



FORMATION AND DEVELOPMENT OF THE PRODUCTION MECHANISM OF FLOUR AND GRAIN ENTERPRISES ON THE BASIS OF THE CLUSTER SYSTEM

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INTRODUCTION

If farmers and clusters want to sell their surplus grain, they sell it to state and private grain enterprises at agreed prices. At the same time, entrepreneurs will be able to start modern, compact, energy-efficient flour production enterprises. If a farmer goes to the stock market and sells his own grain, his income will increase and he will be satisfied with the result of his work. The most important thing is that cheap and high-quality grains and grain products are continuously supplied to the population of our republic. In order to ensure the execution of the assigned tasks, the Accounts Chamber, the Central Bank, commercial banks and grain enterprises will establish a daily control system for the implementation of payments based on the chain "State support fund for agriculture - commercial bank - grain enterprise - cluster and farmer - stock exchange". A Headquarters will be established at the Accounts Chamber of the Republic of Uzbekistan.

LITERATURE REVIEW

The headquarters analyzes daily data, sends instructions to ministries and agencies, and takes measures to eliminate problems that arise. Also, it was determined that the farmers and grain producers who sell wheat in the stock market will not be charged the stock market fees. The ultimate goal of these reforms is to ensure the interests of farmers and clusters and increase productivity. As a result of the events happening in the world today, the prices of food in the markets are increasing day by day. Currently, 1 ton of wheat is sold at 400 US dollars on international exchanges and has increased by 30% compared to the beginning of the year. In such conditions, the only correct way to ensure price stability is to increase the supply in the market by ensuring the interests of farmers and increasing productivity. Therefore, full implementation of effective market mechanisms in grain

production has become the need of the hour. Currently, the share of the private sector in this field is increasing. In particular, in the last three years, more than 160 large private grain enterprises have started working in our country. By the end of 2021, 54 percent of the flour produced in our country was accounted for by private grain enterprises.

However, today the 43 grain enterprises within the "Ozdonmahsulot" company are not ready to work effectively in the new market conditions. Until now, the company's grain enterprises have received ready-made wheat from farmers and processed it. As a result, the level of utilization of their flour production capacity does not exceed 60 percent on average. Due to the fact that they are not equipped with modern energy-efficient and compact equipment, the mill costs of state-owned grain enterprises are 20-25% higher than in the private sector, and their profitability is 2 times lower.

The current old system in the state grain enterprises does not benefit either the grain grower or the processing enterprises. World practice shows that the income, competitiveness, and investment attractiveness of such enterprises will be very low.

DATA AND METHODOLOGY

In spite of the ongoing pandemic conditions in the world, at the initiative of the head of our country, a new stage of reforms, which our farmers have been waiting for a long time, is being taken. At the meeting dedicated to the most important stage of reforms in grain farming, held under the leadership of the head of state on May 11 of this year, from June 1, 2022, it was instructed to switch to the market price system for the purchase and sale of grain by the state, and to create all the opportunities for farmers and clusters to take their grain to stock exchanges. In Uzbekistan, the annual demand of the population and enterprises for flour products is on average 3 million tons, of which the population's



need is approximately 2.4 million tons. In 2021, 3.5 million tons of flour products were produced in our republic. This means that the needs of the republic are met at the expense of domestic production.

In one year, 1 million tons of flour produced at the expense of wheat purchased for state resources is supplied centrally, which is about 30% of the total need of the republic. In the remaining 70 percent of the market, prices are formed based on free market principles. That is, even now, the main part of the price of flour in the market is the price formed on the basis of supply and demand. Therefore, the liberalization of grain prices does not lead to an increase in flour prices. Because flour and flour products are sold at market prices in markets and shops. The price of moldy bread is kept in the same system only in Tashkent, and it is sold at free prices in other regions. In fact, the increase in the price of flour has a global scale, and due to various situations in the world, wheat and flour prices are rising. For example, in May, one ton of wheat on world exchanges was 400-458 dollars, which increased by 47-58% compared to the same period last year. Also, the sharp increase in the prices of fuel and lubricants is the main factor of the price increase. This, in turn, causes an increase in transport costs and food prices. As Uzbekistan is an integral part of the international community, the negative trends observed in international markets in the context of deepening integration processes have a negative impact on prices in the domestic market as well. However, all necessary measures are being taken to prevent these negative expectations. Even if the price of flour increases, this increase can occur only due to changes in the foreign market, not due to internal factors. The main objective of the above decision is to sell wheat and flour products at the actual market price. There is no reason to panic about putting them on the stock market. We have sufficient stocks of these products. Now, on average, around 130,000 tons of flour are being exported to the domestic market per month, and more than 50,000 tons of additional reserves have been created. If necessary, this flour is sold to meet market demand.

RESULTS AND DISCUSSION

Liberalization of the grain market means that we recognize market prices. This is also the most effective way to prevent corruption in grain trading. That is, if a farmer sells his grain at the free market price, through the stock exchange, no one can interfere, and the need for intermediaries disappears. In order to carry out this system openly and transparently, the Republican working group was established and controls the prices in the market. Also, monitoring is established by all government and local authorities to ensure the continuous availability of flour and bread products in the

domestic market, in particular, in every trade store of cities and districts. Today, grain harvesting has started in Surkhandarya, Kashkadarya and many other regions. More than 7.5 million tons of wheat are expected to be grown in our country this year on an area of 1,32,000 hectares. This indicator is 1.5 million tons more than last year. Moreover, the grain market was liberalized this year. This means that many farmers get a good income from the crop.

The state order for grain is being phased out. The introduction of market mechanisms in the system opens the way for big changes in 2 important directions. First, the interest of farmers and clusters is growing, and their interest in bringing and applying innovative science and modern techniques to grain is increasing. The second is directly related to grain processing. Initially, it was worked with 43 grain enterprises, but in the last 3 years, more than 160 private sector entered the field of wheat processing. Every year, a recommended price for grain is developed based on the world market and exchange prices. 3 million soums set now is not the final price, it will change. But the main thing is that farmers gradually enter free trade. Working groups of the Council of Farmers, Peasant Farms and Homestead Land Owners were formed in the regions, and the employees of the breeding centers were included in them. Specialists help farmers from placing grain on the market to concluding the necessary contracts.

CONCLUSION

They are provided with legal and practical assistance. In order to supply the domestic market with flour, bread and bakery products, additional funds are being allocated to grain enterprises starting from the harvest of 2022 by the direct instructions of the head of our state. In particular, the Fund for State Support of Agriculture under the Ministry of Finance instructed commercial banks to place credit resources of up to 800 billion soums at the Central Bank's base rate to cover the costs of purchasing grain from stock exchanges of "O'zdonmahsulot" system enterprises. This will be a great opportunity for producers, and it will create a basis for ensuring price stability in the markets.

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