



ENSURING ECONOMIC SECURITY OF AGRICULTURE

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Article history:	Abstract:
Received: 10 th April 2024 Accepted: 8 th May 2024	<i>The article reflects the relevance of the problem of ensuring the economic security of agricultural enterprises in the prism of rational land use in the conditions of transformations in the system of land relations. It is proved that land resources for business entities in the agricultural sector are one of the main factors of production and reproduction process, a natural resource and an object of socio-economic relations. The features of the land as a means of production are outlined. It is revealed that the conditions of rational land use are the concentration of threats to the economic security of agricultural enterprises. The role of the factor of rational land use in the system of economic security is determined.</i>

Keywords: *economic security, sustainable development, integrated agricultural formations, balanced indicators system.*

INTRODUCTION

The practice of managing agricultural enterprises indicates that it is not so important to have a certain resource as to use it effectively. Such a resource is land resources - a multifunctional factor of the reproduction process in the agricultural sector, a territorial basis for carrying out activities, which is at the same time a natural resource, the basis of society's residence, a factor of production, an object of socio-economic relations, the basis of the food security system. For agriculture, land is the subject of labor. K. Marx emphasized that in the process of economic realization of land ownership during the development of land rent, a circumstance manifests itself, indicating that its value is determined not by its recipient, but by the process of development of social labor. The modern global economic system is forming and developing actively. Its borders and existence conditions are constantly changing, what is followed by the crises, from which all world economies suffer. The contemporary global and system economic crisis has revealed that there is a lack of effective theoretical approaches to elaborating the crises recovery practical methods, used in integrated agricultural formations' management. This determines the necessity to improve the global crisis management system, which would base on the innovative approaches and sustainable development implementation of modern conceptions in order to ensure the economic security. On the one hand, the financial and food markets' globalization gives an opportunity to the integrated agricultural formations to compare and evaluate the investments' efficiency simultaneously in the framework of the international economy, extend and consolidate the financing potential of diverse

economic projects. On the other hand, the world economy's qualitative changes are of a deep and risky character, what is caused by the rapid finance innovations development, what in turn leads to the rapid growth of the system risk and the economies' international activity financial risks.

LITERATURE REVIEW

Thus, Marx sets the benchmark for innovation and investment factors of the development of the agricultural sector, which at a certain stage begin to dominate among other factors of the development of the industry. The chain "management + economy + investment + innovation" should acquire systemic features. Of particular value in modern conditions is the K. Marx paradigm, which serves as an abstract ideal standard for theoretical understanding of fundamental processes in the economy and in the agricultural sphere in particular, built from the general to the particular, offering a timeless strategy for the development of the agricultural sphere. Based on the theoretical legacy of K. Marx, it can be noted that the starting point for the convergence of theoretical development of Russia can be the works of K. Marx as a conditional paradigm, namely the chain "management + economy + investment + innovation". As a means of production, land has features that distinguish it from other means of production:

1. The earth is the result of a centuries-old soil-forming process (a product of nature), that is, unlike other means of production, it is not created by man. Using the natural basis of the land, landowners and land users must necessarily take into account the basic ecological laws of agriculture: the law of irreplaceability and equivalence of factors; the law of minimum, optimum



and maximum; the law of cumulative action or interaction of factors; the law of the return of nutrients to the soil; the law of fruit exchange.

2. The earth has an upper fertile layer, thanks to which the final result can be greater than the nested one.

3. Physical non-relocation - each land plot has its own permanent location, which cannot be moved.

4. Qualitative heterogeneity - each land plot is characterized by individual physical and chemical characteristics, as a result of which it may be suitable or unsuitable for production.

5. Spatial limitation - of the total area (15 billion hectares) of the globe, land is about 1 billion hectares.

6. Irreplaceability - like other means of production, land cannot be replaced.

7. A complex reproduction process - it takes about 100 years to reproduce 0.5 - 2 cm of soil.

8. Non-wearability - with proper use, the earth does not wear out, unlike other means of production, and if properly used, it can improve qualitatively and become more productive.

In the scientific literature, a lot of attention is devoted to the study of the problems of rational use of land resources, there are many interpretations of the concept of "rational land use", but there is no single definition of its essential content. The scientists' thoughts boil down to the fact that, with the aim of making a profit, the land user, taking into account the qualitative characteristics of the land resources belonging to him, chooses the direction of specialization. Taking this into account, rational agricultural land use will be one that ensures the achievement of the land user's goal in each specific case. The term "land use" has a dual meaning: on the one hand, it is a system of land use regulated by legislation for various categories of land, land owners and land users, and on the other - a certain land mass, a territory owned or in use. The category of "rational use of land" was studied by scientists back in Soviet times. Thus, the scientist Aksenok G.A. emphasized that the main thing in solving the problem of rational use of agricultural lands is to increase their fertility and quality, increase useful elements, which is necessary to meet the needs of society.

MATERIALS AND METHODS

Financial security of economic entities is quite a difficult economic category, and today there are various definitions of this category suggested by scientists. Financial security is the protection of financial interests of economic entities at all levels of financial relations; the provision of households, enterprises, organizations

and institutions, regions, sectors and sectors of the economy and the economy in general by financial resources that are sufficient to meet their needs and fulfill financial obligations. Ivan Alexandrov, Ekaterina Orlova and Aleksey Polovyan offered to evaluate the financial security of an enterprise on the basis of financial activities undertaken. Natalia Grinyuk, as one of the representatives of the resource-functional approach, noted that financial and economic security is based on a level of business entity resource use. A number of scientists such as Andriy Fomenko, Tetiana Kuzenko, Natalia Sablina and Olena Litovchenko determine the financial security of enterprises as a state of the most efficient use of enterprise resources. Such a state can be determined by financial indicators of liquidity, solvency, ROA, ROE, ROS and indicators of turnover.

Diagnostics include the development of measures for the effective management of assets and own and borrowed capital of an enterprise. The results of such diagnostics is described in Figure 1. Well-founded management aimed at improving the financial situation can be built based on the correct diagnosis of an enterprise's financial condition. However, today, it is not possible to just take into account the financial results of enterprise activity. Many approaches are based on financial indicators which have been developed universally in practice. Benefits of such approaches are confirmed by wide application in international practice in management decisions. "Sustainable development" is based on a whole system of target indicators or targets, that allow characterizing the geographical territory's formation degree, making a reasoned prediction of its future state (financial, ecological, public, political, etc.) and, using all this data, making a conclusion on whether this territory is sustainable in terms of the global crisis management. The sustainable development indicators are at the basis of an agricultural holding's economic security. One of the sustainable development complex characteristics, implemented by the UN, is the so-called "human potential development index", which reflects the GDP per capita, life expectancy, as well as various ecological indicators. The list of certain sustainable development indicators, elaborated by a group of international experts and recommended by the UN Commission on Sustainable Development, contains 50 main ecological, financial and demographic indicators, that evaluate the conformity of production and consumption levels, the level of financial welfare and economic development, state of the atmosphere, health and socio-demographic characteristics.

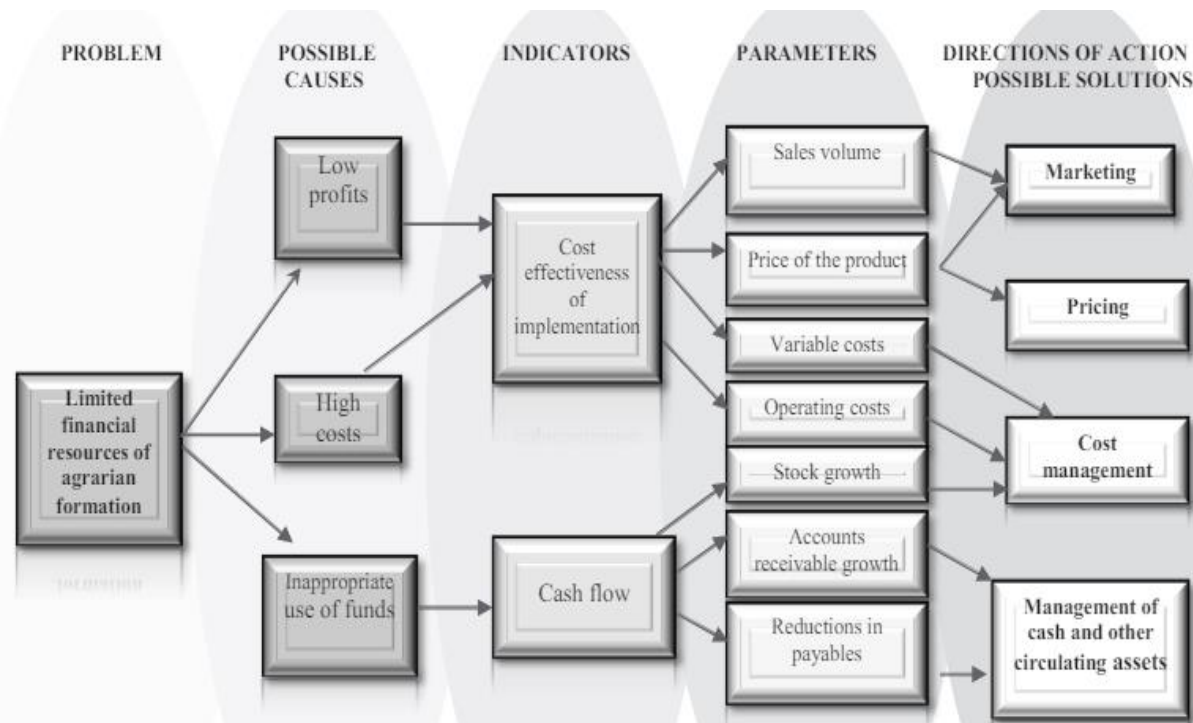


Figure 1. The results of agrarian formation diagnostics

Financial security of agriculture is the creation of conditions for financial self-sufficiency, reliability, independence, financial stability, competitiveness that ensures a high level of food security as well as an impact on national security. Financial security of agricultural development is formed by new agrarian and financial policy that satisfies general and specific principles of the implementation of state policy in the field of strengthening the country's economic development: the first group of principals include the priority of human and civil rights and freedoms, the priority of ensuring national interests; legality, unity, etc.; the second group – overcoming financial contradictions and balancing individual and national interests, ensuring the efficient

allocation of financial resources and capital as well as government control over its use, ensuring macro and micro finance stability. The main way of creating enterprise financial security is the justified use of assessment methods aimed at making managerial decisions at all levels of financial management, planning and the implementation of financial and economic activity of an enterprise based on such an assessment. An important stage of financial security enterprise assessment is the choice of a set of indicators, based on which it is possible to diagnose the level of enterprise financial security as a prerequisite for the creation of financial security of agricultural development in general.

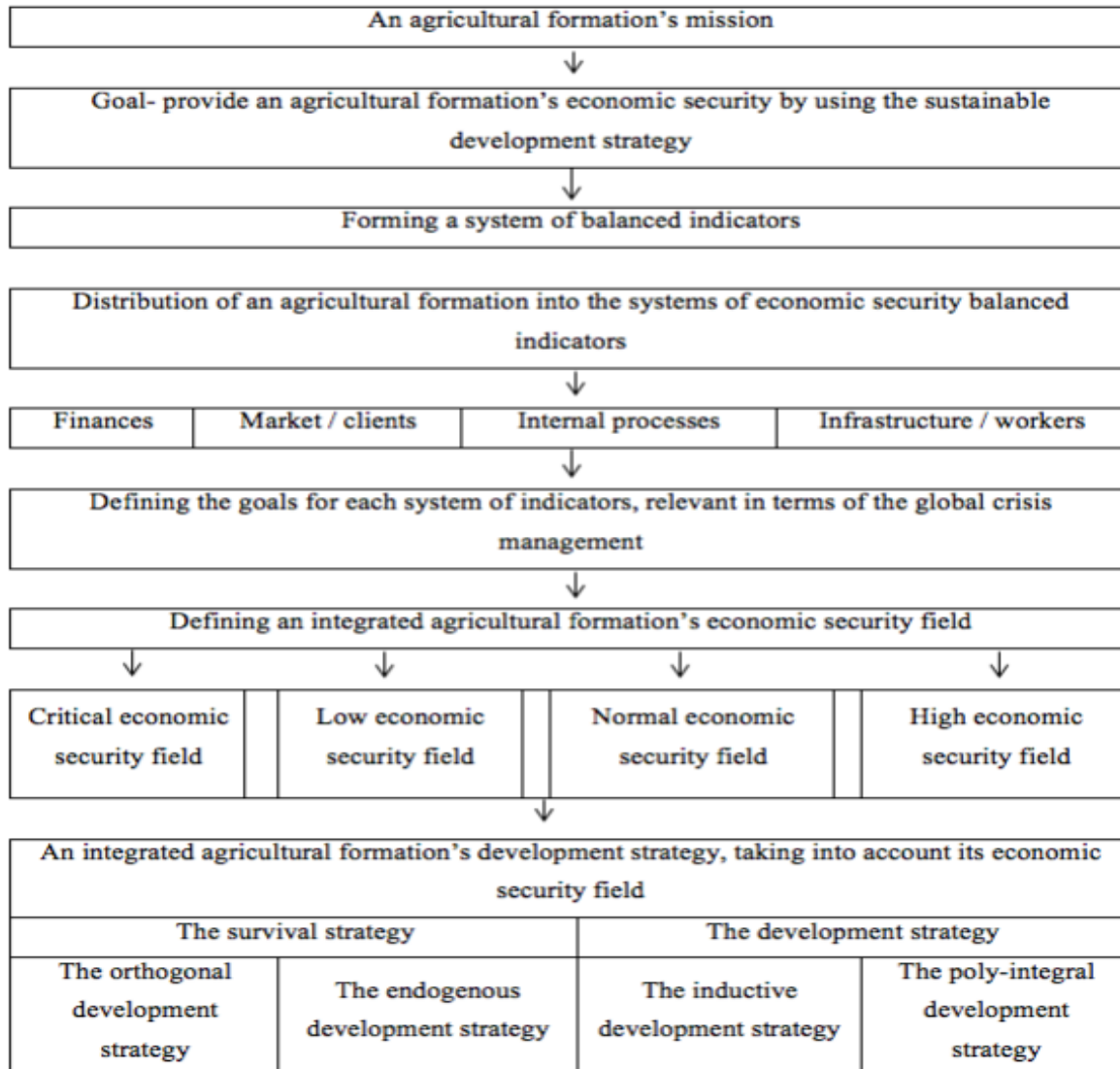


Fig. 2 Ensuring the Economic Security by Means of an Agricultural Formation's Sustainable Development Strategy

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CONCLUSIONS

Taking into account the inflation and devaluation of the Ukrainian national currency, indicators such as the high level of profitability ratios, an increase in credit volumes and an increase in agricultural production have completely different values – profitability becomes unprofitability, the real value of loans is much lower than its nominal value, and the sales revenue is not enough for simple reproduction. Only the effective implementation of a system of measures by the government can change the situation related to financial security in agriculture, in particular:

1. The orthogonal development strategy is considered appropriate for the critical economic security level. This strategy is oriented at achieving a quick effect. It is worth noting that in such a period an agricultural formation has enough time and it is



necessary to act quickly in order to overcome the crisis by leasing out or selling unnecessary realty and concentrating on highly specialized sectors.

2. Endogenous development strategy is appropriate for the low economic security level. It is oriented at making the agricultural formation secure with the help of its internal resources.

3. Introductory or introspective development strategy is appropriate for the normal economic security level. It implies attracting the investors and getting a bigger volume of orders.

4. A poly-integral development strategy is appropriate for the high economic security level. The strategic opportunities characterize further growth and great results achievement by attracting the venture capital.

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