


**SOME ASPECTS OF THE GOVERNMENT SUPPORT PROBLEMS IN AGRICULTURAL
SECTOR IN THE KYRGYZ ECONOMY**

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 20 February 2023</p> <p>Accepted 08 May 2023</p>	<p>Purpose: This article discusses current problems in the agricultural sector of the country's economy related needs for government support in a market-based management system, considering external and internal factors.</p> <p>Theoretical framework: Article reveals problems associated with the lack of financial support, the timely solution, which could lead to great positive results in the whole country, in other words, it would give an impetus not only to the development of agriculture, but also solve a number of issues related to food security, exports, providing jobs, etc. various ways are proposed to solve the problems of government support using both foreign experience and the positive aspects in the domestic practice.</p> <p>Design/methodology/approach: Research relevance based on solving the problem of government support for the agricultural sector of the country's economy is one of the main priorities in modern society.</p> <p>Findings: If the market economic system to a certain extent denied the government dominant role (with the exception of providing conditions for development) and gave greater importance to the independence of economic entities, then the latest phenomena on the world market, and in general in the world community, prove the fact that no economic entity, including enterprises in the agrarian sector, are unable to carry out their economic activities without government support.</p> <p>Research, Practical & Social implications: Authors suggest a future research agenda and highlight the contributions made to agricultural economics sector.</p> <p>Originality/value: Research purpose is a deep analysis to identify the cause of problems related to the government support of agrarian sector in the country's economy, as the modern economic system proves the need for government support for development of both agriculture and agrarian sector of the country's economy as a whole.</p>
<p>Keywords:</p> <p>Agricultural Sector; Agricultural Financing; Public Procurement; Preferential Loans; Land Resources; Sales Channels; Product Quality.</p> <div data-bbox="172 1086 480 1332" style="text-align: center;">  </div>	<p>Doi: https://doi.org/10.26668/businessreview/2023.v8i5.1785</p>

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ALGUNS ASPECTOS DO GOVERNO APOIAM PROBLEMAS NO SETOR AGRÍCOLA DA ECONOMIA DO QUIRGUIZ

RESUMO

Objetivo: Este artigo discute os problemas atuais do setor agrícola da economia do país relacionados às necessidades de apoio governamental em um sistema de gestão baseado no mercado, considerando fatores externos e internos.

Enquadramento teórico: O artigo revela problemas associados à falta de apoio financeiro, a solução atempada, que poderá trazer grandes resultados positivos em todo o país, ou seja, daria um impulso não só ao desenvolvimento da agricultura, mas também resolveria uma série de questões relacionadas com a segurança alimentar, exportações, criação de empregos, etc. Várias formas são propostas para resolver os problemas de apoio do governo usando tanto a experiência estrangeira quanto os aspectos positivos da prática doméstica.

Concepção/metodologia/abordagem: A relevância da investigação baseada na resolução do problema do apoio governamental ao setor agrícola da economia do país é uma das principais prioridades da sociedade moderna.

Conclusões: Se o sistema econômico de mercado negava em certa medida o papel dominante do governo (com exceção de proporcionar condições para o desenvolvimento) e dava maior importância à independência das entidades econômicas, então os últimos fenômenos no mercado mundial e, em geral, no da comunidade mundial, comprovam que nenhuma entidade econômica, inclusive as empresas do setor agrário, está impossibilitada de realizar suas atividades econômicas sem o apoio governamental.

Pesquisa, implicações práticas e sociais: Os autores sugerem uma futura agenda de pesquisa e destacam as contribuições feitas ao setor de economia agrícola.

Originalidade/valor: O objetivo da pesquisa é uma análise profunda para identificar a causa dos problemas relacionados ao apoio do governo ao setor agrário na economia do país, pois o sistema econômico moderno comprova a necessidade de apoio do governo para o desenvolvimento da agricultura e do setor agrário do país economia do país como um todo.

Palavras-chave: Setor Agrícola, Financiamento Agrícola, Procuração Pública, Empréstimos Preferenciais, Recursos Terrestres, Canal de Vendas, Qualidade do Produto.

ALGUNOS ASPECTOS DE LOS PROBLEMAS DE APOYO DEL GOBIERNO EN EL SECTOR AGRÍCOLA EN LA ECONOMÍA KIRGUISA

RESUMEN

Propósito: Este artículo analiza los problemas actuales en el sector agrícola de la economía del país relacionados con las necesidades de apoyo del gobierno en un sistema de gestión basado en el mercado, considerando factores externos e internos.

Marco teórico: El artículo revela problemas asociados a la falta de apoyo financiero, la solución oportuna, que podría generar grandes resultados positivos en todo el país, es decir, daría un impulso no solo al desarrollo de la agricultura, sino que también resolvería una serie de cuestiones relacionadas con la seguridad alimentaria, las exportaciones, la creación de puestos de trabajo, etc. Se proponen varias formas de resolver los problemas de apoyo gubernamental utilizando tanto la experiencia extranjera como los aspectos positivos de la práctica nacional.

Diseño/metodología/enfoque: La pertinencia de la investigación basada en resolver el problema del apoyo gubernamental al sector agropecuario de la economía del país es una de las principales prioridades en la sociedad moderna.

Hallazgos: Si el sistema económico de mercado negó hasta cierto punto el papel dominante del gobierno (con la excepción de proporcionar condiciones para el desarrollo) y le dio mayor importancia a la independencia de las entidades económicas, entonces los últimos fenómenos en el mercado mundial, y en general en la comunidad mundial, demuestran el hecho de que ninguna entidad económica, incluidas las empresas del sector agrario, son incapaces de llevar a cabo sus actividades económicas sin el apoyo del gobierno.

Implicaciones de investigación, prácticas y sociales: los autores sugieren una futura agenda de investigación y destacan las contribuciones realizadas al sector de la economía agrícola.

Originalidad/valor: El propósito de la investigación es un análisis profundo para identificar la causa de los problemas relacionados con el apoyo del gobierno al sector agrario en la economía del país, ya que el sistema económico moderno demuestra la necesidad del apoyo del gobierno para el desarrollo tanto de la agricultura como del sector agrario del país. la economía del país en su conjunto.

Palabras clave: Sector Agropecuario, Financiamento Agrícola, la Contratación Pública, Préstamos Preferenciales, Recursos de la Tierra, Canales de Venta, Calidad del Producto.

INTRODUCTION

The agrarian sector of the country's economy, including the process of using land resources on the one hand and the procedure for growing and selling agricultural products through various mechanisms on the other, have proven that without government support this policy is completely unfeasible (Eshov et al., 2022). In other words, the development of agrarian sector in the country's economy directly depends on the government support, the mechanism of which is quite broad, although limited to a certain extent. The modern economic system and commodity-monetary relations in the conditions of globalization have proven a high role in supporting the agricultural sector (Samimi and Jenatabadi, 2014). Yes, it is no secret that in the conditions of market system of management, to a certain extent, economic entities in the process of management have an almost unlimited range of actions and independence in making decisions. In turn, such an interpretation of actions does not mean that economic entities can develop without government support recently due to reasons known to us such as global pandemic, financial crisis, various military actions and so on (Li et al., 2022). The development of enterprises in the agrarian sector of the economy, the use of land resources is directly dependent, and even more dependent in today's conditions, on the support of the government. The process of implementing the policy of government support should be permanent, targeted, and directed to priority industries, or use all possible mechanisms and levers to influence internal and external factors that contradict the development of agriculture, on the one hand, and provide support in the form of various credit benefits, tax incentives preferences, government orders and so on. Kyrgyzstan is a lower middle-income country and the economy is mainly based on agriculture, remittances from citizens working abroad and the extraction of minerals (Price, 2018). Economic condition has benefitted from a fixed investment that has risen to 31 percent of GDP and well above the threshold of 25 percent reached by successful countries. These achievements notwithstanding, Kyrgyz Republic's growth and productivity performance have lagged behind most relevant comparators, frustrating the needs of the poor and the young. Per-capita incomes in the Kyrgyz Republic have increased by 20 percent less than the average of lower middle-income countries since 2000 and 40 percent less than the average for the Caucasus and Central Asia (Izvorski et al., 2020). To achieve the goal of supporting the agricultural sector of the country's economy, various mechanisms are offered, both from modern international practice, and from the positive aspects of mechanisms used in domestic practice, which have shown themselves to be positive in the implementation of the relevant policy related to this sector of the economy. Even today, there are enough ways and

mechanisms to support the agrarian sector of the country's economy, both in terms of legislation and financial support. Based on this, it is possible to unequivocally affirm the fact that only the joint policy of government actions and economic entities can lead to the intended goal and solution of tasks(Shariff et al., 2022). Research objects are the process that takes place in the agrarian sector of the economy of the Kyrgyz Republic, as well as the procedures that take place between the participants of relations in agriculture caused by state support. The essence of economic intervention is additional funds to improve soil fertility; increasing financial investment in this area is not in any way case not guarantee results (Ubaidullaev, 2015; Ubaidullaev et al., 2022). The modern world community and the trends occurring in this process determined the fact that one of the priority directions for the development of humanity as a whole is effective and at the same time economical use of land resources and the support of the agrarian sector of the country's economy, in essence.

MATERIALS AND METHODOLOGY

For the past few years, Kyrgyzstan has been conducting an active policy of supporting agriculture by implementing programs through financial and credit policy. Preferential loans for agricultural producers for purchasing agricultural machinery, fuels, lubricants and fertilizers have become quite affordable.

In the conditions of the market economy system, the process of government support to the agrarian sector in the country's economy as a whole and to households for which the land is the only source of income separately should be carried out in direct combination with effective management, both from the point of view of administrative procedures and economic mechanisms for achieving the final result and activity basis (Kenzheeva, 2016).

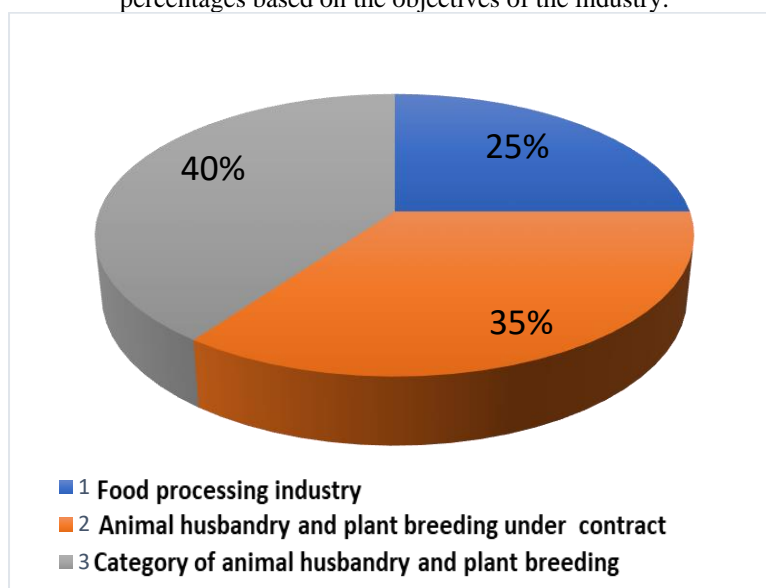
RESULTS AND DISCUSSION

In the modern world, including economic relations between government-authority structures on the one hand and economic entities on the other, there are a sufficient number of mechanisms for supporting economic activity both at the government level and at the level of regions. It is no secret that among many types of government support, one of the most effective economic mechanisms is the issuance of soft loans, which has justified itself in practice.

In this regard, in recent years, the Kyrgyz Republic government has made certain attempts, the purpose of which is to provide support to provide preferential loans to entrepreneurs and citizens in the process of spring field work, as well as for the development

of plant breeding and animal breeding which is a related issue in government financial policy. As the financial policy is an instrument of government regulation initially (Figure 1), it should be aimed at improving the standard of living of citizens, at solving the issues of providing the able-bodied part of the population with jobs, reducing unemployment, increasing the level of employment (Kulueva, 2016).

Figure 1. Preferential agricultural loan kinds depend on the activity type. Preferential agricultural loans in percentages based on the objectives of the industry.



Source: Compiled based on data from the Banks.kg portal of Kyrgyz Republic Agriculture Ministry “Agriculture Financing 9” Bishkek, 2021 (Kyrgyz Republic Ministry of Agriculture, 2021).

Provision of appropriate soft loans for citizens, especially for spring fieldwork, to a certain extent, will solve issues regarding agricultural crops, fuels, lubricants, and fertilizers, which in turn can positively affect the effectiveness of harvesting during the harvest period, as well as for growth and subsequent in the production process to obtain an environmentally friendly product (Hung et al., 2022). In this case, we are talking about the implementation in practice of administrative methods supporting agriculture, starting with spring fieldwork, and ending with agricultural crop harvesting.

The government, as a guarantor for the implementation of economic activities in the country, needs to pay attention to the creation of the following structures as practical and necessary elements to support future agriculture:

- 1) develop newer mechanisms and action levers.
- 2) provide additional rights and powers for the antimonopoly agency to effectively fulfill the assigned duties to this structural subdivision of local authorities (so that in

practice it fights against price increases locally, and does not turn into another statistical monitoring body) not of additional incentive laws for agricultural producers.

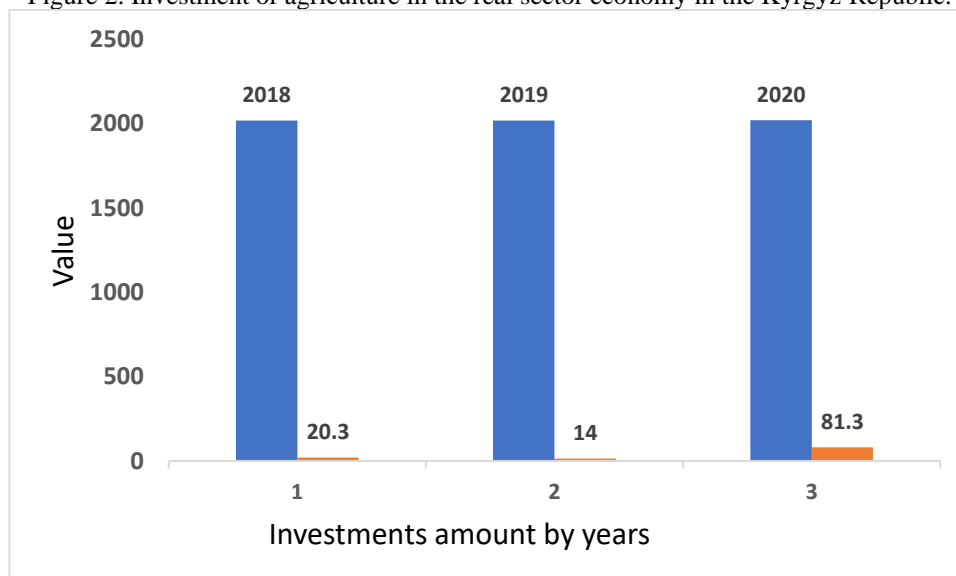
3) to resume the work of procurement offices the same as currently proposed logistics centers.

In addition, it is necessary to note the procedure for the effective use of tools to establish pricing policy, both within the country and abroad. In this case, we are talking about guarantees from the government for the establishment and purchase of agricultural products produced within the country as a regulator to eliminate problems associated with food security and control over the increase in prices for agricultural products.

The modern world and commodity-money relations in a market economy have long since switched to mutually agreed methods of implementation and economic activity, where a special role is assigned to the government as a special coordinator of these processes, that is, the government should act as the only guarantor in case of problems with manufactured products implementation.

In the process of supporting the country's agriculture, the government must not forget about the investment of agriculture in the real economy sector. As it was shown by recent year analysis, the amount of agricultural investment in the real sector of the country's economy tends to increase (Figure 2).

Figure 2. Investment of agriculture in the real sector economy in the Kyrgyz Republic.



Source: National Statistical Committee, Kyrgyzstan in numbers p. 282, Bishkek (National Statistical Committee, 2021).

Based on the recent years data analysis, there is a tendency to increase agricultural investments in the real sector of the country's economy; indicators for 2020 year are three times higher compared to the 2018 year. This means that developed agriculture, in turn, can positively affect the country's real economy sector.

One of the primary steps to support the country's agricultural sector economy on the part of the government is the process of appropriate tax preferences. Yes, it is no secret that under the Kyrgyz Republic legislation, the fact is noted that for persons whose main source of income is land resources, they pay only land tax. In our opinion, this clause should be worked out to the end; in this case, we are talking about the introduction of more flexible mechanisms for the withdrawal procedure.

In other words, the tax policy of the government regarding country's agricultural sector economy should be built in such a way that the taxpayer does not avoid the procedure for paying taxes, but, on the contrary, initiates the replenishment of the relevant budgets for the corresponding period.

The procedure for agricultural sector government support in the economy, as noted above, is a rather complicated process. To improve this activity and the effective application of mechanisms to support agriculture, the government needs to consider two main aspects:

- 1) considering the positive aspects of foreign experience in supporting agriculture.
- 2) application of previous years domestic experience, considering specific features of our country.

In the process of supporting agriculture in foreign countries, special attention is initially paid to the primary development of agricultural territories. In other words, for entire regions or territories intended specifically for the growing and production of agricultural goods a single policy is being pursued to support and develop entire regions in the intended (agricultural) direction. After the territory's development program to a certain extent justifies itself, another stage of government support follows such as the protection of markets for agricultural products. This procedure is carried out in the following stages based on established internal standards:

- 1) providing the necessary preferences to local agricultural producers according to mechanisms provided for by law;
- 2) high duty rates for imported agricultural products;
- 3) strengthening the verification and control procedures for agricultural products imported to domestic markets;
- 4) other mechanisms that do not contradict domestic and international standards.

Today it is known that the welfare and financial performance of agricultural enterprises in the field directly affect the social and economic condition of the population. In other words, successful agricultural enterprises are a reflection of economically rich regions, developed infrastructure, the provision of jobs for the population, the possibility of realizing existing potentials, the actual solution of problems associated with migration, etc. (Kulueva, 2012). The government, represented by relevant ministries and departments, should at least develop an action plan and conduct an appropriate analysis to support agricultural enterprises, considering sectorial and territorial characteristics, in other words, it is necessary:

- 1) identify the causes of the unprofitability of agricultural enterprises provided;
- 2) divide agricultural enterprises into appropriate categories of complexity;
- 3) identify the order in which government support is provided;
- 4) to identify the importance of agricultural enterprises both for the region and for the country as a whole;
- 5) determine types and resources of government support (regulatory, economic, financial, logistical and other not contrary to established standards);
- 6) to develop criteria for short-term and long-term support of economic entities;
- 7) to determine the sources of financing, taking into account the indexation by the time the funds are provided;
- 8) establish financing directions (direct or under government guarantees);
- 9) specify the terms for the government support provision.

It should be noted that in the program of government support for the agricultural sector of the country's economy abroad, special attention is also paid to the process of developing agricultural production as the main factor in the development of an entire country's economy.

The main goal in supporting agricultural production in almost all foreign countries is to increase high-quality agricultural products, while the agricultural producer does not focus on quantity, but on product quality. It is no secret that the achievement of results in the production of high-quality products was based on the unification of agro-industrial formations as a result of industrial integration in the interests of making a profit to meet the necessary needs for agricultural goods of consumers.

At the same time, it is necessary to consider the needs of the population from not only quantitative but also qualitative requirements for goods and services to satisfy them. The situation of choice implies, firstly, the existence of several possible choices when there is plenty to choose from, secondly, the limited choice of sets available to the consumer by income and

prices, thirdly, the existence of a selection criterion by which the buyer compares various options and chooses one, the most preferred.

For example, in Kyrgyzstan, some needs of the population in food products are close to saturation in terms of quantity. However, these goods do not fully meet modern quality standards, as evidenced by numerous facts that occur in the trade network engaged in food products sales that do not meet quality requirements, especially those brought or imported from China. Meat, vegetables and fruits are characterized by an increased dose of chemicals that are harmful to human health, but at the same time have a good presentation (Zhusupalieva, 2020).

CONCLUSION

In other words, Kyrgyzstan's modern economy, including the country's agricultural sector economy needs government support, and for the development of the country's agriculture, it is necessary to adopt the positive experience of leading foreign agricultural countries to establish a domestic plan to support agriculture, considering specific differences and national characteristics. Another aspect of supporting the country's agriculture, using the domestic experience of previous years, is an example that considering country specific features: 1) process of sustainable market relations between the government and producers of agricultural goods has not been fully formed; 2) inconstancy of support from the government for agriculture branches (underfunding); 3) lack of certain exports of agricultural products to foreign markets; 4) absence or loss of foreign markets and partners for the production of agricultural goods (Ubaidullaev, 2017). For our future work we are planning to research specific questions related to the government support for agricultural sector.

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