



## Sources Of Financing For Exports Of Agricultural Products

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### ABSTRACT

The article mainly mentions the sources of financing for the export of agricultural products and the importance of loans from commercial banks in financing the export of agricultural products.

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The financing of the export of agricultural products includes own funds of agricultural enterprises and producers, loans from commercial banks and funds provided by the state. Since the activities of agricultural producers and enterprises are seasonal, their ability to finance the export of agricultural products will be limited. This creates the need to finance the export of agricultural products with financial support from the state and loans from commercial banks. The results of AUakhitjanova's scientific research show that the amount of subsidies directly given to agriculture by the state in the European Union, the USA and Norway plays an important role in financing the export of agricultural products. If we look at the cross-section of agricultural sectors, in Canada, the United States and the European Union, most of the subsidies are given to crop production, and in Norway and Switzerland, to livestock production. In a number of countries, including Russia, Uzbekistan, there are separate banks engaged in financing the export of agricultural products. For example, Rosselkhozbank in Russia, Uzagroeksportbank in Uzbekistan. By the decision of the President of the Republic of Uzbekistan dated January 24, 2017 No. PQ-2740 "On the establishment of joint-stock commercial bank Uzagroexportbank" Uzagroexportbank was established and its main tasks were defined as follows:

- \*attraction of funds of individuals and legal entities in order to finance investment projects on the development of agro-industrial products, especially fruit and vegetable products and development of relevant infrastructure at a priority level;

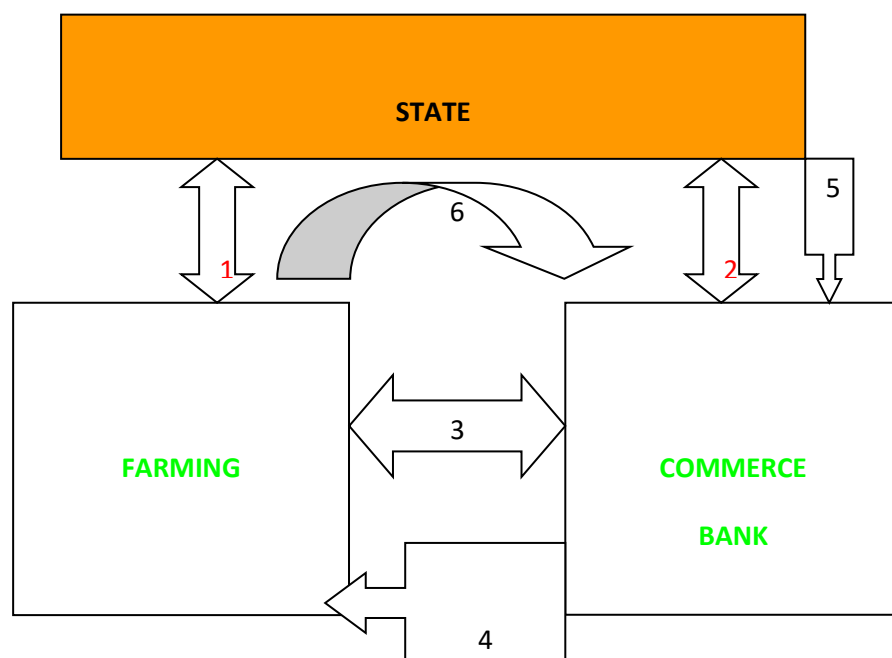
- \* provision of integrated credit-settlement services to agro-industry organizations and its infrastructure;

- \*attraction of funds from foreign investors, international financial institutions, foreign banks for financing agro-industry network organizations, development of direct cooperation with foreign partners;

\*organizing a comprehensive marketing analysis and forming an information bank of information on the state of international markets and their development prospects, export opportunities of our country's producers;

\*Active coverage of Uzbekistan's export opportunities with the help of information, including active cooperation with foreign banks, international organizations, diplomatic and trade missions, as well as systematic penetration of international advertising and trade information networks;

\* Assisting bank clients in developing strategies for export of agro-industrial products, especially fruit and vegetable products to international markets<sup>1</sup>.



**Figure 1. The procedure for financing farms using the bonus method**

Pictured:

1 – the contract between the state and the farm;

2 – contract concluded between the state and commercial bank;

3 – the contract between the farm and the commercial bank;

4 – a commercial bank gives a loan;

5 - pays the difference between the market rate and the preferential rate of the loan to the state commercial bank;

6 – the farm pays the principal amount and percentage of the loan.

Credits from commercial banks are an important source of financing the export of agricultural products. The bonification method is widely used in agricultural financing in developed countries.

Applying the bonus method of lending allows, firstly, to reduce the level of credit risk that occurs in the process of lending to farms, and secondly, to increase the level of use of commercial bank loans by farms<sup>2</sup>.

It should be noted that the rate of devaluation of the national currency and the level of inflation directly affect the practice of financing the export of agricultural products.

<sup>1</sup> Resolution of the President of the Republic of Uzbekistan dated January 24, 2017 No. PQ-2740 "On the establishment of joint-stock commercial bank Uzagroexportbank".

<sup>2</sup> Tajenova G, Bayjanov S, Abishov M. Improving the practice of financing the export of agricultural products: theory and practice. Monograph.-2023 novateurpublication.org

A high rate of devaluation of the national currency has a positive effect on the practice of financing agricultural products. In particular, as a result of devaluation, the equivalent in national currency of foreign exchange earnings from the export of agricultural products will increase.

It should be noted that the high level of inflation has a negative impact on the practice of financing agricultural products. Because, under the influence of inflation, the cost of exported products will increase, and as a result, their level of competitiveness will decrease.

Based on the results of the research, we can come to the conclusion that in addition to the cotton and grain crops grown for state needs, the creation of an effective crediting system for the working capital and fixed assets needed by farms for the cultivation of other agricultural products and the calculation of the agricultural products purchased for state needs gradually it is necessary to transfer the farms receiving credit from the funds of the fund to preferential lending through the credit line opened directly from the special accounts of commercial banks. However, at the present time, farms ensure their profitability due to preferential loans allocated from state funds. In addition, it is necessary to take into account that commercial banks do not have the necessary cheap resources to provide preferential loans.

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