



FINANCIAL STABILITY IN AGRICULTURAL ENTERPRISES IN THE CONDITIONS OF THE DIGITAL ECONOMY AND THE EFFECTIVENESS OF INCREASING PROFITS

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Article history:	Abstract:
Received: 11 th November 2023 Accepted: 10 th December 2023 Published: 20 th January 2024	In this article, financial stability in agricultural enterprises of the Republic of Uzbekistan is the economic content of profit, that is, profit is a generalizing indicator of financial and economic activity of enterprises and the main source of increasing production efficiency. Its size depends on the quantitative and qualitative results of enterprises, the volume of production and sale, its quality improvement, the reduction of cost, the increase in labor productivity and others, and also studies economic and organizational aspects. It analyzes the investment attractiveness of the industry, as well as the success of reforms carried out on the basis of the conclusions of international experts. The purpose of this article is to assess the effectiveness of the activities of Republican agricultural farms. In addition, the author gives recommendations on the further development of rural areas in Uzbekistan on the example of beneficial results of foreign countries.
Keywords: Profit, income, cotton raw materials, market system, agro-industrial complex, cotton industry, agricultural products, enterprise, organization, Financial Stability, Analysis, methodological foundations, financial condition, capital structure, protection against external and internal risks.	

INTRODUCTION

Profit is a general indicator of the financial and economic activity of agricultural enterprises and the main source of increasing production efficiency. Its size depends on the quantitative and qualitative results of the industry, the volume of production and sales of products, improving its quality, reducing costs, increasing labor productivity, etc.

Types of source and indications of profit and profitability. Formation and distribution of profit, factors influencing the increase in profitability. Profit as an indicator of the overall efficiency of using enterprise resources.

Essence, types and functions of profit as an economic category. The role of profit in the activities of enterprises, features of the formation, distribution and maximization of profits.

As an economic category, profit characterizes the result of any entrepreneurial activity. Profit is one of the main financial indicators of the plan and assessment of the economic activity of an enterprise. The profits finance activities for the scientific, technical and socio-economic development of enterprises.

In the financial policy of the organization, an important place is occupied by the distribution and use of profits as the main source of financing investment needs and satisfying the economic interests of owners.

Profits are used for production development, social development, formation of financial reserves, environmental protection measures, material support for employees, financial investments, acquisition of shares, and charitable purposes. The distribution and use of profits is an important economic process that covers the needs of the enterprise. Profit is the main financial category designed to reflect the financial result of the economic activity of an enterprise; for the successful operation of an enterprise in an innovative economy, it is necessary to maintain an optimal level of profitability, distribute and use profit as the main source of financing investment needs and satisfying the economic interests of owners.

REVIEW OF SCIENTIFIC LITERATURE

When thinking about financial relationships and rates of return, it is necessary to determine the nature of certain economic categories. For example, over the years, the same content has been analyzed as in medium-term financial economics, in funds, income, accounts. But in fact, the concept of "profit" is much broader than the category "profit" in its essence. Although many economic literature sources and adopted laws have some similarities in interpretation regarding the concept of income, they are given different definitions. In our opinion, it is worth citing in



the literature a part and translation of the Russian version of the definitions presented in Russian. Because as a result of translation of the definition by the notifier, its content in the state language changes and loses its original meaning. Therefore, in order to immediately compare the corrected part in Russian, the quotation will clarify the issue at hand. Scientists of the Russian economist L.S. Plyaksman, N.A. Gorelov, G.I. According to Lukin, "profit is profit from the sale of products (works and services) and from the financial results of activities, payment of taxes on materials and profit from revenue - this is the net profit that remains after deducting costs" (this definition is translated by the author, we quote part of it in Russian).

So, part of the above definition in a real Russian riddle looks like this: "Profit is the net income of an enterprise obtained from proceeds from sales (works and services) and other financial results of activities after reimbursement of material costs and labor costs." As well as the definitions of profit given by these authors, which have a simple and clear interpretation, which in its content most fully expresses the content of profit.

A group of scientists from the Russian economist, namely V.F. Garbuzov, published under a pseudonym about the advantages in the "financial and credit dictionary" briefly stated: "profit is one of the main forms of savings money created in sectors of the economy; an economic category that characterizes the financial results of self-supporting activities, associations, enterprises. Expresses part of the surplus product; also includes the cost of necessary labor." In this definition, they are interpreted as one of the main forms of monetary savings in the category of profit, it was noted that profit will be created in sectors of the economy. But this definition of benefit does not fully reveals the original meaning of profit and, in our opinion, this is not a complete definition. One of the most famous Russian economists, Doctor of Economic Sciences, Professor D.G. Chernik gave a brief description of the advantage: "Application is the most important economic indicator of the enterprise's activity, characterizing the effectiveness of its work. Receiving large profits by an enterprise means reducing production costs and increasing its profitability." So, Professor D.G. Chernik The definition given in relation to profit was able to reveal a certain aspect of the content of profit, so it cannot reveal the full content of profit.

Although the definitions given in favor above are similar, they complement each other from the ground

up. In our opinion, considered from the analysis of definitions, it became clear that profit is actually a narrower concept than income, that is, profit is part of income, in other words, let's say if we subtract wages and other expenses from income, profit will remain. Consequently, profit is always less than income, even in quantitative terms. Net profit is the profit that the subject of the document independently disposes of, that is, the amount that remains at the disposal of the enterprise after receiving the tax. It is determined by subtracting from the profit received before taxes, income tax and other taxes and payments provided for by law. Also, the profit indicator in the form of value reflects the overall result of the enterprise. Because it is defined as the difference between the volume of goods sold and its cost, that is, the profit from the sale of goods (works and services). The main source of profit for the enterprise is the funds received from the sale of this product.

RESEARCH METHODOLOGY

This article discusses the legal, economic and organizational basis for the development of a system of economic profit maintenance and ways to increase its efficiency in agricultural enterprises of the Republic of Uzbekistan. Here, an institutional method is used to study the legislative framework of the state on the economic content and ways to increase profits in agricultural enterprises, and a comparison is made with foreign experience and accepted standards in this area. The authors also presented assessments of international experts on the current situation in the country's agro-industrial complex and recommendations for further development of the industry.

ANALYSIS AND RESULTS

To increase profits, agricultural enterprises need to correctly understand the true nature of the products they produce and the services they provide, promptly eliminate all problems associated with them and, as a result, be able to increase their profits.

Increasing profits and spending them effectively depends on two important issues: internal economic accounting and the second, economic financial management or financial management.

Currently, an active financial, credit and fiscal policy is being pursued. As a result, macroeconomic stability is achieved and economic growth is ensured based on a sharp reduction in inflation. In the process of global growth of the modern economy, special



importance has been attached to the agricultural sector and its place in the country's economy. Because the transition to a market economy and the improvement of the real sector of the economy, including agriculture and financial reforms in agriculture, have dramatically changed the attitude of our government towards agriculture.

It is known that in a short period of time in Uzbekistan the number of taxpayers with different forms of ownership and types of activities, production costs and types of services has increased. Market infrastructure began to take shape. Various business entities began to operate. The internal and external functions of the state are being improved.

In recent years, in Uzbekistan, much attention has been paid by the state to supporting the cluster, dekhkan and farm enterprises, and small businesses in the field of agriculture. The further development and improvement of agriculture in a market economy is one of the pressing issues of today. Financial support for the agricultural industry is also one of the most difficult tasks, since a huge amount of expenses is spent on the needs of the country from the state budget.

But when the above conditions persist, the material interest of the manufacturer and service organizations decreases, production decreases, and product quality decreases.

Profit is an additional form of product based on it. But there are differences between these categories.

-Firstly, surplus production and profit represent economic relations at different phases of reproduction, and profit represents the relations of production, sale and initial distribution of newly created value.

- Secondly, the difference in value from profit is expressed as in monetary income, and part of the necessary product is also included in profit.

-Thirdly, profit serves as a tool for enterprise management and is used for material incentives, including part of the necessary products.

Among the Central Asian republics, Uzbekistan has great economic power, and many agricultural development indicators stand out from scratch.

Reform of the agricultural financing system must be carried out with clear consideration of general economic as well as agricultural financial issues. Before considering the essence, content, goals and objectives of profit (revenue) at agricultural enterprises, it is advisable to dwell on a number of measures taken regarding the role of the agricultural industry in the economy of the republic and issues of its situation. Profit in conditions of full-fledged economic behavior and self-

financing is in the main place in all the activities of the enterprise, in the formation of goals and means of achieving them, which its work pursues. It is the most important indicator that determines the quality of resource use, growth rates and efficiency of production and is a source of not only simple, but also expanded production.

In the current conditions, the enterprise actively uses profit as a weapon to solve its main task - ensuring the production of products at the lowest cost, which covers the needs of sectors of the economy and the population. To increase profit margins, agricultural business managers must be able to timely understand the true nature of the products they produce and some of the services they provide, and increase their profits as a result.

Particular importance is attached to the agricultural sector and its place in the country's economy. Because the formation of the real sphere of the economy, including profit (income) in agriculture, and the improvement of financial relations have radically changed the government's attitude towards this area.

Finance plays an important role in the economy, and in any economy, especially in market conditions, the activities carried out, their monetary circulation are carried out by finance. Finance is said to be a relationship involving the regulation of the use and behavior of money. Finance is aimed at creating the necessary movement in the country and satisfying economic needs, since finance performs several tasks in its direction.

Including

- monetary support for economic events, production processes and other necessary activities.
- participates in the distribution and redistribution of GNP created in the country.
- finances serve as an incentive.
- finance acts as control.

In recent years, the state has been paying great attention to the agricultural sector and supporting small businesses. Along with this, providing financial resources to the agricultural sector remains one of the most difficult tasks.

Currently, reforms carried out in agriculture are coordinating the legal basis for reforms of agrarian-economic relations in rural areas, and this process is being accomplished. "On the Land Code", adopted in the first years of independence, and "On Dekhkan Farming", "On Farming", "On Agroclusters", adopted in recent years, as well as a number of other legislative



and by-laws, decrees of the President of the Republic of Uzbekistan Government Decrees the introduction of new legal relations in rural areas creates great opportunities for the formation of a multinational economy, the development of entrepreneurship, farming and peasant households.

Distribution of profits, compensation for losses, income (profit) received as a result of production and other activities of the farm, after paying taxes, fees and other payments, remains completely at the disposal of the farm and independently generates profit. Damage caused to the farm is compensated at the expense of its property and other sources in the manner prescribed by law.

In accordance with the Law of the Republic of Uzbekistan on dekhkan farming, the legal framework, rights and obligations of the organization, operation and liquidation of dekhkan farms are defined and a mechanism for regulating their relationships with other legal entities and individuals has been developed. The farm independently sets the price for the products it grows, based on the relationship between supply and demand in the market.

A dekhkan farm established with or without the formation of a legal entity, in accordance with the law, pays land tax, tax on the use of water resources and property tax.

The transition of Uzbekistan to market relations, posing great challenges for the agricultural sector, as well as for other sectors of its economy, will allow it to develop among other sectors of the economy and steadily increase its role.

In developed countries and in all states, agriculture is part of the national economy, providing industry with necessary raw materials and the population with food, and sustainable economic growth is the main economic and political goal of any state. To achieve this goal, it will be advisable to eliminate certain imbalances in the economy that impede the efficient use of production and financial resources and undermine economic growth.

Uzbekistan is an agrarian-industrial state; this sector accounts for a third of the gross domestic product (GDP). If we take into account that half of the republic's industrial potential is associated with the processing of agricultural products, then more than half of GDP production is directly related to the agricultural sector.

The economic reforms currently being carried out in agriculture are aimed at increasing the material interest of the peasant and the effective use of his production potential, introducing into practice the most

acceptable ways of creating a sense of land ownership among the peasant. Therefore, a step-by-step analysis of the process of economic reforms carried out in Uzbekistan in the field of macroeconomic stabilization is important.

In many cases, there are times when the proceeds from the sale of produce (revenue) do not cover the costs or even fail to recoup the advance money received by the farm. Therefore, it is also necessary to introduce business accounting and improve the cost management system. The introduction of economic accounting allows, first of all, to control the rational use of specific material, material and natural resources. These types of costs make up 80-85% of the wholesale price of the product. This is why it is so important to approach cost management as a specific consideration. This economy should form the basis of commercial activity. Unfortunately, today, as we noted above, insufficient attention is paid to this important issue of vertical management of agricultural production. This can be seen in the financial results of agriculture by partnerships and farmers operating at losses, as well as by district and province.

This made it possible to reduce the rate of inflation due to increased production and an optimal balance of supply and demand, achieved through the consistent implementation of budget, tax, and monetary policies.

As you know, in agriculture production is seasonal. The bulk of the profit in this area is formed in the fall (that is, after the sale of the crop). Therefore, in agriculture, profit as a fixed asset and investment fund plays an important role in the reorganization of production. In a market economy, the financial activities of enterprises represent calculations related to the regulation of their relationships with the state, other enterprises and individuals. The financial condition of the economy is determined by the provision of their working capital, the correct placement of funds and their correct use, the state of settlements with the state budget, banks - producers of products. It should be especially noted that the financial condition of enterprises depends on valuation, profit and other factors.

Also, profit as an economic category is an important financial indicator that ensures the activities of an enterprise. Profit, expressing part of production relations, participates in the processes of production and settlements with the budget, bank, etc. Profit as an economic category expresses the net income created in the sphere of material production in the process of



entrepreneurial activity. In the conditions of commodity-monetary relations at the enterprise level, net profit takes the form of profit. An enterprise participates in the commodity market as a producer and consumer of goods. Manufacturers of goods sell their products to consumers, setting a price, and receive revenue in cash.

To determine the financial result, it is necessary to compare the amount of revenue with the costs of production and sales of products, that is, with the cost price. If the volume of revenue is higher than the cost, then the enterprise operated at a profit, and vice versa, if the revenue is less than costs, this indicates that the enterprise ended at a loss.

In a market economy, any farm or entrepreneur sets the goal of making more profit. Because profit, as an important process of market relations, performs certain functions.

Firstly, profit expresses the economic effect obtained as a result of the enterprise's activities. The content of profit is that it represents the final molar result. At the same time, the amount of profit and its dynamics are influenced by both dependent and non-cost factors of the enterprise.

Secondly, profit has an incentive function. Its meaning lies in the fact that profit is considered both the financial result of an enterprise and the main element of a financial resource. The real security of the self-financing principle is determined by the profit received. In order for the amount of profit that will remain at the disposal of agricultural enterprises (after paying all taxes and other obligatory payments) to expand production activities, the development of scientific and technical social development in farms must be sufficient to stimulate the release of workers from material waste.

Thirdly, profit is one of the sources of revenue generation for budgets of various levels. Profits go to budgets in the form of taxes, payments and deductions and, like other state revenues, are directed to national needs, to the investment program, and are used in the process of implementing the scientific and technical program.

The importance of profit in a market economy is enormous. Thus, the goals and objectives of profit are almost the same in all economic entities, as well as for solving the goals and objectives facing the enterprise or farms, as well as for ensuring production activities. Consequently, profit is considered an important economic indicator characterizing the efficiency of an enterprise.

CONCLUSION

Thus, the theoretical basis for the issues of characteristics of agricultural enterprises, the nature of their profits, tasks and goals is the above, non-compliance with which leads to bankruptcy (dissolution) of the farm. Uzbekistan has chosen the path of integrating individual farmers and enterprises producing cotton and textile products into a cluster system to increase the profitability and quality of the resulting goods by combining the efforts of production participants in the value chain. This concept was borrowed from foreign countries, but for the first time it was adapted for cotton production in the Republic of Uzbekistan. The success of the presented activities is largely due to the reforms carried out by the state, as well as the country's production potential in this industry. In addition, foreign models of cluster development confirm the promise of this kind of transformation for an agricultural country.

Among other things, the main directions for the further functioning of agricultural clusters can be called:

1. Increased innovation in activities, incl. automation of production processes and the introduction of information technology, as well as the use of organic fertilizers and energy-saving devices;
2. Increased competitiveness by improving the quality of manufactured goods, reducing costs per unit of production, developing a management system and marketing of finished products;
3. Development of entrepreneurial potential through cooperation between farmers and enterprises, implementation of ideas and access to the international market;
4. Creation of new jobs and increasing demand for qualified personnel with the necessary skills in narrow areas of the industry;
5. Compliance with trends and challenges of the time (for example, digitalization), planning and conducting activities based on modern changes, as well as meeting the needs of participants in the cluster system.

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