

Study of Issues of Classification, Description, Recognition, Evaluation and Accounting of Finished Products Created in Cotton-Textile Clusters

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Abstract: The cotton and textile industry is one of the most important sectors of the domestic economy, acting as a driver for regional development, creating production capacities in rural areas, providing employment, and increasing export volumes. Therefore, on the initiative of the head of our state, at the new stage of reforms, the cotton-textile front was radically updated and a cluster system was introduced.

Keywords: Cotton-textile industry, cluster system, global textile market, investments.

Introduction: The current difficult and unstable period once again clearly shows the decisive role and importance of the agricultural sector on a global scale. An important issue was providing the population with agricultural products, creating new jobs in the field, and further increasing interest through the wise use of existing resources and opportunities.

Today, issues of accelerating the development of agriculture, increasing its economic efficiency, and further improving the living conditions of the rural population are directly related to the modern method of farming - the cluster system. This new structure in a short time became the driving force - the driver of the agricultural sector.

It should be noted that this innovative method, combining agriculture and industry, quickly proved its worth. As production of important industrial raw materials increased and their quality improved, complete fiber processing within the country was achieved. At the same time, 134 clusters operating in the system of the Association of Cotton and Textile Clusters of Uzbekistan became the main force. Currently, the clusters are actively engaged in the cultivation, harvesting, primary and deep processing of raw cotton, and export of cotton.

Indeed, based on the cluster method, about 350 large factories were put into operation. As a result, the yarn recycling rate has been increased to 45 percent. This figure is expected to reach 100 percent in the near future. Because the head of our state set the clusters the task of exporting finished products with added value, and not semi-finished products. The above-mentioned Presidential Decree will certainly serve as an important guide to action to achieve this goal.

Analyzes and results. Despite increased competition in the global textile market, demand for Uzbek products is growing. The fact is that our products attract customers with their naturalness, high quality and reasonable price. In 2022, textile, clothing and knitwear products worth \$3 billion 229.2 million were exported, the growth rate increased by 10.2 percent compared to the previous year.

It is gratifying that the share of finished products in exports amounted to 41.5 percent. This represents an increase of 44 percent compared to 2021. An important factor in achieving such a positive result was the increase in the number of exporting enterprises, the number of which has now reached 1,503.

Today, our textile products are mainly imported to the Commonwealth countries, Turkey and China, but the number of our partners will expand to include European countries. Because after the lifting of the global boycott of Uzbek cotton, the countries of the “ancient continent”, as well as international brands, having established trade and investment relations in this direction, began to place their orders in Uzbekistan.

As the head of our state noted, cotton and textile clusters have become drivers in every district. Therefore, this year it is expected to expand the geography of exports and increase the volume of exports of textile products to \$5 billion. Benefits and preferences provided to cotton-textile clusters and their textile factories according to the Presidential Decree will become a stimulating factor in fulfilling foreign orders and increasing export volumes.

To overcome competition in world markets, foreign manufacturers are trying to reduce costs by producing mixed types of products. This gives the expected results. At the initiative of the President, further benefits are provided to support clusters and other production enterprises in such difficult conditions. This is based on the goal of increasing the production of finished textile products with high added value by 2.1 times and exports by 2.6 times in the next five years, in short, to bring the cotton textile industry to a new stage.

After all, this year alone it is expected that the utilization rate of sewing and knitting production will increase from 65 to 81 percent, the bulk of the 35 thousand vacant jobs will be filled by representatives of the population included in the lists of social notebooks, and ultimately the export volume will almost double.

There are enough opportunities to conquer this milestone. Most importantly, specific measures are taken to accomplish the task. That is, cotton and textile clusters will attract \$225.6 million in investments, and 331 large projects will be implemented. As a result, it is planned to create 32,100 new jobs.

The main goal of the head of our country in introducing cotton-textile clusters is to create a five-stage production chain for cotton processing and enter the world market with finished textile products. Therefore, in accordance with the resolution, the financial support provided for the mobilization of existing opportunities and new reserves in the textile, clothing and knitting industry will fill the work of the cluster in this direction with new meaning and content.

The fact is that to provide exporting enterprises with working capital, \$200 million are allocated for a period of 3 years at a rate of 4 percent per annum, including a revolving loan.

At the same time, commercial banks, based on their applications, open credit lines for projects for the production of fabrics, carpets, finished garments and knitted products, dyeing and finishing in the amount of \$100 million for a period of 10 years with a three-year grace period at a rate of 4 percent per annum, for the remaining period - at a rate of 5 percent per annum.

Moreover, considerable financial resources are allocated for a period of up to 3 years to finance pre-export and export trade operations based on the volume of exports carried out over the last 12 months. Half of the costs for implementing financial reporting based on international standards will also be covered.

In accordance with the decree, the costs of participation of representatives of famous brands in exhibitions and fairs held annually in the republic will be covered by the Export Support Fund.

It is advisable for domestic manufacturers to establish representative offices of at least three large foreign companies that will issue international certificates for the products of local enterprises.

Another innovation. Textile and sewing and knitting enterprises were allowed to transfer funds abroad in the amount of up to \$100 thousand per year without separate decisions for creating trading houses and stores abroad.

Small industrial zones specializing in textile production will be created in 4 regions of our republic - Andijan, Namangan, Kashkadarya and Tashkent regions. Their launch is planned before the end of this year. To this end, the Ministry of Energy, joint-stock companies “Regional Electric Networks”, “Regional Gas Supply”, “Regional Water Supply” are entrusted with the task of ensuring the creation in small industrial zones of communications for the supply of electricity, natural gas, wastewater disposal, centralized water treatment facilities and other infrastructure.

At the same time, on the basis of empty cotton terminals, which are on the balance sheet of the former "Uzbek Cotton Industry" JSC, small industrial zones specializing in textiles will be created, some buildings and structures will be used as warehouses for imported raw materials.

Cotton farms collaborating with clusters are also provided with benefits. In particular, penalties for late payment of value added tax assessed to farms for the 2022 harvest will not be applied.

It is noteworthy that the Presidential Decree raised the issue of a new approach to training personnel for the cotton and textile industry and the use of advanced foreign educational programs.

For example, from now on, the training of specialists in popular professions (seamstress, cutter, spinner, mechanic) will be carried out in the dual education system. To this end, pilot projects will be implemented in the Republic of Karakalpakstan, Khorezm and Namangan regions to introduce foreign educational programs (Germany, Turkey).

Starting from the 2023/2024 academic year, the Tashkent Institute of Textile and Light Industry, together with universities in Turkey, Germany, and other countries, will develop and implement joint educational programs to train specialists in demand in the textile industry (engineers, technologists, designers, marketers).

An institute of modern innovative technologies will be created in the Andijan region in cooperation with the prestigious textile institute of Turkey. It was also planned to submit to the Cabinet of Ministers a corresponding draft resolution on the introduction of foreign educational programs.

The clusters covered 100% of the existing cotton fields in the republic (Figure 1).



Figure 1. Number of cotton-textile clusters in 2018-2020.

Firstly, the widespread introduction of modern market relations in agriculture allows creating new jobs and ensuring interest.

Secondly, it facilitates the introduction of advanced agricultural technologies in cotton growing and increases competitiveness.

Thirdly, it serves to provide farms with modern agricultural technology.

Fourthly, this will further increase the volume of production of finished cotton products and ensure their exportability.

During the trial period, these clusters performed better than expected. As a result, the number of cotton-textile clusters in 2018 reached 16, in 2019 - 77, in 2020 - 97, in 2021 - 122, in 2022 their number reached 134, and the clusters covered 100% of the cotton fields of the republic.

Statistics of cotton-textile clusters:

To date, 1034.2 thousand hectares (100%) of land plots are assigned to 134 cotton and textile clusters throughout the republic.

1.3 million tons (34%) of fiber will be produced from 3 million 800 thousand tons of raw cotton produced by clusters in 2022.

At the moment, the clusters have 1.9 million tons of fiber production capacity, and the raw cotton produced provides 58% of the available capacity (there are 705 thousand tons or 42% of the fiber production capacity).

As a result of the introduction of scientific achievements, innovations and advanced technologies in the field, cotton yield increased from 26.4 c/ha to 32.7 c/ha (+6.6 c/ha) in 2016-2021. The gross harvest for 2021 reached 3.4 million tons.

For this purpose, the clusters purchased 21.4 thousand units of high-performance equipment and units worth 5.4 trillion soums, thereby updating the agricultural technical park.

Water-saving technologies were introduced on 83.4 thousand hectares of cotton fields, 30.3 thousand hectares of land were returned to use.

In 2021, 25 cotton and textile clusters were launched on an area of 106 thousand hectares.

Conclusions.

In short, it is expected that, based on the new presidential decree, revolutionary changes will take place in the industry, artificial barriers and pitfalls that impede the development of cotton-textile clusters will be eliminated. Clusters will turn into a real driver in fulfilling the tasks specified in the decree, industrializing the regions, providing employment to the population, reducing poverty, and most importantly, in fully mastering the deep processing of cotton fiber and increasing export potential.

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