

Directions Of Poverty Reduction Through The Development Of Cooperative Entrepreneurship In Rural Areas

Tadjiev Bekhzod Umidjanovich

Phd student, Urgench State University, Urgench, Uzbekistan.

E-mail address: tadjievbekzod1985@bk.ru

Abstract: *This article describes the current decisions and decrees adopted by our state, the conditions of support, incentives, opportunities and obstacles, priorities of management to employ the population, reduce poverty, to further develop cooperative entrepreneurship on the basis of development of small business and private entrepreneurship (SBPE) in rural areas, small business entrepreneurship (cooperative entrepreneurship) in the Republic of Uzbekistan. According to the results of our research, the formation of agricultural cooperatives in rural areas will increase productivity and eliminate losses, increase employment and income in rural areas, views on the integration of cooperation among farmers, dehqan farms, landowners and individuals serving the sector were provided.*

Keywords. *Small business, agricultural associations (cooperatives), cooperative entrepreneurship, subsidies, farms, dehqan farms, landowners, multifunctional socio-economic institute, employment center, US Heartland Cooperation, German “German Raiffeisen Union”.*

INTRODUCTION

In the world's current conditions of globalization, fierce competition, and as a result of the pandemic of the COVID-19 coronavirus, which is shaking the world and disrupting the socio-economic development of countries, the number of low-income, poor and unemployed people in the world is rapidly increasing and population incomes are declining in 2020.

Therefore, SBPE is emerging as a driver of the economies of developed and developing countries. Because it is expedient to plan and implement measures to support family entrepreneurship and small business, which is a source of remote, non-standard new jobs, in the context of such threats and restrictions. Indeed, “in 2018, among European countries, 3.6 million SBPE enterprises operated in Italy, 2.8 million in France and 2.4 million in Spain and 2.3 million in Germany.” “In the EU, 99% of all companies and 85% of jobs, 97.9% of all companies in the PRC, 58% of GDP and 68% of exports are accounted for by the SBPE.” Moreover, “ in the Czech Republic, average 9.4 SBPE subjects accounts for per 100 people, 7.7 in Portugal, 6.7 in Sweden, 6.1 in Italy, 5.3 in Spain, 4.4 in France, 2.9 in Germany, 2.0 in Russia and 1.3 in the United States.” [24]

THE RELEVANT LITERATURE REVIEW

Scientific, theoretical bases and methods of studying the development of SBPE and agricultural associations were widely covered in the research of foreign scientists such as A.Smith, Y.Shumpeter, H.Gross, R.Bruksbenk, V.Hubner, R.Hizrich, M.Piters, A.Hosking, G.Jones, L.Abalkin, V.Abchuk, A.Busygin, Y.Osipov, A.Shapiro, M.Balashovich, K.Dougerti, A.Webster, E.Vigdorchik, A.Xachatryan, S.Ayvazyan, A.V.Tkach and I.A.Minakov.

General, regional and sectoral problems of the development of SBPE and agricultural associations in the transition to a market economy in the country were widely covered in the scientific work of a number of native scientists [5,6,9,11,12,13,15,16].

Other well-known scientists who have conducted researches on socio-economic processes in the country and the development of SBPE, agricultural cooperatives, in their scientific work have studied the theoretical and practical aspects of modeling regional, sectoral, infrastructure facilities of the economy [4, 7,8,10,14 , 17,19,21].

However, although the work of the above scientists serves as an important scientific source to shed light on the general theoretical and methodological basis of the development of SBPE, agricultural cooperatives, the development trends of SBPE and agricultural cooperatives in the country, development of suggestions and recommendations on the determination of priorities of cooperation in the field, establishing cooperational activities, and the study of various aspects of organization and management of cooperatives were not sufficiently studied. The development of science-based proposals and recommendations for further improvement of cooperation in rural areas has not been studied. This served as the basis for determining the direction of research.

Therefore, there is a real need for the classification of cooperative entrepreneurship in rural areas, identification and assessment of development trends, improvement of mechanisms and priorities for the development of agricultural cooperatives, study of best practices in the development of cooperative entrepreneurship in developed countries, effective methods and models of organization and management of cooperatives, to ensure scientific and practical problems in ensuring the sustainable and balanced development of cooperatives in rural areas of the country, monitoring, prolonging their "life cycle", identifying trends in the development of cooperative entrepreneurship with the help of effective methods and models of organization and management of cooperatives.

RESEARCH METHODOLOGY

The methodological basis of the study consists of the legislative and regulatory documents in the field of development of SBPE and agricultural associations, in particular, the Decree of the President of the Republic of Uzbekistan dated March 2, 2020, No. PF-5953 "On the state program for the Year of Science, Enlightenment and Digital Economy" of the Action Strategy of Five priorities of the Republic of Uzbekistan for 2017-2021" [1], Decree of the President of the Republic of Uzbekistan dated March 14, 2029, No. PQ-4239 "On measures to develop agricultural cooperation in the field of fruit and vegetable growing" [2], Resolutions No. PQ-4227, dated March 5, 2019 "On the state order for employment and creation of new jobs in 2019."

Moreover, the decrees and resolutions were used to develop proposals and recommendations on the main directions of continuing institutional and structural reforms, which are aimed at reducing state participation in the economy, protecting the rights of private property and further strengthening its priority position, and stimulating the development of SBPE and agricultural cooperatives, furthermore, modern statistical methods and observations, comparative and systematic, analysis and synthesis, induction and deduction methods were widely used in the collection and processing of relevant statistical data.

ANALYSIS AND RESULTS

Today, the SBPE contributes to the creation of new jobs, mainly in rural areas through the development of entrepreneurship of agricultural associations (cooperatives), self-employment, thereby reducing poverty and increasing incomes. In this regard, Decree of the President of the Republic of Uzbekistan dated March 14, 2029, No. PQ-4239 "On measures

to develop agricultural cooperation in the field of fruit and vegetable growing", Decrees dated March 5, 2019, No. PP-4227 "On the state order on employment and creation of new jobs in 2019 ", the Decree of the President of the Republic of Uzbekistan dated March 2, 2020, No. PF-5953 "On the state program for the Year of Science, Enlightenment and Digital Economy" of the Action Strategy of Five priorities of the Republic of Uzbekistan for 2017-2021" are contributing a huge basis for the widespread development of SPBE in rural areas. Including in this decree [1]:

1. The main goal is determined to form a list of people in each district who want to engage in agriculture within a month, to distribute the lands left over from agricultural turnover to applicants and to attach them to cooperatives, with the help of the Fund for Support of Farmers, Dehkan Farms and Landowners, the Ministry of Mahalla and Family Support, the Council of Ministers of the Republic of Karakalpakstan and regional authorities. At the same time, these persons will be provided with the benefits provided by law, and all necessary measures will be taken to return the land to circulation;
2. It is highlighted that the Agency for Small Business Development under the Ministry of Economy and Industry of the Republic of Uzbekistan, the Ministry of Information Technologies and Communications within two months should announce tenders for the creation of interactive mobile applications for citizens wishing to start a business and self-employment and it was noted that a system of grants for the best projects will be established.

The practice of agricultural cooperation was widespread in Uzbekistan in the 1990s. However, as the economy transformed and shifted to market mechanisms, agricultural cooperatives became unprofitable. Their lands were gradually transferred to farms, and the cooperatives themselves began to be reorganized. On the other hand, over time, the regulatory framework (the laws "On Cooperation", "On Agricultural Cooperatives (Company Farms)," etc.) has become obsolete. This situation has led the state to take concrete measures to "revive" this form of economic activity.

The new agricultural associations include independent and interdependent agricultural enterprises, farmers, dehkan farms and landowners on a voluntary and share basis, and one of their main goals is to employ low-income families in rural areas.

The procedure for allocating subsidies to contribute to the charter capital of cooperatives established for the employment of low-income families (registered on 31.03.2020 under No. 3163-1) is established at the expense of the State Fund for Employment to create employment and create new jobs. The procedure for allocating subsidies and grants for specific purposes was introduced (registered on 31.04.2019 under No. 3163). The current document regulates the mechanism of financial support for low-income families engaged in agricultural activities.

Agricultural associations (cooperatives) - a legal entity whose members include farms, dehkan farms and landowners, as well as individuals and legal entities engaged in the production of fruits and vegetables and the provision of services for their preparation, transportation, storage and sale [3].

The founder who wants to form an agricultural association with the participation of several families submits a written application to the regional Employment Promotion Center (EPC) for a subsidy for each family. The following is attached to the application:

- List of full names of the family members;
- Copies of contractual agreements between the founder and the family for the cultivation of agricultural products.

The responsible officer of EPC will consider the application within 5 working days. The fact that the family is poor is taken into account. Based on the results of the application

review, the responsible officer sends his proposal to the head of EPC, who within 2 days issues an order for the allocation of the subsidy and sends it by mail to the founder. The order specifies the recipients of the subsidy and its amount.

The founder, who received the order, forms an agricultural association and then submits to the EPC copies of the association's charter and certificate of registration. EPC transfers 10 BSA (basic salary amount) to the account of the association within 2 working days for inclusion in the charter fund as a share and notifies the chairman (founder) of the association in writing. The subsidy is one-time and is allocated only once per family.

In 2019-2020, similar associations were established in Gallaorol and Zaamin districts of Jizzakh region, Bulungur and Urgut districts of Samarkand region, Oltiariq and Kuva districts of Fergana region, Kibray and Parkent districts of Tashkent region for joint implementation of joint activities on production, preparation, storage and sale of fruit and vegetable products [2].

According to the results of the experiment, proposals were made to expand the institution of cooperatives in other regions of the country by December 1, 2020, extensive work is underway to establish agricultural associations (cooperatives) in all regions, including Khorezm region and separating and providing subsidies to their members. In particular, as of June 1, 2020, 36 cooperatives will be established in 12 districts of Khorezm region under the program and 4014 mln. UZS is planned to allocate, 540 hectares of land will be allocated for the employment of 1,800 members of the association, for providing unemployed poor youth, families with jobs (see Tables 1-2).

Table 1

Some indicators of agricultural associations (cooperatives) to be established under the program in Khorezm region [23]

№	District (city)	Agricultural associations (cooperatives) established in 2020			
		Number of cooperations	Allocated land area, (ha)	Number of (family) members	Subsidy amount (million soums)
1	Urgench city	-	-	-	-
2	Khiva city	-	-	-	-
3	Bogot	4	60,0	200	446,0
4	Gurlan	4	60,0	200	446,0
5	Kushkupir	4	60,0	200	446,0
6	Urgench district	2	30,0	100	223,0
7	Khiva district	4	60,0	200	446,0
8	Khazora sp	4	60,0	200	446,0
9	Khonka	2	30,0	100	223,0
10	Shovot	4	60,0	200	446,0
11	Yangiari k	4	60,0	200	446,0

12	Yangibozor	4	60,0	200	446,0
	Total:	36	540,0	1800	4014

Table 2
Dynamics of employment in the practically established agricultural associations (cooperatives) in Khorezm region [23]

№	District (city)	Establishment of agricultural associations (cooperatives) in 2020					
		Number of cooperations	Number of (family) members	Of which, the number of employed youth, (people)	Allocated land area, (ha)	Of which, allocated land area for youth, (ha)	Subsidy amount (million soums)
1	Urgench city	-	-	-	-	-	-
2	Khiva city	-	-	-	-	-	-
3	Bogot	4	200	328	60,0	60,0	446,0
4	Gurlan	4	112	151	22,4	48,4	401,4
5	Kushkupir	4	185	137	63,4	47,6	334,5
6	Urgench district	2	50	150	33,4	33,4	111,5
7	Khiva district	4	199	187	68,3	60,5	443,8
8	Khazorasp	4	76	209	104,0	84,0	446,0
9	Khonka	2	100	93	70,5	70,5	223,0
10	Shovot	4	170	155	148,5	122,4	379,1
11	Yangiariq	4	59	127	14,6	34,3	222,9
12	Yangibozor	4	286	173	57,2	34,6	425,9
	Total:	36	1437	1710	642,3	595,7	3434,1

Table 2 shows that the number of cooperatives planned to be established under the program for the establishment of agricultural associations (cooperatives) in Khorezm region and the allocation of subsidies to their members amounted to 36, and the plan was fully implemented. The number of members was 1,800 in the plan and 1,437 in practice. However, the number of employed youth amounted to 1,710, and to date, the program has allocated subsidies in the amount of 3434.1 million soums.

The total work done on the establishment of agricultural cooperatives in Khorezm region until June 2020 can be seen in Table 3 below.

Table 3
Work on the establishment of agricultural associations (cooperatives) in Khorezm region [23]

№	District	In 6 months of 2020
---	----------	---------------------

	(city)	Total number of cooperatives established	Total number of (family) members	Of which, the total number of employed youth, (people)	Total allocated land area, (ha)	Of which, the total land area allocated to young people, (ha)
1	Urgench city	-	-	-	-	-
2	Khiva city	-	-	-	-	-
3	Bogot	4	328	328	454,0	251,1
4	Gurlan	5	288	151	157,3	48,4
5	Kushkupir	4	185	137	63,4	47,6
6	Urgench district	3	50	150	51,0	51,0
7	Khiva district	4	199	187	68,3	60,5
8	Khazorasp	6	156	241	291,1	87,3
9	Khonka	2	100	93	70,5	70,5
10	Shovot	4	170	155	148,5	122,4
11	Yangiariq	4	186	127	83,9	34,3
12	Yangibozor	6	286	173	93,4	34,6
	Total:	42	1948	1742	1481,4	807,7

Table 3 shows that a total of 1,948 members, including 1,742 young people, were employed in Khorezm region to organize agricultural associations (cooperatives), and a total of 1,481.4 hectares of land were allocated, and a total of 42 cooperatives were established.

In order to support the newly established cooperatives, the state provides great benefits, privileges and opportunities. Members of specialized agricultural associations have the right to independently decide on the placement of agricultural crops and their subsequent replacement. In addition, the State Fund for Entrepreneurship Development will partially cover interest expenses on loans from commercial banks for the purchase of seedlings and certified seeds, equipment for processing fruits and vegetables.

This mechanism is aimed at creating a value chain in the fruit and vegetable sector, expanding the financial capacity of producers. In a number of developed countries, such as the Netherlands, Norway, Denmark, Sweden, Finland and Japan, this system fully unites agricultural producers. In France and Germany 86 percent associations were registered, about 2 million associations in China, and 47 percent of farmers are members of these associations. There are 2,800 agricultural associations in Kazakhstan and 442 in Kyrgyzstan.

It is important to study the experience of foreign and neighboring countries in this area and apply it to the development of agricultural cooperatives in our country. Therefore, it is important to study and analyze the role, specific features and tariffs of agricultural cooperatives in other countries.

In **Japan**, agricultural clusters differ from other countries by their distinctive features and system.

Agricultural cooperation is a multifunctional economic and social institution. It unites in terms of production, sales of agricultural products and provides the necessary services not only to agricultural producers, but also to other local population.

In Japan, the modern agricultural cooperative was established in 1947 and for decades has been an absolute monopoly in the sale of products created by farmers, in the supply of the means of production needed by farmers, and has acted as a state agent.

Almost all farms were primary members of agricultural cooperatives. Such cooperatives are called complex cooperatives (**sogo nokyo**) and, unlike similar organizations in other countries, are multifunctional, ie, including, provision of trade, lending, insurance operations, organization of collective use of the latest equipment and technologies, implementation of contract work for its members, conclusion of contracts between farmers and processing enterprises, to act on behalf of its members as a trustee, to provide consultations to its members, to provide cultural and medical services.

In **Russia**, agricultural cooperatives have special features and mechanisms. The adoption of the Federal Law of the Russian Federation No. FQ-193 "On Agricultural Cooperation" in December 1995, which regulates agricultural cooperative activities, marked a new stage in the cooperative movement in the agro-industrial complex.[18]

Agricultural production cooperatives are a form of social and labor activity aimed at meeting the needs of their members. At the same time, a large part of the rural population is employed. Cooperatives maintain social facilities in rural areas and provide their members and subsidiary farms with transportation, fuel, food, and other necessary resources [18].

According to our analysis, the activities of cooperatives around the world are based on a number of fundamental principles, in particular:

- Volunteerism and open membership;
- Democratic control;
- Economic participation of cooperative members;
- Autonomy and independence;
- Education, training and information;
- Cooperation between cooperatives;
- Caring for the community.

The main functions of agricultural associations as a form of cooperative entrepreneurship in Uzbekistan are as follows [2]:

- ❖ Marketing analysis of domestic and foreign markets for fruit and vegetables;
- ❖ Implementation of agreed measures for the production of agricultural products, including by types and varieties, by concluding contracts with members of agricultural associations;
- ❖ Organization of joint use by members of agricultural associations of raw materials, machinery, equipment, vehicles necessary for the cultivation of fruits and vegetables, including through the processing of raw materials on the basis of joint lease and return of warehouses;
- ❖ Provision of members of agricultural associations with agricultural machinery, fuels and lubricants, fertilizers, seeds, seedlings and crops, as well as chemical protection products on a contractual basis;
- ❖ Organization of production, transportation, storage, processing and sale of products produced on the basis of contract or brokerage agreements;
- ❖ Attracting exporters to cooperate with agricultural associations in order to ensure a guaranteed market of fruit and vegetable products that meet world standards;
- ❖ Provision of agricultural machinery, accounting, consulting, brokerage and other services to members of agricultural associations.

The peculiarity of agricultural production in developed market economies is that family farms remain the main organizational and legal form of agricultural enterprises, and their share, including the system of farm cooperatives, is 30-85% of all agricultural products.

In developed countries, the number of cooperatives is much higher than the number of farmers. Because usually a farmer is a member of 2-3 and in some cases 4-5 cooperatives at the same time. According to the U.S. Department of Agriculture, 4 out of every 5 commodity owners use the services of farmers' cooperatives [19].

The experience of the Heartland Cooperative in the **United States** is remarkable. The cooperative provides farmers with mineral fertilizers, toxic chemicals and seeds. The cooperative has a contract with chemical plants in Europe for the direct production of toxic chemical compounds. At the same time, the cooperative also provides chemical treatment services to their plants on the orders of farmers. They have all the necessary technical means for this. The cooperative delivers mineral fertilizers, pure or mixed, to the farmer's field at the farmer's request [19].

In **Germany**, all agricultural cooperatives are part of the German Raiffeisen Union, the largest cooperative association in the country. Cooperatives play an important role in lending to farms, providing them with the means of production, providing various services, preparing, selling and processing products. The establishment and development of cooperatives is supported by the state [20].

German cooperatives are German medium-sized enterprises in the agricultural sector as natural partners, with the aim of facilitating the economies and economic activities of its members by running a joint cooperative enterprise. The main task of the cooperative is to achieve economic success in one or another area of business, to promote the development of cooperative members, as well as to protect the interests of their farms in order to maintain long-term ability to help members [20].

In the **Argentine** economy, especially in the dairy sector, livestock cooperatives play an important role. Among them, the first and second phase cooperatives are distinguished. Phase I cooperatives, which unite many small and medium-sized farms, are engaged in dairy production. Within the provinces, the second-phase cooperatives, which represent the association of cooperatives, are engaged in the processing and sale of products grown by the first-tier cooperatives [21].

According to the CIS scientist O. Abramovich, agricultural cooperatives are one of the key elements that contribute to the development and efficient operation of agriculture, one of the organizational forms of production that allows producers around the world to successfully adapt to changing economic conditions [22].

Based on the above research, we believe that agricultural cooperatives should be classified as follows: **Agricultural cooperatives or cooperative entrepreneurship** is one of the organizational forms of production that unites poor families and young people in rural areas as members, is organized under the leadership of the owner with his own property, equipment and technology, working capital, subsidized by the state aimed at providing them with income and employment.

CONCLUSIONS AND SUGGESTIONS

The system of cooperative entrepreneurship in rural areas, ie the formation of agricultural cooperatives (associations) on a scientific basis, will ensure the transition to new forms of management that can meet modern requirements, but also to provide comprehensive agro-services.

In our opinion, such an approach to the formation of a system of cooperatives of agricultural producers involves the solution of the following tasks:

- ❖ organization of production, substantiation of cooperative forms of entrepreneurship;
- ❖ development of principles for the organization and implementation of forms of cooperative entrepreneurship;
- ❖ to determine the directions of organization of cooperatives and service circles in places where there is a great demand for the establishment of cooperatives;

❖ development of the structure of regional cooperative economy and other relations.

The role of foreign experience in the formation of agricultural cooperatives in our country is invaluable. In particular, the established links between farmers and infrastructure outlets of the Heartland Cooperative in the United States are significant. In addition, Uzbekistan has a great opportunity to apply the experience of cooperative entrepreneurship developed in European countries, which will play an important role in the effective organization of cooperative entrepreneurship in rural areas in the future.

REFERENCES:

1. Decree of the President of the Republic of Uzbekistan dated March 2, 2020, No. PF-5953 "On the state program for the Year of Science, Enlightenment and Digital Economy" of the Action Strategy of Five priorities of the Republic of Uzbekistan for 2017-2021".
2. Decree of the President of the Republic of Uzbekistan dated March 14, 2029, No. PQ-4239 "On measures to develop agricultural cooperation in the field of fruit and vegetable growing".
3. Regulations on appendix to the Resolution of the Ministry of Finance, the Ministry of investments and foreign trade of the Republic of Uzbekistan and the Ministry of Agriculture from December 16, 2019 of No. 110, p-5, 68.
4. Abdullaev A.M., Abdurakhmanov O.Kh., Zokirova N.K. Forecasting and modeling of the national economy. -T: Science and technology, 2007.-- 575 p.
5. Abdullaev Yo., Karimov F. Small business and entrepreneurship. - T.: Labor. 2000 y.,
6. A.A. Ambartsumyan. Small enterprises in the system of economic relations in the context of Uzbekistan's transition to a market: dissertation abstract of Economical sciences. - Tashkent.: 1996.-27 p.,
7. Ataniyazov B. Management of the development of economic and ecological systems. -T.: Science, 1998.-- 124 p.,
8. Berkinov B.B. Simulation of farming systems. - T.: Science, 1991.,
9. Gulyamov S.S., Dogil L.F., Semenov D. Entrepreneurship and small business. - T.: TSUE, 1996.-- p.19-83.,
10. Gulyamov S.S., Salimov B.T. Modeling the use and development of the production potential of the region. - T.: Kituvchi, 1995.-154 p.
11. Dustjanov T., Salaev S. Great opportunities of small business.- Urgench.: Khorezm, 1997. - 129 p.,
12. Erokhin V.Ya. International entrepreneurship. - M.: Finance and statistics, 2008.- - 390 p.
13. Small business management / Kasimova M.S., Khodiev B.Y., Samadov A.N., Muhitdinova U.S. - T.: Teacher, 2003. - 239 p.,
14. Makhmudov N.M. Modeling of production and economic processes of cotton processing industries: dissertation abstract of Economical sciences. -T.: TSUE. 1993.-- 36 p.
15. Muftaydinov Q. Problems of entrepreneurship development in the context of economic liberalization: dissertation of Economical sciences.T. UzMU. 2004. - 276 p.
16. Sablikova M.S. Small business in Russia and abroad. St. Petersburg, Russia // scienceforum.ru/2014/pdf/4664.pdf
17. Xodiev B.Y. Econometric modeling of business development in the economy of Uzbekistan: dissertation of Economical sciences. -T.: TDIU. 2000.-338 p.

18. Minakov, I.A. Ways of development of rural areas [Text] / I.A. Minakov // Achievements of science and technology of the agro-industrial complex -2008.-№ 2. - P. 22-24.
19. Mamatqulov B. Boshbekov B. Be thankful when you see one. // Agriculture of Uzbekistan. –Tashkent, 2006, №3, 8 pages.
20. Tkach A.V. Agricultural cooperation. Textbook. publishing and trade corporation "Dashkov and Co". Moscow-2005, pp.-273-279.
21. Ergashkhodzhaeva Sh.Zh. Marketing strategy of cooperation in rural areas. Tashkent. "Fan" publishing house. 2006.30-31 p.
22. Abramovich Olga Valentinovna "Using foreign experience in agricultural cooperation to improve the efficiency of the agricultural sector in Russia" Abstract, Moscow 2007
23. Data of Khorezm regional department of statistics.
24. Source: <https://www.imf.org/external/pubs/ft/sdn/2015/sdn1504.pdf>.