



### ENHANCING EFFICIENCY IN UZBEKISTAN'S AGRIBUSINESS SECTOR THROUGH CURRENT ASSET MANAGEMENT

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#### ABSTRACT:

This article investigates the pivotal role of effective current asset management in the development of agribusiness enterprises in Uzbekistan. Utilizing the Harvard method, the study explores strategies tailored to the Uzbekistan agricultural landscape for optimizing liquidity, managing inventory, handling accounts receivable, and leveraging technological innovations. By implementing these strategies, Uzbekistan's agribusinesses can enhance operational efficiency, mitigate risks, and foster sustainable growth in a rapidly evolving market environment.

**Keywords:** Uzbekistan, Agribusiness, Current assets, Inventory management, Accounts receivable, Technological innovations, Efficiency.

#### АННОТАЦИЯ:

В данной статье исследуется решающая роль эффективного управления оборотными активами в развитии предприятий агробизнеса в Узбекистане. Используя Гарвардский метод, в исследовании изучаются стратегии, адаптированные к сельскохозяйственному ландшафту Узбекистана, для оптимизации ликвидности, управления запасами, работы с дебиторской задолженностью и использования технологических инноваций. Реализуя эти стратегии, агробизнес Узбекистана может повысить операционную эффективность, снизить риски и способствовать устойчивому росту в быстро меняющейся рыночной среде.

**Ключевые слова:** Узбекистан, АПК, Оборотные активы, Управление запасами, Дебиторская задолженность, Технологические инновации, Эффективность.

Introduction: Uzbekistan's agribusiness sector serves as a cornerstone of its economy, contributing significantly to employment and GDP. However, the sector faces unique challenges, including fragmented land ownership, water scarcity, and market inefficiencies. Effective management of current assets is crucial for Uzbekistan's agribusinesses to overcome these challenges and capitalize on growth opportunities. This paper aims to explore tailored strategies for current asset management in Uzbekistan's agribusiness sector, facilitating improved efficiency and competitiveness.

Resolution of the Cabinet of Ministers dated December 17, 2020 No. 794 "On the development strategy of New Uzbekistan for 2022-2026" of the President of the Republic of Uzbekistan, "On the digitization system of the agro-industrial complex and agriculture of the Republic of Uzbekistan on development measures" No. PD (President decree)-6079 of October 5, 2020, on the approval of the "Digital Uzbekistan - 2030" strategy and measures for its effective implementation" PD-6079 of October 5, 2020 This dissertation research serves to a certain extent in the implementation of the tasks defined in the Decrees No. "On measures for the wide introduction of digital economy and electronic government" as well as other regulatory legal documents related to this field.

Main Part:

Understanding Uzbekistan's Market Dynamics:

- Uzbekistan's agricultural markets are influenced by factors such as climate variability, government policies, and market reforms.

- Agribusinesses in Uzbekistan must navigate challenges such as land fragmentation and limited access to credit and inputs.

- Strategies such as cooperative farming, diversification of crops, and participation in government programs can help

mitigate risks and capitalize on market opportunities.

Optimizing Inventory Management in Uzbekistan:

- Uzbekistan's agribusinesses face challenges related to seasonality, transportation infrastructure, and storage facilities.

- Implementing efficient inventory management practices, such as crop rotation, proper storage techniques, and market timing, can optimize inventory turnover and reduce post-harvest losses.

- Investments in cold storage facilities and transportation infrastructure can improve supply chain efficiency and enhance market access for agricultural products.

Managing Accounts Receivable in Uzbekistan's Context:

- Credit availability and payment delays are common challenges faced by agribusinesses in Uzbekistan.

- Developing robust credit policies, conducting thorough credit assessments, and establishing clear payment terms are essential for managing accounts receivable effectively.

- Collaboration with financial institutions and government agencies can facilitate access to credit and mitigate the risk of payment defaults.

Leveraging Technological Innovations for Uzbekistan's Agribusinesses:

- Technological advancements offer significant opportunities to enhance productivity and efficiency in Uzbekistan's agribusiness sector.

- Adoption of precision agriculture technologies, such as drip irrigation and soil sensors, can optimize resource utilization and improve crop yields.

- Blockchain-based solutions can enhance transparency and traceability

in the agricultural supply chain, promoting trust and quality assurance in domestic and international markets.

In order to illustrate the importance of effective current asset management in Uzbekistan's agribusiness sector, let's consider a hypothetical scenario of a medium-sized

agricultural enterprise dealing with cotton cultivation. We'll compare the financial performance with and without implementing optimized current asset management practices over a one-year period.

Metrics	Without Optimization	With Optimization
Revenue (in USD)	500,000	550,000
Cost of Goods Sold (COGS)	350,000	320,000
Gross Profit	150,000	230,000
Inventory Turnover Ratio	5 times	7 times
Accounts Receivable Days	60 days	45 days
Bad Debt Expenses	10,000	5,000
Net Income	90,000	150,000
Return on Investment (ROI)	15%	25%

### Explanation:

1) Revenue: With optimized current asset management practices, the enterprise experiences a 10% increase in revenue due to improved market timing and better inventory management.

2) Cost of Goods Sold (COGS): By optimizing inventory levels and reducing wastage, the COGS decreases by 8.6% compared to the scenario without optimization.

3) Gross Profit: The gross profit increases significantly by 53.3% when current assets are managed effectively, leading to improved profitability.

4) Inventory Turnover Ratio: With optimization, the inventory turnover ratio increases from 5 times to 7 times, indicating more efficient utilization of inventory resources.

5) Accounts Receivable Days: By implementing better credit policies and reducing payment delays, the accounts receivable days decrease from 60 days to 45 days, improving cash flow.

6) Bad Debt Expenses: Effective management of accounts receivable results in a 50% reduction in bad debt expenses, contributing to higher net income.

7) Net Income: The net income increases from 90,000 USD to 150,000 USD, demonstrating the positive impact of optimized current asset management on overall profitability.

Return on Investment (ROI): With higher net income and reduced expenses, the ROI improves from 15% to 25%, indicating better returns for the enterprise's investments.

Conclusion: Effective management of current assets is paramount for the sustainable development of Uzbekistan's agribusiness sector. By understanding the country's unique market dynamics and challenges, and adopting tailored strategies for current asset management, Uzbekistan's agribusinesses can enhance operational efficiency, mitigate risks, and foster long-term growth. Collaboration between government agencies, financial

institutions, and private enterprises is essential to create an enabling environment for agribusiness development in Uzbekistan. Through strategic investments in technology, infrastructure, and human capital, Uzbekistan can unlock the full potential of its agricultural sector, contributing to economic prosperity and food security.

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