



# PROSPECTS FOR THE DEVELOPMENT OF INTEGRATION PROCESSES IN THE SPHERES OF PRODUCTION, PROCESSING AND SALES OF POTATOES

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## -----ABSTRACT-----

*The purpose of the study is to substantiate the scientific and theoretical directions for the development of integration processes in the potato growing industry and to develop practical proposals for improving the system of production, processing and sale of potatoes in terms of cooperation. In accordance with the purpose of the study, the following tasks were set and solved in the dissertation work: theoretical provisions are substantiated that reveal the essence and economic content of agro-industrial integration and cooperation .*

**KEYWORDS** . *Potato growing, integration and cooperation, organizational and economic relations-----*

## 1. INTRODUCTION

In the new economic conditions, the problem of stabilizing and improving the efficiency of agricultural production in general and its individual sectors in particular, which directly affects the degree of solving not only the food problem, but also ensuring the development of a significant part of the national economy of the country, is of paramount importance. Being one of the main branches of agriculture, potato growing plays a significant role in providing the population of the Surkhandarya region with food, in solving many problems in the development of processing enterprises.

The transition of the potato industry to market relations and the practice of the potato market functioning on the principles of a market economy have added new problems to the previously accumulated tasks, the solution of which is complicated by a sharp reduction in state support for agriculture and other negative aspects associated with the hasty implementation of agrarian reform.

Due to the rise in prices for material resources and low yields, the economic indicators of potato production are deteriorating, the cost of living and total labor for production is increasing, and profitability is decreasing.

Under these conditions, it is not possible to increase the efficiency of potato production, especially in specialized potato farms, as well as in the cultivation regions traditional for this crop, to create a more perfect market mechanism in the production, processing and distribution of potato products.

The problem of reliable supply of the region with potatoes does not lose its urgency, despite the apparent complete satisfaction of the need for this product. Now, due to the sharp reduction in the number of cattle and pigs, the production of potatoes for fodder purposes has sharply decreased, and processing has practically been curtailed. All this led to a sharp reduction in potato production in farms of various organizational and legal forms. However, the need to restore and further develop the agro-industrial complex, destroyed in the process of reforms, especially its second and third spheres, will require a significant increase in the efficiency of agricultural production, including potatoes.

## 2. PROBLEM STATEMENT

The problems of the formation and functioning of the agro-industrial complex are reflected in the works of leading and foreign scientists-economists. A certain influence on research on the topic of the dissertation was played by the works of S. T., Norchaev, Qo'chqarova G.,XX, Mardanova , S., Xalilov , Azizova M.O, A.P. Balashova, A.M. Gataulina, V.A. Dobrynina and others. Separate theoretical and practical aspects of the study of the reserves of efficient production, processing and sale of agricultural products and potato growing, including in the conditions of the formation of a diversified economy, are considered in the works of agricultural



economists: Yu.I. Agirbova , A.I. Altukhova, B.V. Anisimova, I.V. Borodin, PP Galeeva, A.D. Zelepugin , A.F. Kondratova, L.P. Silaeva, V.A. Tulcheeva . Many scientific studies of domestic scientists are devoted to the development of problems of the development of integration and cooperation in the agro-industrial complex: A.V. Chayanova, M.I. Tutan Baranovsky, V.V. Miloserdova, V.R. Boeva, I.N. Buzdalova , A.F. Serkov. IN AND. Frolova, A.A. Shutkova , AM and others. At the same time, the diversity and dynamism of the ongoing economic processes put forward a number of unresolved problems associated with a change in the general organizational and economic situation. The issues of improving the system of production, processing and sale of potatoes as a single whole mechanism - an integrated management structure remain poorly developed. Many aspects of the economic relations between enterprises in the potato industry in the conditions of market relations require further study, search and justification of ways of development, preparation of specific recommendations for practitioners .

## **2. THE METHOD OF THE RESEARCH**

The purpose of the study is to substantiate the scientific and theoretical directions for the development of integration processes in the potato growing industry and to develop practical proposals for improving the system of production, processing and sale of potatoes in terms of cooperation. In accordance with the purpose of the study, the following tasks are set and solved in the work: theoretical provisions are substantiated that reveal the essence and economic content of agro-industrial integration and cooperation; the main trends in the development of the potato industry in the Surkhandarya region were identified; proposals were developed to improve the organizational and economic mechanism of relations between the subjects of the potato industry of the Surkhandarya region in terms of cooperation; substantiated the need and developed recommendations for the creation of an agricultural processing consumer cooperative. The object of the study is the organizational and economic relations that arise during the integration of potato growing.

The subject of the study was the factors and patterns of formation of integration processes in potato growing in order to increase the efficiency of its development.

The object of observation is agricultural and processing enterprises of various forms of ownership and personal subsidiary plots.

## **3. RESULTS**

In modern conditions, the development of integration processes in the agro-industrial complex plays a very important role in creating conditions for stabilizing the situation in agriculture, objective socio-economic conditions have been created for the development of their various forms. In national practice, various organizational forms of integration have developed, differing in the nature of economic relations between the participants, the degree of independence of the enterprises included in the association. The motive for integration processes in the economy is the effect achieved by expanding the scale of production, connecting disparate stages of a single technological process. There are two types of cooperation - vertical and horizontal. The greatest efficiency is achieved with the cooperation of the process participants on the basis of vertical integration, which combines the production of agricultural products, their processing, storage and marketing.

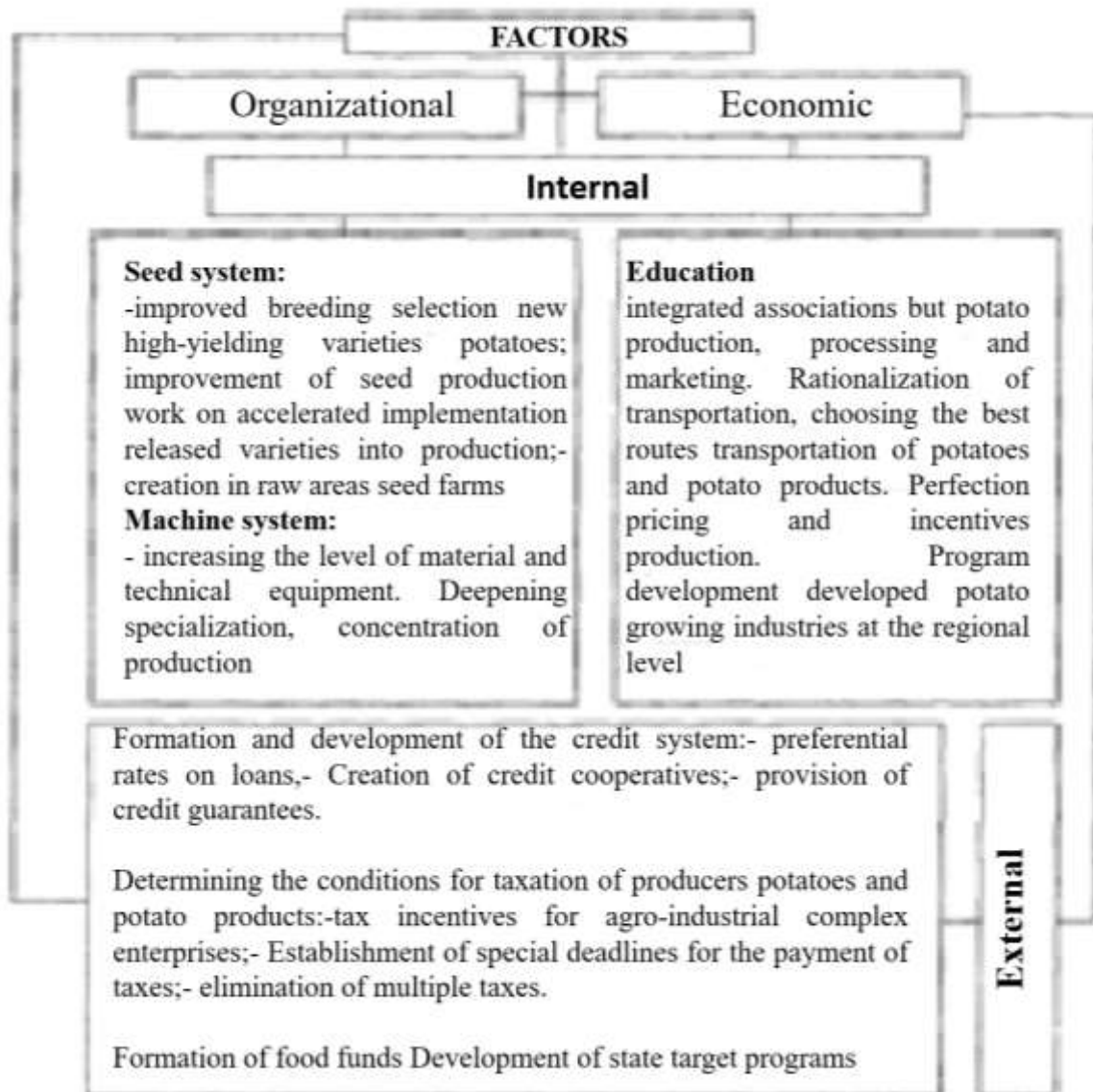
In the agro-industrial complex, and, in particular, in agriculture, the food chain "production - processing - sales" can be considered as a single system. It is a set of economic and organizational measures aimed at obtaining a specific product and bringing it to the consumer. This system, in our opinion, can be represented as independent but interrelated elements: production as a certain process of converting various resources into products of a specific composition, quantity and marketing of these products. However, due to the current economic situation, when each enterprise highlights the task of survival, the process of agro-industrial integration and cooperation is slow. This fully applies to the potato industry.

When forming a rational and optimal system for this industry, taking into account its features, it is necessary to take into account the factors that impede this process and affect the further functioning and development. The regional agro-industrial complex and its sub-complexes and industries, as a rule, are affected by three levels of factors. Among them: macroeconomic, regional, microeconomic.

Being in a single food chain, each economic entity protects only its own interests, and in practice these links turn out to be broken, resulting in a low effect and a clear conduct of the entire agribusiness.

Therefore, along with the process of concentration of production, the coordination of the interests of agricultural producers, processors and trade remains the main factor determining the social orientation and efficiency of

these processes. In market conditions, it is important to be able to assess and anticipate the impact of a wide range of factors: organizational and economic; external and internal, therefore, their correct classification and systematization is needed (Fig. 1).



**Rice. 1. Factors to improve the system of production, processing and sale of potatoes.**

The main trends in the developed potato growing industry in the Surkhandarya region are substantiated, taking into account the criteria that determine the degree of its development, and the most promising of the natural and economic potato distribution zones is also determined through factor analysis.

Further development of the domestic potato industry, increasing the efficiency of its functioning should be carried out on the basis of a rational combination of potato production for local consumption with the formation of specialized potato growing zones that produce products for export and for processing. Under the conditions of a possible reduction in potato sown areas, it is economically expedient in the future to develop large-scale specialized commercial production of potatoes in regions with the most favorable conditions for its cultivation. Indicators of the potato market are shown in Table 1. In the course of the study, it was found that the potato market has the following features: relatively insignificant differences in the level of potato consumption by population categories with different sizes of average per capita cash income; formation of infrastructure for the potato market in the conditions of prevailing natural production, dispersion of potato plantings among small economic units that, for a number of reasons, are not able to fully use the achievements of scientific and



technological progress, which inevitably dooms them to low production efficiency; relatively weak reaction to the price reduction of numerous disparate producers of marketable potatoes, which determines the impossibility of their influence on the level of the market price; the low transportability of tubers determines the economic necessity of locating potato processing enterprises mainly in raw materials zones. The most characteristic estimates are given in Table 1 .

**Table 1. Results of research on the opportunities for the development of agricultural consumer cooperation in the region (according to the SWOT analysis method)**

<b>Strength Strengths</b>	<b>Weakness Weak sides</b>	<b>Opportunities Opportunities</b>	<b>Threats Threats</b>
Economic independence of cooperative members with simultaneous interest in the final results of work	Lack of special knowledge among commodity producers, there is no motivation	Opposition to monopoly processing enterprises	Lack of administrative support at the district level
Creating conditions for reducing the costs of the industry	Insufficient practice of these cooperatives in the region	Expansion of markets for potato products	Threats of double taxation
Increasing employment and income levels of the rural population	Weak government support and legal framework	Increasing the production of raw materials	Imperfection of contractual relations between the participants

An economic-mathematical model for assessing the conditions for mutually beneficial relations between agricultural producers and a processing enterprise, based on the demand function, has been formulated and applied. The study of the model made it possible to obtain the following new results: the conditions for the profitable transfer of all raw materials received by agricultural producers for processing into an agricultural consumer cooperative (ACPC) were determined; the value of selling prices for finished products is found, which maximizes the profit of members of the SHPK.

#### 4. CONCLUSIONS AND RECOMMENDATIONS

1. A promising direction for improving production and economic relations between partners in the joint production of products, ensuring the equivalence of exchange and equally profitable management at all stages of obtaining the finished product is the creation of various agricultural formations based on horizontal and vertical integration.
2. In recent years, there have been negative trends in the development of potato growing associated with a reduction in potato production, especially in specialized farms. Low yields due to poor seed quality, reduction in the use of fertilizers and plant protection products, insufficient level of mechanization; disparity in prices for industrial and agricultural products; the low efficiency of state regulation determined the trend in the development of potato growing in the region and its main feature - the predominance of potato production in households.
3. As part of the study, we set the task of determining the most promising of the natural and economic zones of the Surkhandarya region, taking into account the main factors affecting potato production. When determining the zone, the author was guided by the following criteria: territorial proximity of processing enterprises; degree of development (possibility of long-term development) of infrastructure, in particular transport, communication, social; the development and accessibility of raw material markets and markets for ware potatoes; the availability of labor resources, the historically established experience of potato-growing specialization of the territory.
4. The paper presents a project to create an integrated formation in the potato industry of the Surkhandarya region and substantiates the choice of an integrator enterprise . The organizational and economic conditions for creating an effective consumer cooperative are free labor resources, the presence of a developed transport network, and the minimization of transport costs for the delivery of raw materials.
5. The prospect of developing integration processes in the potato industry of the Surkhandarya region should be the development of the Program, the development of agricultural consumer cooperation, which will help in solving the following problems: the formation of a stable raw material base; solution of social problems in the countryside, especially such as the creation of new jobs.



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