real costs of producers. From time to time there was a reorganization of agricultural producers (optimization). But the real economic conditions remained the same and, accordingly, the economic situation in agriculture practically did not improve. With the introduction of clusters, the situation in cotton growing has changed significantly for the better, yields and incomes of farmers have increased. However, it was not possible to completely overcome inertia, by the beginning of 2020, when the debt of processing enterprises to farmers for delivered raw cotton amounted to 800 billion soums and it was repaid only after the intervention of state bodies.

In Uzbekistan, the real liberalization of economic relations in the agricultural sector of the economy is associated with the adoption of the Action Strategy for the Further Development of the Republic of Uzbekistan in 2017-2021, which, in its content and direction, provides for the creation of a modern competitive economy. It also outlines the deepening of structural changes in agriculture and its consistent development, the further strengthening of the country's food independence, the expansion of the production of environmentally friendly products, and a significant increase in the export potential of the agricultural sector. This should be done by optimizing the sown areas by reducing the sowing of cotton and spiked grain crops, placing potatoes, vegetables, fodder and oilseeds on the released areas, new intensive orchards and vineyards (1).

Obviously, without the liberalization of agrarian relations, the course towards the modernization of production in this sector will most likely be declarative, since it is the material interests of producers that are the driving force in any sector of the economy. On the other hand, as the President of the country Sh. M. Mirziyoyev has repeatedly pointed out, the ultimate goal of the ongoing reforms is to achieve a decent standard of living for the population of the country. Therefore, agriculture in Uzbekistan is increasingly focused on ensuring the country's food security and the welfare of the rural population. The Decree of the President of the Republic of Uzbekistan "On measures to further ensure the food security of the country" outlined further actions necessary to fully meet the demand of the population for high-quality food products available to the population (2).

An important measure in this direction was the specialization of 55 districts (tumans) of the country in the production of fruits and vegetables. They will operate specialized farms. Such farms will also operate in other regions. The significance of this measure lies in the fact that the monopoly position of cotton growing is abolished in the competition between agricultural crops for their placement on sown areas. The placement of crops will take place according to the market principle, that is, according to the degree of profitability for producers. In addition, personal household plots and family dekhkan farms are traditionally focused on gardening, vegetable growing and viticulture. The ongoing institutional changes should create the necessary conditions for increasing their marketability.

In the context of the coronavirus pandemic in 2020, 86 clusters and 125 cooperatives were organized to accelerate the processes of agro-industrial integration in the fruit and vegetable industry. The activities of these structures should contribute to strengthening the material interest of producers in the production of competitive and demanded food products in the domestic and foreign markets. Clusters and cooperatives should organize not only the sale, but also its storage and processing, which will create a value chain in the industry. All this will give a tangible socio-economic effect.

It is known that it is in the conditions of a free market that economic entities are, by their nature, the most receptive to innovation. However, all this should be supported by positive trends in technological renewal, the rapid growth of bank lending to economic entities in the industry, and a reduction in the tax burden on private business. Therefore, the financing of the production infrastructure by the state is expanding, a new market infrastructure is

being created for the sale of industry products, which orients the industry to meet sustainable demand for products in the domestic and foreign markets (3).

In modern conditions, food security, as well as export orientation, are becoming the basic points in the development of the agricultural sector. It is important not only to achieve an appropriate level of food consumption, but also sustainable and secure production of the main types of food products in the country. Uzbekistan does not have transport communications that go directly to the world's waterways. Therefore, in crisis situations here, agriculture must provide specific volumes of certain types of food products, that is, not only the total volume of agricultural production, but also its structure matters. So in 2020, it was planned to grow potatoes on an area of 130 thousand hectares (on the main areas, on the areas released after grain and on household plots of the population), which will make it possible to obtain products in the amount of 2.9 million tons. In April 2020, the export of early potatoes amounted to 65 thousand tons. (four).

It should be noted that at present Uzbekistan has fully covered the needs for food grains at the expense of its own production. Vegetable growing and horticulture are developing, which not only provide for domestic needs, but are also largely export-oriented.

According to the recommendations of the World Health Organization, the consumption of fruits and vegetables for an adult is 400 grams per day. According to this indicator, the diet of the inhabitants of Uzbekistan is five times higher than this norm, which is also due to the historical traditions of national food consumption.

**Research Methodology** When studying the issue, the methodological basis was the relevant laws of the Republic of Uzbekistan, decrees of the President of the Republic of Uzbekistan, resolutions of the Cabinet of Ministers of the Republic of Uzbekistan, as well as the results of research by domestic scientists. A scientific analysis of statistical data has been carried out. This study represents the application to the study of the subject of generally accepted methods of scientific knowledge - a logical approach, scientific thinking, a systematic approach.

## Research results

In the context of the coronavirus pandemic, the task of ensuring and maintaining food security should be set broader and deeper, i.e. in the following areas:

- production of the most important types of products in stable volumes, its sustainable growth;
- competitiveness of products in the domestic and foreign markets, maintaining and strengthening the export orientation;
- increasing the efficiency of production on the basis of innovative development (new technologies and agricultural technology, variety change, the introduction of the production of organic products, water and energy saving, the highest culture of agriculture);
- ensuring the harmonization of the development of the fruit and vegetable industry with environmental requirements.

Equally important is the task of ensuring the well-being of the rural population and overcoming poverty. Therefore, the state has taken measures to support the traditionally existing institution of personal household plots of the population. In Uzbekistan, their number is 4.5 million and they own 435 thousand hectares of land. On April 15, 2020, the Decree of the President of the Republic of Uzbekistan was adopted on the effective use of lands of dekhkan farms and household plots of the population and the systematic organization of sowing work. In 2020, 300 billion soums of state budget funds and 100 billion soums of loans are allocated to support them. In addition, the state allocates 600 billion soums for the construction of lightweight greenhouses. In 2020, the production of fruits and vegetables in this sector will increase by 2 times.

In the Fergana region, 20 clusters and 125 fruit and vegetable cooperatives are being organized with the allocation of 10,840 hectares of land for them. In 2020-2021, they are implementing 172 investment projects worth 253.4 billion soums.

For producers of most types of agricultural products, demand from processors is crucial. On July 29, 2019, the Decree of the President of the Republic of Uzbekistan "On additional measures for the further development of in-depth processing of agricultural products and the food industry" was adopted. It provides for the implementation of 174 investment projects for the processing of agricultural products, as well as 24 large investment projects for the production of import-substituting products based on local raw materials, which should lead to a significant increase in demand for agricultural food raw materials. Growth in demand and real competition from buyers of raw materials should provide significant economic benefits for producers and stimulate production.

In Uzbekistan, in particular, in the regions of the Ferghana Valley, there are favorable economic and organizational conditions: a) historical traditions, agrotechnical culture and skills in growing fruits and vegetables and grapes have been preserved and continued in households; b) there are specialized farms and dekhkan farms in this direction; c) there is an acceleration of agro-industrial integration in the production of vegetables, fruits and grapes (farmers tend to process products on their own farms, mini-technologies are becoming widespread); d) agrotechnical and technological renewal of the industry has begun; e) lending to farms and dekhkan farms, rural family businesses is expanding; f) a sparing taxation regime is introduced; g) the production infrastructure of agriculture is mainly financed by the state; h) developing a market infrastructure for the sale of industry products; i) the presence of demand for products in the domestic and foreign markets; j) the products of the industry are competitive in the domestic and foreign markets in terms of cost and consumer qualities.

## Conclusions and offers

The successful development of agriculture, including the production of fruits and vegetables, is based on the existence of legal (inviolability of private property, observance of the rights of agricultural producers, organizational and legal norms), organizational and institutional (presence of state and non-state institutions that support agricultural producers), economic (presence of economic entities with necessary volumes of capital), financial (the possibility of attracting financial resources from other areas and industries, state financial support), personnel (training and retraining of personnel), research and development (scientific research, selection work) prerequisites, market infrastructure and, which is also important, preservation of national traditions of growing food crops, respect for dekhkan labor. In Uzbekistan, the reform and institutional restructuring of agriculture implies further strengthening of these prerequisites.

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