

ISSN(E): 2770-8125



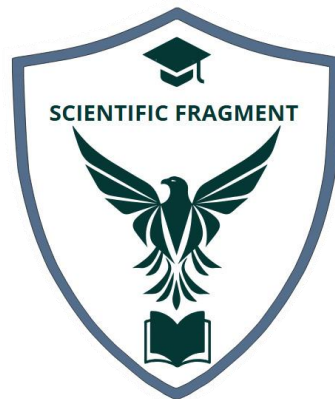
EUROPEAN INTERNATIONAL
JOURNAL OF ADVANCED
RESEARCH AND INNOVATIONS

EIJARI

2026



www.innojournals.my.id/index.php/eijari



European International Journal of Advanced Research and Innovations

Volume 2, Issue 3

EDITORIAL BOARD:

Professor Emma Franke

Editor in Chief

Prof. Jo Coldwell-Neilson

Associate Editor In Chief Deakin University, Australia

Mr Mohd Helmy

Abd Wahab Universiti Tun Hussein Onn Malaysia, Malaysia

Shafi'i Muhammad Abdulhamid

Federal University Of Technology Minna, Nigeria., Nigeria

Dr Man Fung (Kelvin) Lo

The Chinese University Of Hong Kong, Hong Kong

Dr Ahmad Samed

Al-Adwan Al Ahliyya Amman University, Jordan

Waleed Alsabhan

Kacst, Saudi Arabia Yvonne Antonucci Widener University, United States

Prof. Orit Avidov Ungar

Achva Academic College & Open University Of Israel, Israel

Dr. Aslina Baharum

Universiti Malaysia Sabah, Malaysia



IMPROVEMENT OF FINANCING MECHANISMS OF AGRIBUSINESS SUBJECTS AND ASSESSMENT OF THEIR EFFICIENCY

Inomjonova Feruza Alijanovna

Andijan Institute of Agriculture and Agrotechnology

ORCID: 0009-0009-1504-0367

Feruzainomjonova1977@gmail.com

Abstract: This article examines the current state of financing of agribusiness entities, which is considered a strategic sector of the Uzbek economy, its systemic problems, and promising directions. The specific features of the agricultural production process, in particular the impact of seasonality, natural risks, and long production cycles on the distribution of financial resources, were analyzed. The article studies the dynamics of lending, subsidizing and leasing mechanisms based on statistical data for 2020–2024, and proposes innovative approaches to ensuring financial stability in the sector, such as “warehouse receipts” and agroinsurance.

Keywords: agribusiness, financial resources, reproduction, agricredit, leasing, subsidy, financial risks, food security.

Introduction. Sustainable development of the agricultural sector is a key factor in ensuring not only economic growth, but also the country's food security. The effective operation of agribusiness entities directly depends on the level of their provision with financial resources. In modern conditions, high interest rates and complexities associated with collateral remain the main obstacles for the agricultural sector. Therefore, alternative sources of financing and improvement of state regulatory mechanisms are urgent [1].

Literature review. The issues of financing agribusiness entities and lending to their activities are one of the current areas widely studied by modern economists. As a result of a systematic analysis of scientific views in this area, they can be conditionally divided into three main groups: the objective necessity of lending, analysis of international experience, and current systemic problems. Researcher A.V. Belyakov considers lending to agribusiness entities as a key driver that ensures rapid cash flow not only by covering current expenses, but also by financing investment programs [2].

In his opinion, it is the credit mechanism that creates the necessary material basis for the sustainable development of business in agriculture. E.F. Zhukov justifies the need for lending in the agricultural sector with the specific characteristics of the industry.

The scientist highlights factors such as the seasonality and biological nature of agricultural production, the lack of equivalence in the exchange between industry and agriculture (price disparity), and the constant need for external resources to overcome negative trends in the sector [3].

In these circumstances, the timely entry of credit funds into the financial flow of agricultural producers will significantly accelerate the expansion of the resource base and the achievement of set strategic goals. An analysis of international practice shows that even in the countries of the European Union, which is considered a single economic area, agrarian policy and the role of banks vary. O.A. Loginova, citing the experience of Germany as an example, notes the formation of a hierarchy of specialized credit institutions in this country [4].

Research conducted by F. Inomjonova in this area is aimed at a systematic study of foreign experience in lending to agribusiness entities, which analyzes lending practices in developed and developing countries [5]. In his work, the author comparatively studies the effectiveness of mechanisms such as bank loans, interest rate subsidies, and credit guarantees in supporting the agro-industrial complex. It is also emphasized that international experience shows that adapting the preferential lending system to the needs of the sector is a key factor in economic stability.

To overcome these problems, reports of international financial institutions (the World Bank) also emphasize the need to assess risks in the agricultural sector and make lending mechanisms more transparent by insuring them [6].

Research methodology. As part of the study, data from the Central Bank of the Republic of Uzbekistan, the Ministry of Agriculture, and the Fund under the Ministry of Finance were analyzed. The methodological basis used was systematic analysis, statistical grouping, and comparative economic analysis. The research period covered 2020–2024, and compared the share of financing volume in GDP and efficiency indicators.

Analysis and results. According to economic theory, the process of reproduction in agribusiness has its own characteristics. Three types are distinguished according to the nature of resource use: Simple reproduction: The scale of production remains unchanged.

This is often characteristic of farms with a profitability of 15-20%. Extended re-production: Part of the profit is directed to new technologies. This process is effective when the yield is above 35% [7].

Reduced Reproducibility: The enterprise cannot cover its costs, which requires external financial intervention. Dynamics of financing indicators Over the past five years, the role of the state and the participation of the banking sector in financing the agricultural sector have significantly increased. In particular, the creation of cotton-textile and grain clusters has served to centralize financial flows.

Analysis shows that the volume of bank loans is expected to grow from 28.4 trillion soums in 2020 to 55.2 trillion soums by 2024.

From an econometric perspective, the growth of loan volume must be parallel to the “velocity of capital”, otherwise the sector may fall into the trap of “financial dependence” (debt overhang) [8].

Table 1. Key indicators of agribusiness financing for 2020–2024y.y

№	Indicators	2020-y	2021-y	2022-y	2023-y	2024 -y
1	Volume of bank loans (trillion UZS)	28,4	34,7	41,3	47,8	55,2
2	Government subsidies (trillion UZS)	3,2	4,1	4,9	5,6	6,4
3	Foreign investments and credit lines (billion USD)	0,45	0,52	0,61	0,70	0,82
4	Volume of leasing services (trillion UZS)	1,8	2,3	3,1	3,9	4,5

The issue of mobilizing financial resources and increasing their efficiency in the transformation process of the agricultural sector of Uzbekistan requires a systematic analysis. Statistical indicators for 2020–2024 (Table 1) indicate a transition from extensive growth to intensive financial integration in the sector. Credit expansion and the level of monetization of the agricultural sector.

Analysis shows that the volume of bank loans is expected to grow from 28.4 trillion soums in 2020 to 55.2 trillion soums by 2024 (by 194%). This indicator, from an economic point of view, indicates a sharp increase in the demand for external capital by agribusiness entities. From an econometric perspective, such an increase in credit volume must be paralleled by an increase in the "velocity of capital turnover" in the sector.

Otherwise, the sector may fall into the trap of “financial dependence”. The growth rate in 2023–2024 confirms the vertical integration of the cluster system and the state's transition from the "resource-credit" mechanism to the "market-credit" principles. State Subsidies:

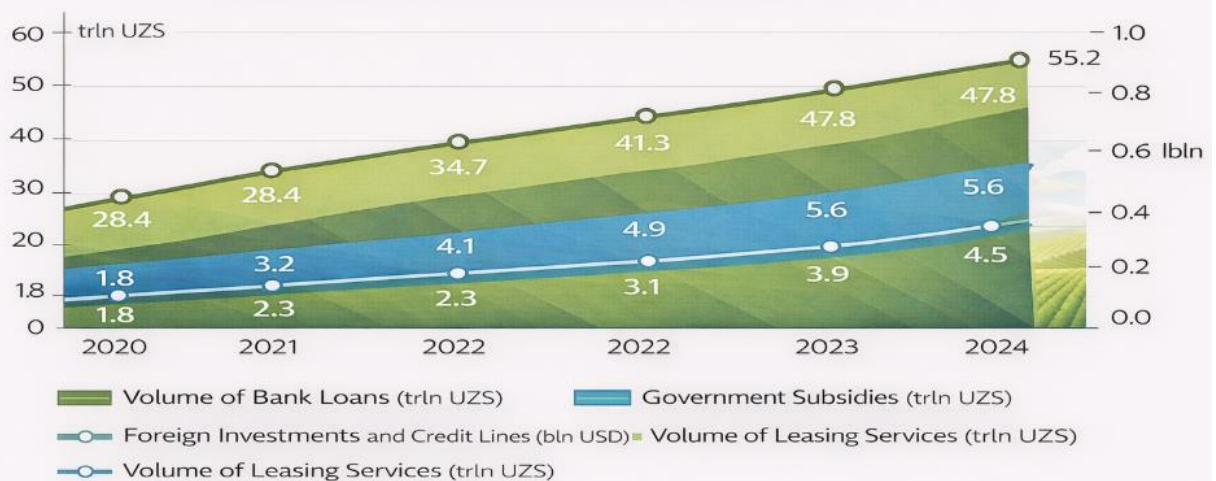
- Economic Stimulus and the "Pigou" Theory The 2-fold increase in state subsidies is aimed at compensating for "market failures" in the economy. This process is consistent with the principle of A. Pigou — that is, the stimulation of high-risk areas that are beneficial to society (for example, water-saving technologies) [9].
- Importantly, the growth trend in 2024 indicates that subsidies have shifted from a “social support” function to an “investment driver” function. Now,

the “multiplier effect”, that is, the added value (VAB) created for each soum of subsidy, serves as the main criterion for allocating subsidies.

- The 2.5-fold increase in the volume of fixed assets and expanded reproduction leasing services indicates an increase in “capital capacity” in the agricultural sector. This partially eliminates the collateral problem and allows agro-industrial enterprises to plan long-term modernization strategies.

Figure 1. Key Financial Indicators of Agribusiness (2020–2024)

Mobilization of financial resources in Uzbekistan’s agrarian sector shows a trend of transitioning from extensive growth to intensive financial integration.



International financial institutions and investment attractiveness The increase in the volume of foreign investment and credit lines from \$ 0.45 billion to \$ 0.82 billion reflects the level of adaptation of the sector to international standards. This is not just a “financial flow”, but also “know-how” - the introduction of agricultural management, environmental and social standards (ESG) of international financial institutions (World Bank, Asian Development Bank, etc.) into the sector. This trend accelerates the integration of agribusiness entities into global value chains (GVC).

Discussion and innovative solutions .

To improve the efficiency of agribusiness financing, it is not possible to limit ourselves to traditional lending. The following mechanisms are proposed to be introduced:

- Warehouse receipt system: The farmer delivers the product to a specialized warehouse and receives a loan from the bank based on the receipt received.
- Introduction of ESG standards: taking into account environmental and social responsibility indicators when attracting loans from international financial institutions (World Bank, ADB) [10].
- Supply Chain Finance: Mobilizing working capital through cross-debt certification between clusters, farmers, and processors.

Conclusion and suggestions. The financing system for agribusiness entities in Uzbekistan is in a transformation phase. By 2024, the volume of financing is expected to almost double compared to 2020. However, to achieve systemic efficiency:

- Transfer the mechanism of subsidizing interest rates on loans to a "results-oriented" system;
- Develop the agroinsurance market, especially index-based insurance types;
- Make all financial processes transparent through the digital "Agroplatform".

References and sources used:

1. O‘zbekiston Respublikasi Prezidentining 2022-yil 28-yanvardagi PF-60-sonli Farmoni. "2022–2026-yillarga mo‘ljallangan Yangi O‘zbekistonning taraqqiyot strategiyasi to‘g‘risida". (Sohadagi islohotlarning huquqiy asosi).
2. Беляков А. В. Банковские риски: проблемы учета, управления и регулирования. — М.: БДЦ-пресс, 2011. — 256 с.
3. Жуков Е. Ф. Банковское законодательство. — М.: ЮНИТИ-ДАНА, 2013. — 305 с.
4. Логинова О. А. Зарубежный опыт кредитования сельскохозяйственных производителей // Научный журнал, №4, 2013. – С. 112-118.
5. Inomjonova F. Agrobiznes sub'ektlarini kreditlashda xorij tajribasi // "Agro-ilm-innovatsiya" ilmiy-amaliy jurnali (Andijon qishloq xo‘jaligi va agrotexnologiyalari instituti), 2024. (Yoki maqolangiz e
6. World Bank. Uzbekistan: Agriculture Sector Risk Assessment. World Bank Group, 2023.
7. Qodirov, A.A. (2020). Agrobiznesni boshqarish va iqtisodiy samaradorlik. Toshkent: "O‘qituvchi" nashriyoti. (Takror ishlab chiqarish turlari va rentabellik tahlili bo‘yicha fundamental darslik).
8. World Bank (2023). Uzbekistan: Agriculture Sector Risk Assessment. World Bank Group Publications. (Risklar va moliyaviy qaramlik bo‘yicha xalqaro hisobot).
9. Pigou, A. C. (1920). The Economics of Welfare. Macmillan and Co. (Theoretical basis of subsidies - a classic source on "Pigouan subsidies").
10. FAO (2022). Digitalizing rural finance: Insights from Eastern Europe and Central Asia. Rome. (Raqamli platformalar va ombor kvitansiyalari bo‘yicha xalqaro tajriba).