

Leasing as a Factor of Economic Growth

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ABSTRACT

In the article, the importance of leasing in the development of the agricultural sector. Economic mechanisms that directly and indirectly affect the leasing activity are analyzed. Leasing services are considered as a factor that directly promotes economic growth, and stimulates the provision of basic means for the production, storage and initial processing of agricultural products. The main goal of the research is to reduce production costs by promoting leasing services, provide the agricultural sector with basic tools, and determine the role of leasing services in the growth of the economy. A number of indicators were used to determine the impact of leasing in the promotion of expanded repetitive production in the agricultural sector: capital productivity, resource supply, level of mechanization of production, etc. The high role of agriculture in the republic's economy, as well as the high volume of the agricultural sector in the GDP, indicate the importance of providing the sector with basic tools.

KEYWORDS: *leasing activity, indicator, leased land, main income, financial support, financial services, financial resource, agricultural financing, invest.*

Introduction. According to research, most of the food products grown in Uzbekistan are grown by farmers. It should not be forgotten that most farmers farm on small plots of land or leased land from farmers. That is, their main income is directly dependent on the annual harvest. Also, the development of the agricultural sector in order to increase the additional income of the population living in the villages, on the one hand, brings extra income to the rural population, and on the other hand, it stimulates the production of additional food products. In general, the development of the sector, whether it is in the field of agriculture, animal husbandry or fishing, requires additional investment. Because one of the most important factors is the improvement of the infrastructure in the processing and storage system of the products grown in the farms.

In our opinion, the financial system of the agrarian sector plays an important role in creating new jobs for the population living in villages and increasing their income. However, it should not be forgotten that large financial services institutions do not fully understand the agricultural sector and do not want to provide financial services to the sector. Because the turnover of goods production in agriculture is only once or twice a year, it does not encourage private financial institutions to enter the sector. Therefore, the financial support of agriculture is largely based on the economic mechanisms of the state.

According to research, the provision of financial resources to agriculture depends not only on financial services of banks, but also on the financial knowledge of rural residents. In order to improve the provision of financial resources, the government is introducing leasing services to the agricultural sector, encouraging their activities in the sector, but the population living in the

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countryside should also be able to use financial resources effectively. If the knowledge of the rural population to use financial resources is not sufficient, this will limit the effectiveness of the government's reform to support the sector. Also, as a result of the fact that efficiency in the agr industry is strongly dependent on natural climatic conditions, low productivity and the negative impact of factors such as climate change, financial resources are not being injected into the industry.

It is possible to provide agriculture with financial resources not only through the preferential credit system, but also through leasing services. By promoting leasing services, the government will have the opportunity to modernize the sector, as well as solve the financial problems in the sector. At this point, it is permissible to review the advantages and problems of leasing in agriculture. The advantage of leasing is that farms have a number of advantages in purchasing production equipment. That is, even if they do not have enough financial resources, they buy fixed assets in exchange for certain conditions. Also, no additional collateral is required when financing the agrarian sector through leasing. As collateral, the main asset is taken. On the one hand, this will facilitate the purchase of the main equipment for farms, and on the other hand, it will increase the level of mechanization of the agricultural sector. Leasing companies have the right to dispose of fixed assets in order for farms to use fixed assets effectively and rationally. Of course, this process is reflected in the requirements of the lease agreement. However, we must not forget that there are a number of problems and risks in the operation of leasing companies in the agricultural sector, for example, the recovery of assets in the event of default and the sale to a new buyer are significantly complicated. Also, due to the direct influence of several factors in the production of agricultural products, it is impossible to maintain the productivity at the same level, therefore, leasing companies face a high risk in providing agricultural services. 1 figure.

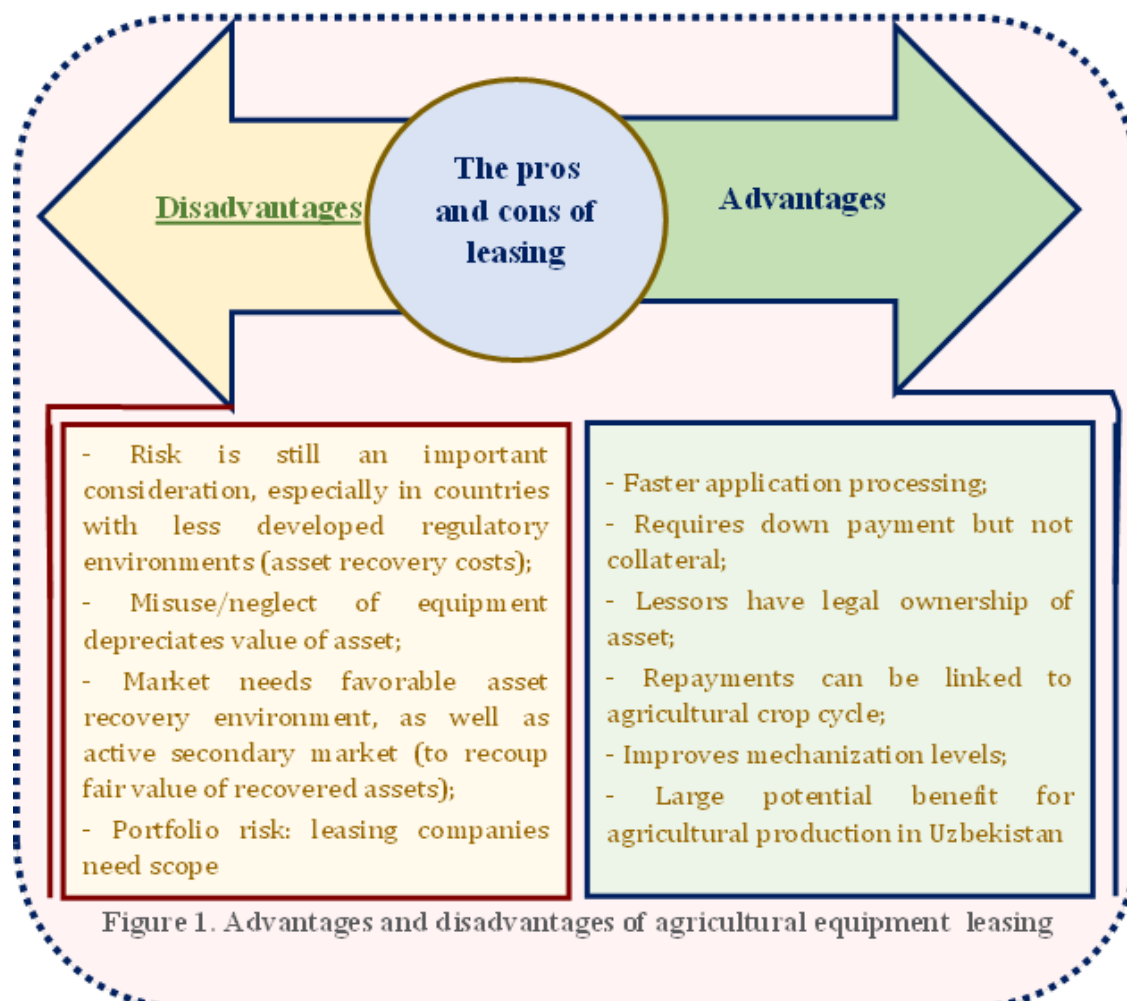


Figure 1. Advantages and disadvantages of agricultural equipment leasing

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In general, there are two types of leasing services in the agricultural sector: financial leasing and operational leasing. According to international accounting standards, "a financial lease transfers all risks and benefits associated with ownership to the lessee". However, in practice, in most cases, the right of ownership is transferred to the lessee after the end of the lease term. Because farmers use them wisely, knowing that they will keep the main tool.

The conducted researches mainly have two different goals: 1) taking into account the interests of those working in the field of agricultural financing and leasing, as well as those interested in financing the agricultural sector (the government and the farm); 2) stimulating the activities of leasing companies in the agricultural sector (tax benefits, customs benefits).

In our opinion, it is possible to provide agriculture with the basic tools by first analyzing the markets of leasing services in the agrarian sector of our republic, studying their achievements and existing problems. In this, attention was mainly paid to the following aspects:

- 1) Basic market functions, i.e., conditions and benefits created for the activity of leasing companies. Because leasing companies invest in agriculture, but if the capabilities of farms are limited, this will negatively affect the development of leasing services.
- 2) Government support - without enough incentives for leasing companies and government support, the market will have a high share of principal and interest rates. This will limit the ability of farms to purchase new equipment and slow down the development of the agrarian sector.
- 3) Ensuring mutual balance of supply and demand - the government should conduct a proper analysis of the agrarian sector market in cooperation with regional research institutions, i.e., along with studying the volume of produced products and consumer requirements and financial resources it is necessary to determine the demand.

In order to analyze the markets of leasing services in Uzbekistan and to develop them in the future, it is necessary to first research the markets of leasing services in agriculture. Primary data can be obtained through analysis of farm financial statements and monographic observations, as well as a literature review of previous studies and academic articles on agricultural leasing and finance.

In our opinion, in the analysis of the provision of financial resources in the agrarian sector, it will be relatively effective to obtain information by conducting interviews with farms through observation. Because in this, along with the opportunity to get complete information about the current situation, it is also possible to get acquainted with the problems in the field and ways to solve them. It should not be forgotten that the information obtained through interviews does not allow to obtain complete and reliable information about the existing market, but it allows to obtain initial characteristics of the demand for basic agricultural tools and the financial support of the farmers.

When researching the market of leasing services, it is possible to draw general conclusions by comparing different components of agriculture and determining the levels of development. That is, the state of providing the means of production in agriculture (techniques, tillage, transportation, irrigation facilities), storage and equipment used in the initial processing. Also, the current state of providing basic tools to the sectors that provide services to agriculture¹. It should not be forgotten that in the analyzes attention is paid not only to the state of provision of technical equipment, but also to the level of modernization of the main means 2 pictures. Although the information in Figure 2 is not valid for all countries, it may partially change in the countries where the research was conducted. Because the agrarian policy of each state first of all takes into account its geographical location and natural climatic conditions. A full understanding of leasing policy requires an in-depth analysis from the perspective of law and political economy.

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Support Functions	Support from the suppliers, servicing and spare parts in the country	suppliers, servicing and spare parts, are present in the country, but with limited distribution/service networks in agricultural regions.	Suppliers, servicing and spare parts are present in the country, and also have a significant outreach and presence in agricultural regions.	Suppliers, servicing and spare parts are present in the country, innovation is used in operations
Leasing companies	Little interest in leasing (or ag-leasing); low skill financial sector.	Interest in expanding rural finance but lack of knowledge and skills	Interest and some skills in working in rural finance,	Significant activity in rural finance and ag-leasing.
Farmers	low capacity of farmers to understand the product and to service the equipment.	the development of the agricultural sector increases the demand for additional resources	limitations in understanding and servicing fixed assets.	There is a significant presence of aggregators

Figure 2. Country analysis classifications

From Figure 2, we can see that 25 percent of the government's support policy is directed to suppliers and service providers, and to increasing the interest of farmers in leasing and improving the skills of farms, while 50 percent is mainly directed to financial support of suppliers. situation and will be directed to the financial support of the agrarian sector and raising the skills of farmers.

In our opinion, by expanding and developing leasing services in agriculture, farms will have the following advantages:

- completely abandoning the rent payment and guaranteeing farmers that they will have their property;
- it is ensured that a large part of farmers' capital is spent on expanded reproduction (technicians, productive livestock, additional means of production);
- in cooperation with leasing companies, farms will always have the opportunity to receive reliable information about new equipment and technologies;
- since most leases are short-term (often 3-5 years), changes in the size or location of the business can be easily implemented by abandoning old leases or leasing other properties;
- Leasing is a more flexible financial obligation than a mortgage, and the possibility of renegotiating the lease agreement every time it is renewed;
- The lessee may extend the lease through a revised secondary term and continue to use the

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equipment.

So, we can conclude that by developing leasing services in the agrarian sector, it is possible to ensure the outdated and renewal of professional equipment and technologies in agriculture and other sectors of the economy. Taking into account that such equipment is mainly used by small and medium-sized businesses and farms, leasing companies have a great role in providing the agricultural sector with new modern technologies. The economic growth of Uzbekistan's agriculture is mainly due to the lack of financial resources in the sector. Agricultural financing is provided at a much lower level than expected, given the importance of this sector in the country's economy and GDP. The leasing hypothesis has been proven as an effective tool for the development of rural areas. We can point to a number of obstacles to the development of leasing: insufficient information about the advantages of leasing, legal and regulatory shortcomings, weak state support, and other reasons. As a recommendation, it is possible to effectively meet the needs of farms for fixed assets by implementing government support mechanisms for specific leasing services.

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