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Investment in Agriculture and Increasing Its Efficiency

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Annotation: Investments are made in any socio-economic formations. Because they are spent on strengthening the state, the industry, enterprises, and, finally, the economic base of the population. It is an objective necessity to invest in the development of agriculture in the Republic of Uzbekistan, where a free market economy is gradually being formed. In this article, we will learn about investment and capital investment in agriculture and how to increase their efficiency.
Keywords: investments, population, efficiency, capital investments.

I. INTRODUCTION

A prerequisite for the effective and sustainable development of agriculture is their adequate investment. An important task of agricultural policy is to create favorable conditions for increasing the level of investment in agriculture.

Investment is the long-term investment of money (capital) in the economy in order to earn income (profit). They reflect the creation, expansion, reconstruction and technical re-equipment of fixed assets, as well as changes in working capital associated with them. In addition, investments are the acquisition of patent intellectual property rights in securities, and so on. Investments are made in the objects of entrepreneurial activity that generate income (profit) or achieve a certain social effect.

Investments have the following characteristics for economic categories: it depends on the economic development of agriculture and industries; provides for the use and efficient use of resources; the probability of return on investment is risky; there is a definite (usually long-term) temporary (unit of measurement) between resource consumption and efficiency.

Investment activity in agriculture is a set of practical actions of a legal entity, a farmer and a farmer, a citizen and the state to realize investments. Investments in agriculture differ in economic and financial and real investments.

Financial investments are the purchase of shares, bonds and other securities, depositing money in interest-bearing bank accounts.

Real investment is the investment of capital for capital construction, expansion and development of production. Real investment is an investment in the agricultural sector.

Agricultural capital investment is the main type of investment, which includes the costs of creation, expansion, reconstruction and modernization of fixed assets in operation. Capital investment is the cost of construction in the period before the commissioning of facilities.

When calculating the economic efficiency of investment in agriculture, it is necessary to take into account the availability of funds for their financing. When financed from private funds, the calculation of indicators is carried out on the basis of cash flows, including the costs and revenues of this investment project. When financing at the expense of borrowed funds, it is necessary to include in the order of cash flow of the investment project the costs associated with debt service.

The economic efficiency of investment is influenced by many factors that can be divided into two groups. The first group is internal factors related to the enterprise, the second group is external factors not related to the enterprise.

The low economic efficiency of investments in agriculture is significantly determined by the second group of factors. These are: crises, price disparities, high credit interest rates, interest rates against rural producers.

The state is taking measures to increase investment in production. For example, when calculating income tax, all enterprises have the right to reduce the amount (amount) of taxable income from investments in production and non-production. It is not possible to increase investment efficiency without addressing these issues at the state level. The benefit is granted only when the enterprise uses the full amount of depreciation allowances. However, the exemption should not exceed 50% of the amount of the tax, without taking into account the actual amount. In addition, capital investment in some facilities (planting perennial trees, care of young seedlings, increasing soil fertility, etc.)

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II. FACTORS INFLUENCING THE EFFICIENCY OF INVESTMENTS

A. Internal Factors

1) The correct choice of the object of investment;
2) Terms of construction and development of the object;
3) Complexity of investments;
4) Aggregation of deposits by objects;
5) Adherence to the order of economy;
6) Specialization of the enterprise, type of production activity;
7) Production technology and organization;
8) Product marketing;
9) Cost of products;
10) Labor productivity.

B. External Factors

1) Interest rates on loans;
2) Crisis processes;
3) The ratio of prices to agricultural and industrial products;
4) Income tax;
5) Demand for the product;
6) Seasonality of production;
7) Natural climatic conditions.

Intensification of investment activities and increase of economic efficiency will allow to apply preferential capital investments in agriculture. Increasing the efficiency of investments in agriculture will lead to the solution of the following problems:

- The creation of new jobs in rural areas will create new jobs and increase the level of youth employment;
- It will be possible to fill local markets with natural, ecologically clean agricultural products;
- Increased production through the export of export-oriented products;
- increase in the number of small producers will increase the number of taxpayers to the state budget, which will lead to an increase in state budget revenues;
- Increased supply of raw materials to industry;
- Products of processing enterprises are consumed instead of imported goods, which leads to an increase in foreign exchange reserves of the republic.

The country has a full legal framework for investment in the agricultural sector, and it is desirable to further improve this legal framework in the following areas:

- Further increase the role of the state in regulating investment activities;
- Creation of a favorable investment climate for foreign investors;
- Consolidation of insurance practices in the agricultural system;
- Creation of concessions in special fiscal relations for the situation in crisis, etc.

In the state support of investment and innovative development of agriculture, it is necessary to pay attention to the following:

- Activation of leasing activities, which in turn is financial alleviates the lack of funds, allows to make lease payments on a regular schedule and on the basis of simplified contracts and schemes, brings together the mutual interests of the state and leasing companies, and ultimately the optimal economic and legal conditions to reduce risk and increase economic efficiency in ASM networks -creates conditions;
- Development of the system of land and mortgage lending in agriculture;
- provision of budget loans, investment tax loans, subsidizing interest rates on loans;
- introduction of preferential tax payments;
- Formation of state programs for the development of the market of agricultural machinery.

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The implementation of these proposals will ensure:

a) Attracting investments in agriculture will increase;
b) Increased investment activity in ASM enterprises;
c) The volume of production of competitive and high-quality products will increase in the total output;
d) Innovative activity in the network will increase;
e) The process of reproduction in agriculture will be stabilized.

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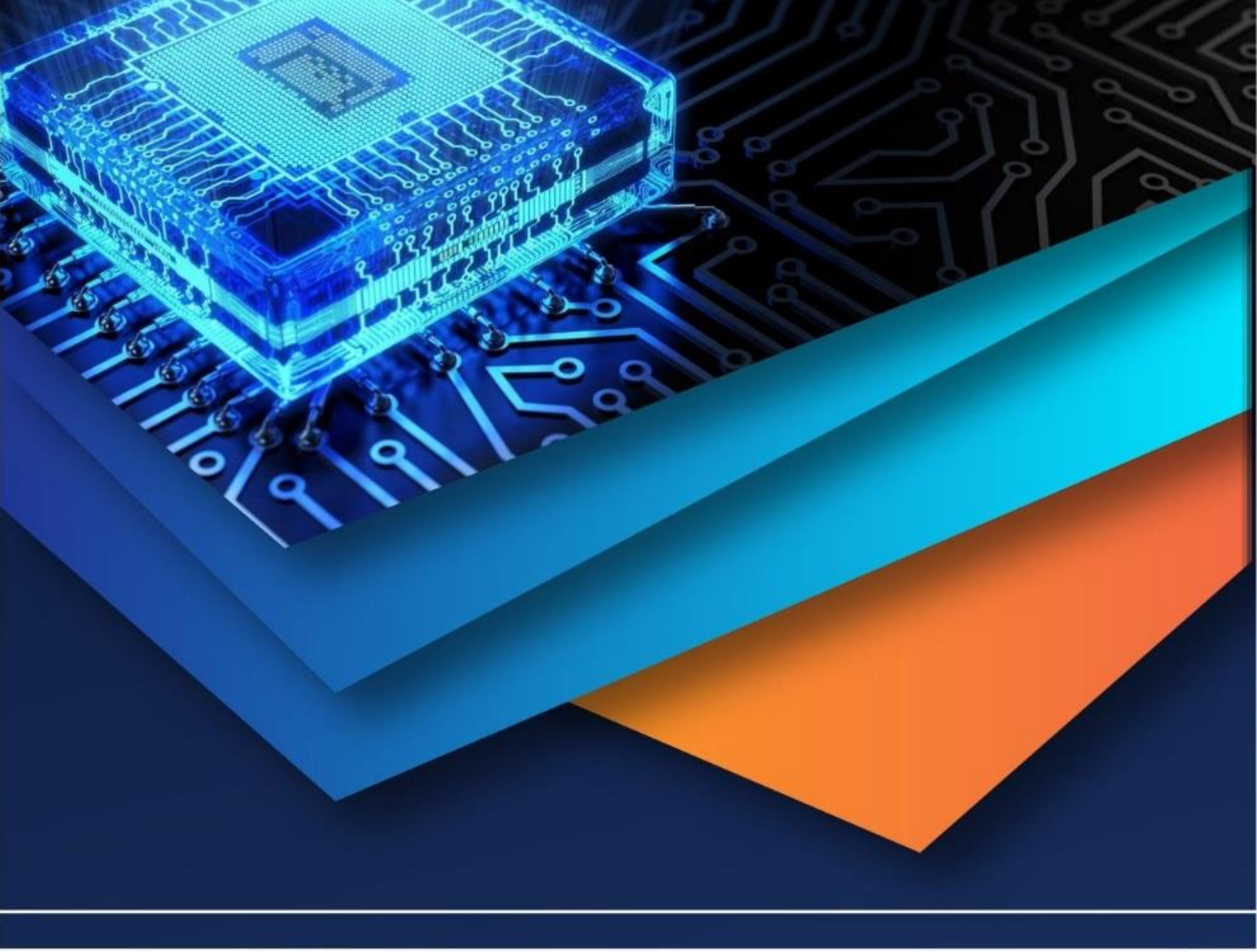

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