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THEORETICAL ANALYSIS OF THE ALLOCATION OF INVESTMENT RESOURCES OF AN AGRARIAN ENTERPRISE AND CLUSTER

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Abstract

This article examines the theoretical foundations of the studied investment resources. It also provides a theoretical analysis of the distribution of investment resources in corporate enterprises of the Khatlon region.

It is noted that the process of investment development in the region has a key influence on other sectors such as transport infrastructure, agriculture, energy, and tourism. To address these issues, it is necessary to create conditions to attract the maximum volume of foreign and domestic investments into the main sectors in order to fundamentally transform the respective entities and promote the elimination of drawbacks related to excessive centralization of management, the development of producers' initiatives, strengthening their motivation, and the implementation of advanced methods.

The current state of financing of the region's agrarian sector indicates that the volume of investments in the development of the mentioned sectors has so far been considered unsatisfactory. Moreover, there are many facilitating and hindering factors, such as political instability, high inflation, high refinancing rates, etc., and if these are not regulated, not only will the inflow of investments to the region be hindered, but capital outflow from the region will also occur. It is noted that improving the investment climate will contribute to the organization and development of the regional agricultural production system and, in this context, to some extent will alleviate the problems of attracting foreign capital to the country.

Keywords

monetary deposits, regional economy, regional investments, investment resources, refinancing rate, deposit balances.

The necessity to transition from an administrative-command economy to a modern market economy was driven by the growing inefficiency of the non-commodity economy as the extensive factors of economic growth were exhausted. The market economy system allows expanding the opportunities of economic agents and proposes the elimination of the drawbacks of excessive centralization of management, strengthening the initiative of producers, increasing their motivation, and applying more advanced methods of organization and production management. For Tajikistan, as well as for other former Soviet republics, the move towards a market economy became irreversible due to radical political and economic changes in society.

It is known that Tajikistan is an agrarian country, and in this regard, market relations and the development of new forms of management based on a variety of ownership forms also require agrarian transformations. Under the new conditions, the outdated economic mechanism requires radical changes throughout the entire sector at the republican level.

The national economy of any state, to a greater or lesser extent, is connected with the outside world. The diversity of these interconnections varies, determining their intensity: from simple commodity exchange with a limited range of goods to comprehensive exchange not only of goods but also of capital and active joint economic activities. Depending on the diversity and intensity of these interactions, an economy can be classified as open, limited open, or closed to the external world.

Economic openness clearly allows assessing the condition of many factors influencing economic growth, primarily the freedom of entrepreneurial activity within the state.

But let us go back to the 1990s. What happened in Tajikistan? Like all socialist states after the collapse of the Soviet Union in 1991, the Republic of Tajikistan gained independence. Unfortunately, the beginning of independence coincided with a civil war and natural disasters in the first half of the 1990s, which caused enormous material damage to the republic's economy, particularly affecting the country’s production potential. According to official data from international financial institutions, the amount of direct material damage exceeded 7 billion US dollars.

As a result of a systematic decline in production, enterprises went bankrupt and were liquidated, which led to the state receiving significantly lower tax revenues and deductions by early 1995. The volume of industrial production amounted to only 40% of the 1990 level, while agricultural productivity reached 46%.

State debts within the country exceeded 800 billion rubles, of which more than 340 billion rubles were owed for wages alone, and the republic’s external debt to countries of the Near and Far Abroad exceeded 370 million US dollars.

For the economy of any country, the reform and development prospects of the agrarian sector are highly relevant issues, as the agrarian sector, despite sometimes representing a relatively small share of GDP, has always played an important role in the country's economic processes. It is worth noting that at the macroeconomic level, agriculture is often highlighted as a leading sector of the country. Historically, agriculture served as a foundation for the emergence of statehood and the unification of various tribes into a single country.

After the civil war and the gradual return to peaceful life, Tajikistan's agrarian sector required fundamental transformations. Today, the agrarian sector, like other sectors of the economy, has a number of its own specific characteristics. Processes such as globalization and internationalization have prompted countries to produce only those products in which they have comparative advantages over similar products from other countries. In other words, it is impossible to say that countries produce the full range of products independently. Some countries even import almost all agricultural products from abroad due to more profitable industrial sectors.

The gradual formation of an agrarian cluster in Tajikistan and its modernization require financial resources, with investment activity forming its core. Investment activity in the agrarian sector can be considered one of the most important economic processes. It ensures expanded reproduction in agricultural production and is also intended to provide interconnections among biological, technological, organizational, and economic processes in agriculture. In the economic space of the Republic of Tajikistan, except for the Gorno-Badakhshan Autonomous Region, especially in its eastern part, agricultural production is carried out under similar natural and climatic conditions.

The main goal of the agrarian sector is to meet the population's needs in accordance with rational nutritional standards while ensuring high productivity of agro-food production. However, achieving this goal is possible only through a full-scale investment process. The market economy and its principles continue to evolve in today's economy and society. Competitiveness is another key principle of this economy, and the competitiveness of agricultural production under modern conditions requires technical and technological re-equipment, as well as the introduction of the latest machinery and equipment. For this purpose, not just investments, but large-scale capital investments with an innovative focus are required. The current financial and material-technical condition of the agro-industrial complex leaves much to be desired. To create a favorable investment climate, it is necessary to qualitatively change the approach to managing the agrarian sector as a whole and to adapt it to market conditions.

With the transition to a market economy, many agricultural enterprises gained the opportunity to change their legal status, carry out internal restructuring, and reorganize their organizational and production structures, as well as transform ownership from collective to private.

The reform process contributed to the creation of the main models of the agro-industrial complex (AIC):

a) cooperative enterprises and associations;

b) agro-firms;

c) dehkan (farmer) households;

d) associations of dehkan households.

It should be noted that the welfare of the population and the country's food security largely depend on these categories of enterprises. Among them, dehkan households play a primary role in ensuring national food security. Today, agriculture in Tajikistan has been entirely transferred into the hands of dehkan households. From our perspective, it would have been beneficial to retain some state institutions within this sector, but unfortunately, such institutions no longer exist. Factors such as worn-out equipment, difficulties in product marketing, price disparities, and many others prevent the independent functioning of the agrarian sector.

Every year, the state allocates significant investments to agriculture, and only government regulatory institutions can attract larger capital flows into agricultural production. Meanwhile, global experience provides examples of increasing the competitiveness of territorial and production complexes through the implementation of cluster-oriented agrarian policies.

A cluster is generally understood as a unified association of societies, organizations, firms, enterprises, educational institutions, etc., grouped based on economic, social, geographical, and industrial indicators. Such a system promotes further development, increases competitiveness and attractiveness, facilitates the development and implementation of new technologies, and supports the effective growth of all regional sectors.

In this context, the formation and development of cluster systems can become an important factor in stimulating investment activity in the republic. It can contribute to financial stability within the cluster system and ensure a high level of economic efficiency and sustainable development of the agrarian sector.

The optimization of interaction schemes among the participants of a cluster system is closely linked to their effective functioning. This can be achieved through the formation of an incentive-based model of the agrarian cluster, the algorithm for which can be represented as follows (Fig. 1).

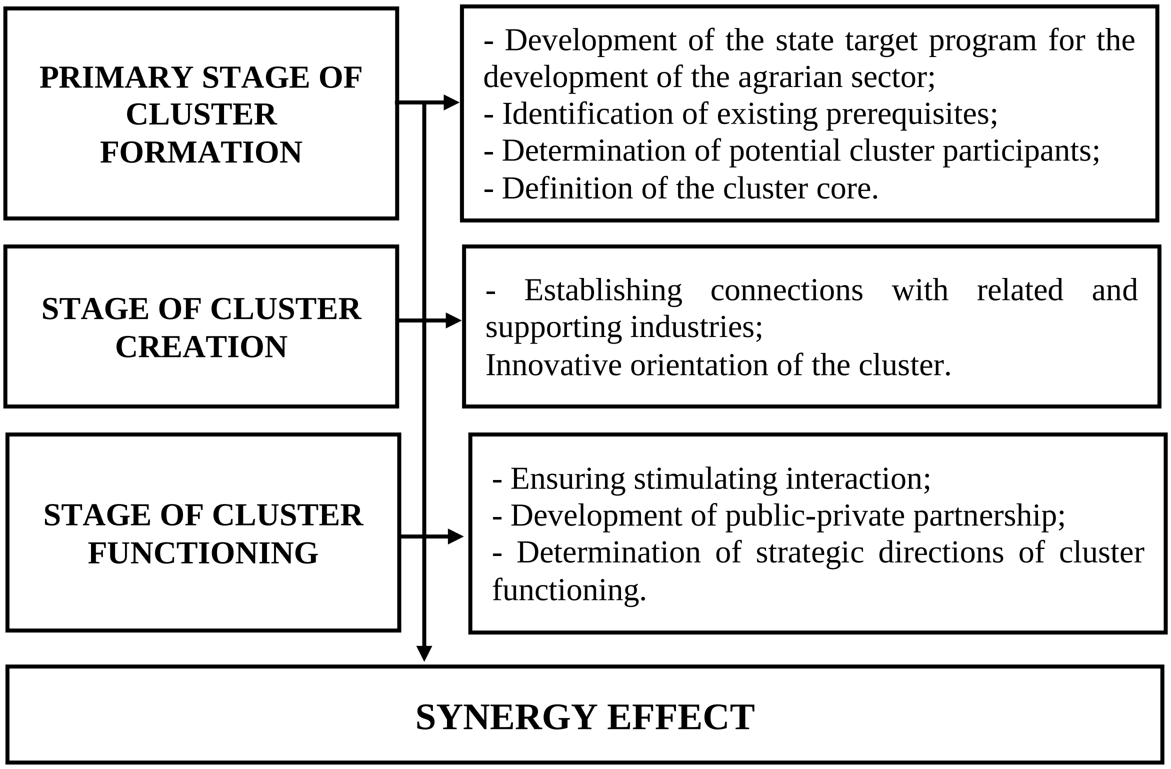

Fig. 1. Algorithm for the Formation of an Agrarian Cluster

As a result of the fragmentation of economic entities, the intensity of their development has significantly decreased, which once again convinces us of the necessity of forming agricultural clusters in the agricultural sector of the economy.

With the intensification of competition in the market, smallholder (farmer) enterprises become less stable, which is accompanied by a reduction in the efficiency of the functioning of economic entities. Under such conditions, the existing market mechanism strongly limits development opportunities, making the issue of activating investment activity increasingly important. The weakening of the mechanism for stimulating investment inflows, on the one hand, disrupts the production and economic links between economic entities in the agricultural sector, and on the other hand, reduces the competitiveness of the products produced and, ultimately, the overall economy.

The formation of agricultural clusters has become an important direction for strengthening investment support for the republic’s economy. This is related to the fact that agricultural clusters contribute to the restoration of economic relations between different spheres of the agro-industrial complex, create the necessary prerequisites for increasing the competitiveness of the agricultural sector, and, accordingly, improve the efficiency of the functioning of economic entities. Furthermore, agricultural clusters ensure the multiplication of investment activity and enhance the export potential of the republic's economy.

A significant impact is exerted by the decline in investment activity of agricultural production entities and by negative trends in attracting foreign investments into agricultural production, among other factors. In such conditions, it is undoubtedly relevant and timely to search for optimal forms and methods to address the aforementioned problems.

It is well known that the world population increases every year, and the demand for food products steadily rises. Today, it is evident that the era of cheap food has gradually passed. Moreover, with the deterioration of the planet's ecological environment, climate change, and overpopulation issues, food prices continue to rise year after year.

All of this indicates that investments in the agricultural sector of the economy, especially in technologies aimed at resource conservation, have significant prospects.

The main advantage of investing in the agricultural complex is the low financial risk. Investors do not need to worry about excessive price fluctuations or changes in demand. Despite all the positive factors of agricultural investments, Tajikistan still experiences a severe shortage of financial investments in this sector.

State support for the agricultural sector is strongly felt even during global financial crises. Nevertheless, many smallholder farms operating in the Republic of Tajikistan function at the edge of survival, in some cases incurring losses and in others receiving minimal profit, which negatively affects investors who are reluctant to invest in the country's agriculture.

J. M. Keynes argued that the amounts of savings and investment are "equal to each other, since each of them equals the excess of income over consumption." He put forward a statement that became one of the reasons for the Keynesian revolution: namely, that an equilibrium income, which balances savings and investments, does not ensure full employment. In presenting his theory, Keynes considered state intervention in the country's economic processes necessary, thereby emphasizing once again the importance of the state's role. According to his theory, the private sector of the economy is unstable, while the "invisible hand" of the state possesses a sufficient set of effective instruments for regulating the economy.

Speaking before the deputies of the Supreme Assembly ("Majlisi Oli") of the Republic of Tajikistan, the President of the Republic, Leader of the Nation Emomali Rahmon, stated in particular: "As a result of the reforms, a favorable climate for entrepreneurship and investment inflows has been created, the partnership between the state and the private sector has expanded, and according to assessments by international financial organizations, in recent years Tajikistan has been among the ten leading reforming countries three times."

To ensure the further development of the country and maximize the attraction of foreign direct investment, the Government of Tajikistan is expanding the reform process to improve the investment climate and promote entrepreneurial activity.

It should be noted that entrepreneurs and investors actively participate in implementing certain government priorities, particularly regarding stable economic development, the import of modern technologies, the creation of new jobs, the growth of household incomes, as well as the execution of constructive works and benevolent and generous donations.

As a result of the reforms and implemented measures, the number of business entities reached 290,000 in 2016, which is 110,000 more than five years ago[5].

Unlike the administrative-command system, a market economy has significantly changed the role of the state in addressing tasks aimed at increasing the efficiency, profitability, and stability of the agricultural sector.

In this regard, there is a pressing need to conduct a realistic policy for the modernization of the agricultural sector. Professor Vakhidov V.V. emphasizes in this context: "The modernization of agriculture should reflect the diversity of conditions in different zones and regions of the republic, as well as changes in these conditions at various stages of the country's development, taking into account market requirements. Important significance is attached to different forms and types of alternatives, models, and variants, and their roles in the development of agriculture, considering the territorial diversity of the republic» [1].

Of course, we agree with the professor's opinion that agriculture in our country requires modernization. However, implementing global changes with domestic resources, including state subsidies, proves insufficient, and their effectiveness is extremely low. Unfortunately, in most cases, the allocated funds do not reach their intended goals.

At present, the most reliable production units ensuring society's food supply are private subsidiary farms, as these farms possess a certain resilience even under market conditions, while many large enterprises go bankrupt due to economic instability, which arises from fluctuations in the US dollar in the Republic of Tajikistan, as is the case worldwide. Furthermore, it is necessary to mention large companies that show interest in the agricultural sector. These include enterprises in the food processing industry (large meat and dairy complexes), major operators in the agricultural product market, and enterprises of the fuel and energy sector.

The reasons why these enterprises have entered the agricultural market are varied. Food processing enterprises, faced with a shrinking raw material base, are forced to allocate significant funds for its development and restoration in order to ensure maximum utilization of their production capacities. Companies engaged in the sale of agricultural products and food increasingly integrate into agricultural production, expanding the volumes of grain and oilseed crops, elite seeds, eggs, and poultry meat, aiming to enlarge their market segments and reduce transaction costs.

There are a number of factors that negatively affect the process of attracting foreign investments into the economy of Tajikistan. These conditions contribute to the creation and development of regional cluster systems and, to a certain extent, help address the problem of attracting foreign investments in the following ways:

1. Spatially localized competition promotes a favorable investment climate, qualitatively improves internal regional interactions, and all of this is facilitated by a cluster-based approach;
2. Under these conditions, clusters are capable of leading to a sharp concentration of production, which potentially strengthens the export potential of the regional economy.

One of the important organizational steps is the creation of a new structure – an agricultural investment cooperative. The investment cooperative can direct interested parties toward long-term investment in the sector without creating an additional burden on regional or national budgets.

In addition to this, there are other avenues for attracting financial resources into agriculture. One of them is the use of agro-leasing and credit resources from specialized microfinance organizations. In this context, for the agricultural entities that are part of an agricultural cluster, and for more effective utilization of leasing opportunities in their activities, it is necessary to ensure compatibility between the leasing process and the potential of agricultural clusters.

In the near future, agricultural clusters in the Khatlon region should focus on strengthening their innovation orientation. In this regard, it is advisable to implement organic production technologies within agricultural clusters, which will accelerate the formation of regional economic competitiveness, expand investment activities by attracting foreign investments, and increase the production of high-demand organic agricultural products, the efficiency of which is confirmed by mathematical calculations.

To determine the center of a cluster, only a few organizations are sufficient, which, under equal conditions, maintain competitive relationships that distinguish a cluster from a cartel or financial group. The growth of effective production specialization is facilitated by the concentration of competitors, buyers, and sellers. A cluster provides employment for many small organizations and small businesses in agriculture. By forming a cluster based on vertical integration, it creates not a spontaneous concentration of diverse scientific and technological inventions, but a structured system for the dissemination of knowledge and technology. A key condition is the formation of a network of stable connections among all cluster participants, which contributes to the efficient transformation of inventions into innovations, and innovations into competitive advantages.

Agro-industrial clusters can be formed in the following main directions: inter-farm cooperation; territorial cooperation at district and regional levels; and interregional cooperation. The development of these directions is driven by objective economic processes, related on the one hand to the social division of labor and its specialization, scientific and technological progress, and natural-economic conditions, and on the other hand, by the need for interaction between specialized sectors and types of agricultural and industrial production.

The unification of district associations into corporations at the zonal level will lead to the integration of several processing organizations. To align the interests of participants in the regional sectoral subcomplex, it is necessary to create agro-industrial formations that would facilitate vertical integration, combining agricultural production with processing and marketing, material and technical support, and agro-service provision.

Currently, agricultural organizations in the Khatlon region, as in many other areas, are joining this unifying movement to reduce production risks, which are dependent on climatic conditions, market volatility for agricultural products, the dominance of processing organizations, and to increase the competitiveness of their own production. It is important to note that processing and service organizations also seek to ensure stable revenues through a reliable raw material base, better utilization of resources, improved product quality, reduced costs, and market expansion.

The production and economic situation in the regions of the republic, the condition of the food market, the forms of capital consolidation and participation in management, and the capabilities of the main organization allow for the selection of a particular direction for integration. However, regardless of the chosen form, the most important aspect for all agro-industrial formations is that they unite the entire production process from the agricultural commodity producer to the consumer of the finished product. Participants in the system ensure the promotion of the product as corporate property throughout the chain: financing — production — processing — sales — financing.

The economic effect is achieved through:

• reducing production costs by organizing the supply of necessary resources to commodity producers at stable (transfer) prices;

• shortening the return period of funds and resources required for the new production cycle.

This evolutionary process creates conditions for the gradual development and improvement of organizational and production structures, enabling a transition from simple to more complex agro-industrial formations.

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