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The Role of Banks in the Development of the Food Industry

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Abstract: The article identifies urgent problems related to the organizational and economic foundations of sustainable development of the food industry in Uzbekistan and develops scientific proposals aimed at solving them.

Keywords: Food product, Inflation, Oil and Fat Industry, Skewness, Jacques-Bera criterion, Correlation coefficient matrix, Variance Inflation Factors, autocorrelation, Mean absolute percent error.

Introduction. In world practice, the development of the food industry is one of the necessary conditions for ensuring the country's food security. The rapid growth of demand for food products and a significant increase in prices for industrial raw materials require improving the organizational and economic foundations of sustainable development of the industry. According to official data from the World Bank, "in 2020, the global GDP decreased by 4.3 percent and the industrial production decreased by 4.7 percent, while the volume of food production increased by 1.7 percent"[1]. This indicates that great attention is being paid to the development of the food industry in the world.

Given the socio-economic importance of providing the population with quality food products and reducing poverty in the world, special attention is being paid to research on the sustainable development of the food industry. Priority attention is being paid to scientific research on the use of innovative approaches to organizing production at food industry enterprises, ensuring production and financial stability, introducing effective methods for reducing product costs, increasing the efficiency of using enterprise assets and securities, and assessing the optimal values of technical and economic standards in production processes.

Literature analysis. J. Mill, in his scientific work "Principles of Political Economy", put forward the idea of the connection between the economy and the distribution of land. He introduced the concept of "Stationary State" of capital and population into science[2]. According to D. Meadows, a stable society is characterized not by physical growth, but by qualitative development. In his opinion, "Growth" means increasing to the level of integration, and "Development" means ensuring intensive development with full use of existing opportunities[3]. International practical experience has shown that this conclusion of D. Meadows is of practical importance. In particular, in developed countries, in particular, in the USA, Japan and Germany, full use of existing opportunities has made it possible to ensure intensive and innovative development of industry.

The results of research conducted by English economists M. Whitby and N. Ward showed that the sustainability of agriculture in Great Britain is the result of ensuring its intensive development. This path of development not only allowed to obtain additional profits, but also led to environmental degradation, for example, soil degradation, the disappearance of some wild

animals. Sustainability is possible only if production processes do not lead to the complete depletion of non-renewable resources [4]. According to N. Burmistrov, improving the financing system of this sector plays an important role in the development of the economic foundations of the food industry. In his opinion, it is necessary to introduce a system of uneven, certain proportions of financing of food industry sectors. This financing system should take into account forecasts of consumption, capital capacity of industries, and the need to develop production. This approach allows achieving a balance between consumption and production for all types of food industry products[5]. Here, N. Burmistrov proposes financing based on the elasticity of production of food industry products in relation to changes in consumption. This is of practical importance.

According to the proposal of E. Kostyukov,

- to rationally influence the prices of food products;
- to stimulate final demand;
- to ensure the balance between the internal volumes of consumption[6]. This proposal of E. Kostyukov is based on the fact that, from the point of view of the development of the food industry of the Republic of Uzbekistan, firstly, the increase in food prices is one of the main non-monetary factors causing inflation in our republic; secondly, problems have arisen with the financing of investment projects in the context of the coronavirus pandemic[7]. According to D. Yeremenko, it consists in improving the organizational and economic foundations of the food industry. In his opinion, the organization of cooperative structures should be carried out in four stages:

at the first stage, the economic activities of enterprises included in the cooperative system should be analyzed;

at the second stage, project options should be developed and the optimal option selected;

at the third stage, its economic justification should be carried out;

The project should be implemented in the fourth stage[8]. This proposal by D. Yeremenko is of great importance for the practice of Uzbekistan. Because in the industry of our republic, including the food industry, cooperative relations are not developed.

K. Zubarev's improved organizational and economic mechanism of the food industry should include the following elements:

Strengthening the territorial and sectoral management bodies of the food industry and enterprises and improving the regulation of their activities;

Restoring economic forecasting based on forecasts of socio-economic indicators[9].

According to S. Tolkacheva, diversification of production plays an important role in the development of the food industry. In her opinion, it is necessary to choose complex solutions that cover the directions of diversification. In this case, an option based on the use of two directions at the same time can be selected, and the directions of diversification can change[10]. The essence of the agrocluster is comprehensively substantiated by A.A. Nastin. “Agrocluster is a system of market entities located in the same geographical area, interconnected and complementary, consisting of different property owners, family farms, farmers' cooperative enterprises, social and scientific organizations, educational institutions and consulting services, in order to simultaneously and mutually solve production tasks and unite in environmental protection”[11].

In the definition given by A.V. Glotka: “A business agrocluster in an agro-industrial complex is a territorially separate innovation-oriented integrated structure, organized on the principle of a technological chain, with a certain level of interconnectedness, realizing the common economic interests of its participants”[12], while R. Tokhchukov more precisely recognizes that “A business agrocluster is a union of organizations engaged in various activities, the ultimate result

of which is the achievement of synergistic effects, embodying all stages of production, from the production of agricultural products to the sale of finished products, in a single form of repetitive production"[13].

Taxation of agricultural producers is one of the important instruments of state regulation of agriculture and plays an important role in the development of export activities of agricultural producers. According to the conclusions of a group of economists, the state's tax policy plays an important role in ensuring the sustainable development of food industry enterprises and increasing their export potential[14]. One of the Uzbek economists, E. Shodmonov, studied the development of the activities of economic entities operating in the agricultural sector, including food production enterprises, and recognized that the credit service and settlement service of commercial banks play an important role in the development of their activities[15]. J. Isakov scientifically studied the issue of improving the practice of lending to the service sector by banks and formulated a number of scientific and practical conclusions. In particular, according to her conclusion, in order to increase the volume of bank lending to the service sector, it is necessary to improve credit risk management practices[16]. According to M. Yusupov, the existence of a serious imbalance between the state purchase prices for agricultural products and the prices of agricultural machinery hinders the development of farms and agricultural enterprises[17]. According to M. Ismaylova, the most effective method of financing the production activities of economic entities operating in the agricultural sector is leasing financing[18]. However, S. Ismaylova did not study the effectiveness of leasing for lessors. In conditions of high inflation and depreciation of the national currency, leasing operations are not very effective for lessors. Because the amount of depreciation allowance accrued for the leasing object depreciates under the influence of inflation and devaluation, it will not be possible to purchase a new leasing object with the accumulated depreciation amount. According to a group of economists, the development of the microfinance system and the subsidization of loans granted to them by banks are of great practical importance in ensuring the stability of the activities of agricultural enterprises in the Republic of Uzbekistan[19].

Research results. To create a multifactor econometric model for the economic development indicators of Tashkent Oil and Gas Plant, the following factors were selected: the resulting indicator is the production volume of the enterprise, thousand soums - (lnY), influencing factors are the total number of employees working at the enterprise, people, (lnX1), the value of the enterprise's fixed assets, thousand soums (lnX2).

Table 1. Dynamics of development indicators of Tashkent Oil and Gas Plant JSC in 2009-2021 and their forecast values for 2022-2025[20]

Years	The volume of production of the enterprise, thousand soums, Y	Total number of employees working at the enterprise, people, X1	The value of the enterprise's fixed assets, thousand soums, X2
2009	67324158.4	1123	20148721.0
2010	70255431.3	1010	23632178.0
2011	76314588.0	1062	26548795.0
2012	80610000.0	1076	29456421.0
2013	80992000.0	1059	32173193.0
2014	83157833.0	1016	32112090.0
2015	87315001.0	1002	34987312.0
2016	95315001.0	945	35309763.0
2017	91678960.0	951	41699734.0
2018	92104361.0	882	64899876.0
2019	146952805.0	954	67845120.0
2020	178542136.3	1033	70321458.0
2021	171364586.2	926	75434101.1
2022*	**182899016.3**	**914**	**84246703.6**

2023*	**195209820.8**	**902**	**94088840.0**
2024*	**208349256.9**	**891**	**105080785.7**
2025*	**222373099.3**	**879**	**117356867.5**

Note: * - values of indicators in the forecast period

Before building a multifactor econometric model based on the data of Tashkent Oil and Gas Plant JSC, descriptive statistics are conducted on the factors satisfied in the model. A special econometric modeling program - Eviews 10 was used to process the data collected by the enterprise. As a result, we obtain the values of the variables included in the multifactor econometric model of the volume of production of Tashkent Oil and Gas Plant JSC in the forecast period (Table 1).

The graphs of these factors are as follows (1 - figures).The graph of the volume of production of Tashkent Oil and Gas Plant JSC is presented in Figure 1 below.

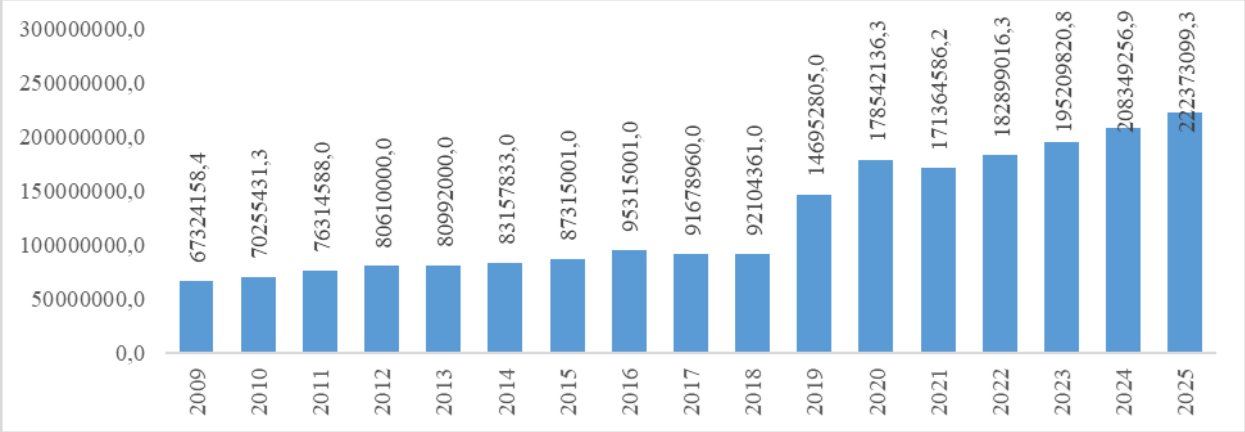

Figure 1. Dynamics of the volume of product production of Tashkent Oil and Fat Combine JSC in 2009-2021 and forecast values for 2022-2025 [21]

During the forecast period, the annual growth of product production at the enterprise averages 196,039,155.9 thousand soums. It can be seen that the volume of product production at Tashkent Oil and Fat Combine JSC in 2025 will increase by 1.29 times compared to 2021. The main reason for this can be explained by the rapid development of product production in ensuring food safety, supplying the domestic consumer market with oil and fat products, the active proliferation of new forms of business, and the increase in the return on investments made to the enterprise.

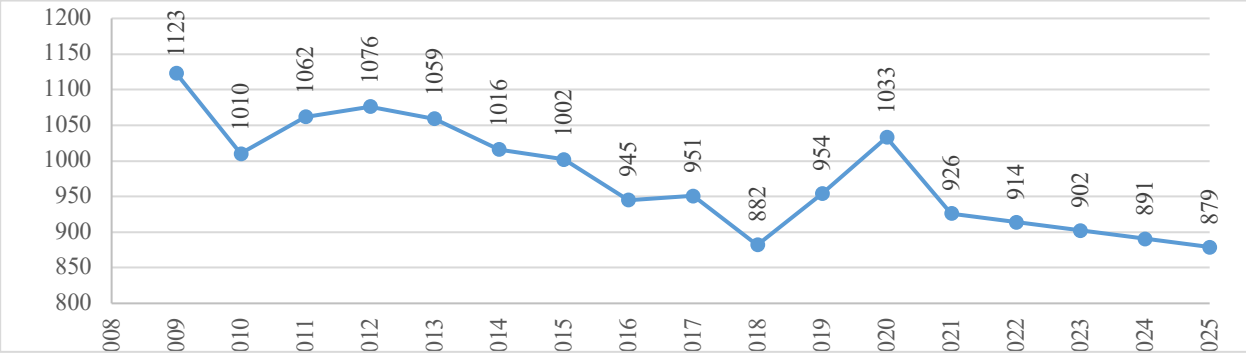

Figure 2. Dynamics of the total number of employees working at Tashkent Oil and Gas Plant JSC in 2009-2021 and forecast values for 2022-2025[22]

The graph of the total number of employees working at Tashkent Oil and Gas Plant JSC is presented in Figure 2 below. The total number of employees working at Tashkent Oil and Gas Plant JSC has a decreasing trend during the forecast period. If in 2020 the enterprise had 1033 employees, by 2025 their number will decrease by an average of 15 percent to 879. The average annual decrease in the number of employees during the forecast period is 1.14 percent compared to 2020.

The graph of the value of fixed assets at Tashkent Oil and Gas Plant JSC is presented in Figure 3 below.

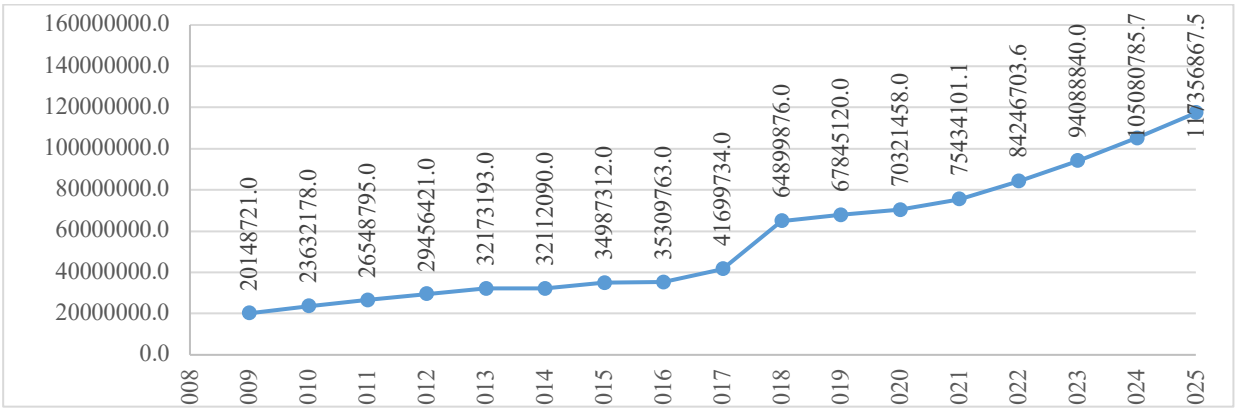

Figure 3. Dynamics of the value of fixed assets at Tashkent Oil and Gas Plant in 2009-2021 and forecast values for 2022-2025[23]

The value of fixed assets at Tashkent Oil and Gas Plant has a tendency to increase during the forecast period. It can be seen that the value of the fixed assets of the enterprise will steadily exceed 100,193,299.2 thousand soums over the forecast period. In 2025, compared to 2021, the value of fixed assets at the enterprise will increase by almost 55.57%. The growth trend in the volume of production at Tashkent Oil and Gas Plant in the forecast period is due to the simultaneous increase in fixed assets and a decrease in the number of employees, that is, a growth with high capital intensity can be observed.

Conclusion. We have formulated the following conclusions related to the organizational and economic ways of sustainable development of the food industry in Uzbekistan:

1. In order to reduce the share of costs in the volume of revenue from the sale of products at food industry enterprises, it is necessary to implement the following measures:

- it is necessary to reduce the share of wage costs in the production cost of products by increasing labor productivity;
- it is necessary to form raw material reserves at the expense of bank loans at a fixed rate;
- it is necessary to ensure a balance between the growth rate of revenue from the sale of products and the growth rate of costs;
- it is necessary to prevent the rise in the price of imports by reducing the fluctuation range of the nominal exchange rate of the national currency.

2. In order to increase the level of profitability of assets at food industry enterprises, it is necessary, first of all, to increase the amount of net profit by increasing the amount of income from financial activities; secondly, it is necessary to ensure the proportionality between the growth rate of net profit and the growth rate of assets; thirdly, it is necessary to increase the amount of profit from the main activity by reducing the cost of production of products; fourthly, it is necessary to reduce the share of fixed assets in the volume of assets by expanding the scale of involvement of innovative techniques and technologies in the production process.

3. In order to increase the current liquidity level of food industry enterprises, firstly, it is necessary to ensure the proportionality between the growth rate of current assets and the growth rate of current liabilities;

secondly, it is necessary to increase the volume of current assets by increasing the volume of investments in highly liquid short-term securities;

thirdly, it is necessary to reduce the share of payables in the volume of current liabilities by increasing the turnover rate of payables.

4. In order to develop the investment activities of food industry enterprises:

in order to improve the practice of attracting long-term financial resources by issuing securities,

firstly, it is necessary to ensure the investment attractiveness of securities issued by enterprises by achieving a moderate level of inflation (3% per annum) and eliminating the devaluation of the national currency;

secondly, investors' income from long-term securities of enterprises should not be subject to taxation (the high rate of inflation and devaluation does not allow ensuring the investment attractiveness of securities denominated in the national currency. Since under the influence of both of these factors, the real value of investments in these securities decreases sharply);

in conditions of resource shortage, it is advisable to prioritize the organization of financing investment projects through a comprehensive assessment of social, economic, and budgetary effectiveness through a single algorithmic approach.

5. The possibilities of increasing the volume of financing of food industry enterprises through the integrated use of financing instruments (development of emission operations with securities by these enterprises, increase in the level of use of commercial bank loans by these enterprises, expansion of the scope of attracting direct and portfolio investments in the activities of these enterprises) were substantiated.

6. The forecast values of the development indicators of Tashkent Oil and Fat Combine JSC for 2022-2025 were determined, analyzed and relevant conclusions were drawn

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