

AGRICULTURE

AGRICULTURAL PRODUCTION COSTS, PRODUCT COST AND WAYS TO REDUCE IT IN UZBEKISTAN

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ABSTRACT

The cost of production is one of the most important indicators of the economic efficiency of agricultural production. It shows how much the production of agricultural products to a particular enterprise costs. The cost price reflects the qualitative aspect of the economic activities of enterprises: the efficiency of using production resources, the state of technology and organization of production, the introduction of science and advanced experience, the level of economic management. The cost of production is necessary to justify the rational allocation and specialization of agricultural production, to determine its economic efficiency, to establish the level of prices for agricultural products. The purpose of this article is to show ways to reduce the cost of agricultural products, which is one of the most important issues in Uzbekistan. This article discusses ways to reduce the cost of production in agriculture and suggests ways to reduce costs in order to improve efficiency in the production of agricultural products.

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The product cost is the expression of the cost of producing a unit of product in money. Product cost is part of the value of this product. The difference between the value of the product and the cost is generally profitable.

Economic science changes in two types of prime cost. The first is the production cost of the product and the second is the full cost of the product cost unit. The full cost of the unit of product is a reflection of the costs associated with the production and sale of that product.

Businesses have a cost-savings and cost estimate. The cost of the plan is calculated based on the norms for the production of the product. The cost of the report is determined based on the factual costs and product purchased in the current year. For example, in the beginning of 2016, when planning to create a 1- (cwt) cotton for a business plan, the real cost of 1 (cwt) cotton will be calculated in December 2016. The actual cost estimate may be higher than the cost price. Product value is an aggregate indicator that describes labor productivity, the degree of intensity of production, the degree of mechanization of production, and the benefits of science. It determines the production cost of the product, i.e., the cost of the unit, if the cost of the unit exceeds the market price, the enterprise will be damaged and the enterprise will be bankrupt. Agriculture is the most important branch of the economy of Uzbekistan, and it implements a certain amount of money, material expenses and labor costs for the organization and management of its activities. The total amount of these expenditures is called the total social expenditure. Social costs are equal to the value of social product. [1]

The structure of social expenses consists of:

1. Expenses incurred in production means are the expenses of the past.
2. The cost of their work creates new values for themselves.
3. As a result of embodied and livelier work, value added to the society will be created.

The total social expenditure of the country is the aggregate of all expenditures within the framework of state, enterprises, enterprises and organizations. Social expenditures of the sector are the expenses of individual enterprises and organizations. One of such industries is agriculture. Agricultural enterprises produce material costs for rendering services and performing various types of production. Chemicals, fuel and lubricant materials, fodder and fodder, depreciation of fixed assets, salaries of employees, sales of products costs, low cost, fast wearing materials and much more.

Under the market economy, a new scheme of expenditure on the network has been introduced since January 1, 1995. [2]

This new procedure is reflected in the "Statement on the structure of expenditure on production, service and sales costs and the order of financial results formation". This system was published in 1999. [2]

In the current period, the agrarian sector costs include constant costs and volatile expenditures. Permanent costs are not linked to the volume of output. For example, the amount of depreciation of some fixed assets, i.e. the amount of depreciation, rent for the land or rental fees for some basic production facilities and so on. The volatile expenditures are directly related to the volumes of production. For example, seeds, minerals and local fruits, wages, and livestock feeds, feeds, and similar expenses. The change in permanent and volatile costs is directly related to the introduction of efficient technologies through the acquisition of new techniques, and the implementation of good practices directly related to the creation of productive livestock.

Expenditures on farms are aimed at solving certain issues and, therefore, these costs are grouped into the following:

1. Costs incurred to the production cost of the product:
 - a) indirect and indirect material costs;
 - b) indirect and indirect labor costs (remuneration);
 - c) other direct and indirect costs.
2. Costs incurred to the cost of the production but not included in the cost of main operations, and incurred to the expense of the current period. These expenses include the following expenses:
 - a) expenses related to the sale of the product;
 - b) cost of enterprise management, i.e. administrative costs;
 - c) Other operating expenses and expenses.
3. Costs incurred in calculating the profit or loss from the economic activities of a business entity.
4. Earnings before loss of profit or loss are considered. It is known that cost savings will lead to increased profitability and high levels of profitability. The increase in profitability will enable the development of business on the basis of expanded commodity production.

The cost of agricultural products is determined based on the product unit price, i.e. 1 (cwt) cotton, 1 (cwt) per night (living weight), 1 (cwt) spoon, and so on, at current prices. The cost of production in the agricultural sector includes the following expenses:

Table 1. The cost of production in the agricultural sector includes the following expenses [2]:

№	Expenses	In plant growing	In animal husbandry
1	Wage Compensation	+	+
2	Breeding	+	-
3	Feed	-	+
4	Lubricating materials	+	+
5	Fertilize	+	+
6	Combat vehicles against harmful insects and diseases	+	+
7	Saving main production assets (amortization)	+	+
8	Different jobs and services	+	+

In calculating the prime cost of agricultural products, costs are defined by specific groups and are called product cost estimates. The analysis of the cost structure over the years explains to the economists and managers the existing shortcomings and the unused opportunities in production.

Depending on the participation in the production process, the costs will be directly expensed (indirect) and indirect costs (indirect).

Direct costs are included in the production process and direct costs are incurred. For example, wages, seeds, seeds, and barley seeds are the salaries of workers involved in the production of forage crops and the like. However, the specificity of agriculture is that one employee or one technician serves to produce more than one year a year, and the distribution of these costs among these products creates certain difficulties, Relational Expenditures require a separate methodology.

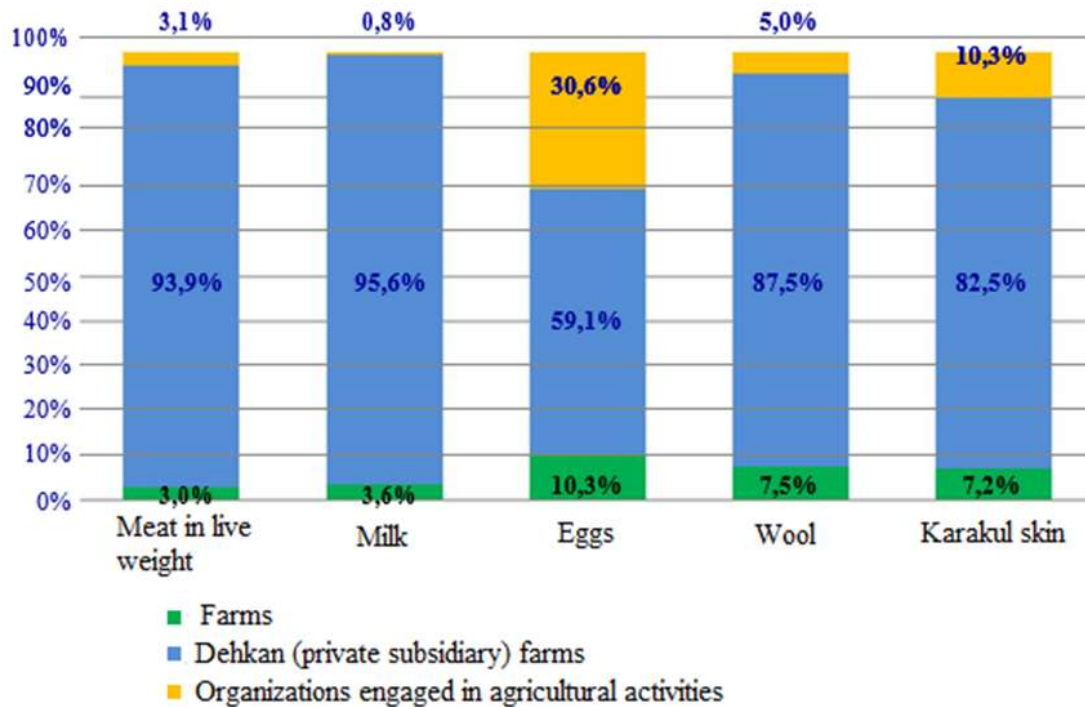


Fig.1. Share of households in the production of basic types of livestock products. [3]

These expenses are directly or indirectly charged because they are not directly attributable to one type of product. As mentioned above, all expenditure in agriculture is one hectare or a livestock. For example, the amount of crop per hectare is divided by 1(cwt) cotton, 1(cwt) danel and similar products. In cattle breeding, the cost of one head is divided into products derived from that livestock. For example, milk, milk, and so on. This method seems to be more than simple, but in reality this methodology has its own difficulties. For example, during the production of agricultural produce, the main product and the associated product are taken. For example, in dairy cattle breeding, a certain amount of milk from a cow is cured. In this case, the milk is the main product; the same cow is taken from the cow, which is an additional product. From this cow it is also possible to harvest 6-7 tones of organic matter per year, and this product is considered as a related product. However, all the expenses were directed to a cow, resulting in 3 different products. As it turns out, there is no need for milk, calf, or goat. In this case, calculating the cost for the unit of product would be problematic. [3]

In the case of farming, all expenses will be 1 hectare. The table is sown with seeds or grains on a hectare of land, prepared for sowing. Seeds were sprayed, weeded, dried, treated and harvested after harvest. The main product in the rice is grain, the additional product is the dough, and the related product is straw. These costs should be shared. In this case, the cost of products is determined by several methods. [3]

Reduction in prime cost of agricultural products is one of the most important issues, because the lower the product cost, the higher the price, the higher the profitability. Ways to reduce product cost in agriculture are as follows:

- improvement of reclamation of land and efficient use of water resources, as this way it is possible to increase productivity,

- maintaining a scientifically-based agricultural economy, corresponding to the region (province),
- correct distribution of crops based on the correct introduction of the rotation, demand and ability,
- improvement of seeding and breeding,
- effective use of all chemicals,
- organization of the use of mineral and organic substances on a scientific basis,
- increase the material and spiritual interest of employees,
- to increase labor productivity by means of complex mechanization of production processes,
- use of intensive and intensive technologies in crop cultivation,
- effective use of production funds, especially the main production funds,
- production specialization and targeted placement,
- deepening agro industry integration and balanced development of non-ASM sectors,
- Reduction of costs through the development and improvement of the management system.

The above mentioned factors can be achieved by reducing the cost of farming and increasing profitability. One of the main areas of agriculture is livestock breeding. In particular, it is possible to reduce the prime cost of products produced in animal husbandry, which include:

- strengthening livestock feedstock, improving its quality and cheap fodder production,
- use of intensive breeding technologies,
- improvement and improvement of quality of livestock products,
- complex mechanization of production processes and automation of separate processes (Automation of lubrication processes),
- effective use of active funds in production,
- increasing the interest of employees,
- avoid product trafficking, especially good feeding and nutritional rationing,
- the best way to achieve good livestock production is to ensure that the above mentioned practices are followed.

The cost of agricultural products is determined on the basis of cost estimates of the cost of spent resources for the production of the unit of production. There is a need for allocation and use of costs in determining the prime cost of products in agriculture. Thus, it should be concluded that there is a need for the distribution and use of costs in determining the cost of production in agriculture, since the cost of agricultural products is determined on the basis of an estimate of the cost of resources spent on production per unit of production. In order to reach the marginal product, the average cost should be reduced to the optimal level of production.

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