



## The Structure of Service Areas For Livestock Industry and Their Development in Market Conditions.

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### **ABSTRACT**

Human progress has been dependent on the products and services of livestock since at least the advent of agriculture, and even the most modern post-industrial societies remain critically reliant on animals for food and nutrition security. As our understanding of economic development advances, so must our recognition of the enduring importance of livestock. Livestock are especially vital to the economies of developing countries, where food insecurity is an endemic concern.

**Key words:** sustainable supply, technical services, service characteristics, processing, competitive environment, Leasing companies.

### **Introduction**

The goals and tasks set for the development of entities providing services to livestock farms can be expressed in different forms and contents at different stages of the economy. For example, as the main goal on a macro-economic scale - a large-scale additional condition for the sustainable supply of the country's population with food products, and industrial enterprises with raw materials by growing products that meet the demands of agricultural markets, which are increasingly developing in terms of quality and volume, due to the establishment of more efficient use of existing agricultural resources - provides for the creation of conditions. Such additional conditions create new jobs, additional service networks, directions are formed through the development of the industry that serves material production networks.

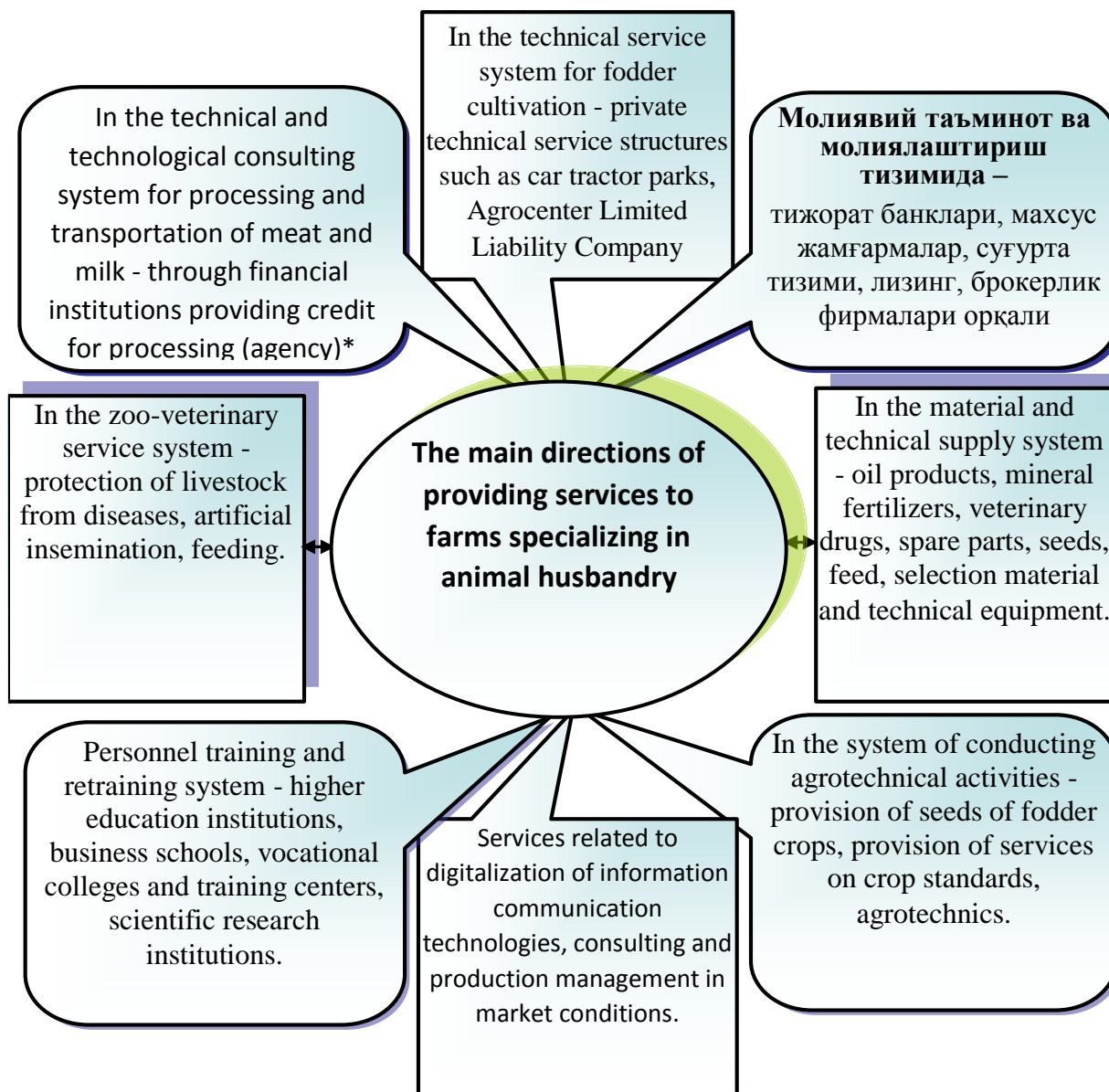
The practice of allocating preferential subsidies by the state for the leasing payment of agricultural machinery to livestock farms on the basis of leasing, the exemption from value added tax of technical services provided by tractor fleets to livestock farms also contribute to the development of the service system. The number of market, production and social infrastructure entities, which are established in rural areas and specialize in providing services to agricultural sectors, is increasing year by year.

Improving the quality of services to agricultural sectors, financing the activities of service providers, and improving legal awareness and economic responsibility mechanisms for providing services to customers on the basis of contracts.

Based on the research results, it is possible to consider the system of providing services to livestock farms in the following major groups within the framework of service characteristics and



production directions (Fig. 1):



**Figure 1. The main directions of the field of providing services to the livestock industry <sup>1</sup>**

- in the field of providing technical and technological advice to livestock farms on the processing and transportation of meat and milk - in the provision of loans through financial institutions that provide loans for processing, for example, in the financing of production and processing of products at the expense of foreign investments. - livestock farms and other businesses issued by the agency for the implementation of projects in the field of food supply (in accordance with the decision of the Cabinet of Ministers of the Republic of Uzbekistan dated November 21, 2018 No. 940 "On the organization of the activities of the agency for the implementation of projects in the field of agro-industrial complex and food supply")<sup>2</sup> giving advice to its subjects in various

<sup>1</sup>Source: Developed based on author's research.

<sup>2</sup> Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, No. 940 of 21.11.2018



directions, seminars on improving the qualifications of employees in the directions of using loans are being organized;

- in the technical service system for fodder cultivation - the use of services provided by machine tractor fleets, alternative machine tractor fleets, Agrocenter LLCs established in districts, private technical service structures in the areas of tillage, fodder crop care, fodder harvesting possible;
- in the veterinary service system, services are provided to livestock farms in such areas as protection of livestock from diseases, organization of regular preventive monitoring, artificial insemination of livestock, care and maintenance of pedigree livestock, development of science-based feeding rations;
- maintenance of fodder crops in livestock farms, implementation of agrotechnical measures - provision of high-generation seeds of fodder crops, observance of planting dates and seed standards, carrying out agro-measures carried out during the growing season of crops, protection of plants from diseases and insects, harvesting services;
- information and communication technologies, consulting and digitalization of production management services in market conditions - in combination with the fact that the complexity of the techniques and technological equipment used in the livestock industry today requires the constant use of specialist services, marketing information and extension consulting centers for researching the market of products and services, engineering , financial, economic, insurance issues, the need to use legal services is also increasing.

It is known that in the conditions of market relations, the number of entities operating in the field of services is increasing, and the diversity of the property structure is an important factor in the formation of the competitive environment. However, according to the analysis, most of the various branches (within production infrastructures) established in order to improve the service to livestock farms are branches of regional departments of large companies that have a monopoly position in the production of industrial products for the agricultural sector, and despite their large number, they maintain their monopoly position permanently. is appearing. That is why it is important to expand the competitive environment in the service sector.

Organizational and legal issues in the development of the service sector for the livestock industry should be aimed at limiting the monopoly in the service system and developing a healthy competitive environment. In this regard, it is necessary to encourage the development of service structures of different forms of ownership, as well as the establishment of service structures operating on the basis of public-private partnership, as well as state ownership, in each district. Including:

- to take into account the development of their material and technical base when encouraging the activity of service structures operating on the basis of private, public-private partnership;
- It is important to control the unjustified increase in service prices by monitoring the service quality and prices set by service branches belonging to large companies established in the regions.

From the point of view of the classic classification, if the structure of the infrastructure entities serving the livestock industry formed in our republic is grouped into the structures directly related to the livestock industry and indirectly related to it, the following large groups will appear (Fig. 2):



Infras tructure	Infrastructural entities integrally related to network activity	Infrastructure entities that are not regularly addressed in network activity
Market infrastructure entities serving livestock industry	Commercial banks	Pawnshop system
	Leasing companies	Brokerage companies
	Insurance companies	Provision of legal services
	Tax organizations	Engineering companies
	Specialist training system (on contract basis)	Specialist training system (general agriculture)
	Trade intermediaries (legal entities and individuals)	Labor offices (employment assistance service)
	Information consulting firms	Audit firms
	Commodity exchanges	Project-estimate bureaus
	"Agricultural Business Advisory Service" under the Farmers' Council.	Fund for the support of farmers, peasant households and homestead land owners.
	Extension service centers	District real estate service LLCs
Subjects of production infrastructure serving livestock industry	Transport services system	Car tractor fleets, Alternative car tractor fleets
	Branches of zooveterinary services	Branches selling mineral fertilizers, fuel and lubricants
	Fodder sales outlets	Spare parts, forage seed supply system
	Associations of water consumers	Enterprises in the field of product storage and packaging
	Private veterinary services (private individuals)	Subjects of the scientific supply system of the service sector
	Breeding livestock sales outlets (auctions)	Regional Agrocenter LLCs
Social infrastructure entities serving the livestock network	Public roads in the area	Subjects of culture, art and education
	Electricity supply enterprises	Health System Enterprises (HSEs)
	Drinking water supply system networks	Structures of household services, cultural entertainment, sports, catering and trade
	Gas supply system	Public transport system
	Enterprises of communication communication system	Subjects of national ceremonies, wedding ceremonies, ceremonies



	Qualification improvement, professional retraining system	Preschool educational institutions
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**Figure 2. Infrastructural entities that are not regularly used and are constantly used by livestock farms<sup>3</sup>**

- market infrastructure entities providing services to livestock industries;
- production infrastructure entities that provide services to livestock industries;
- social infrastructure entities that provide services to livestock industries.

In recent years, the number of entities providing services to livestock farms has also been increasing. In particular, in accordance with the decision of the President of the Republic of Uzbekistan dated April 26, 2018 "On additional measures to improve the activities of farmers, peasant farms and landowners of estates", the "Estate Service" provides practical assistance in the cultivation and sale of agricultural products to farmers and peasants in all rural districts. LLCs are established. They supply material resources, including seeds, seedlings, seedlings, machinery and other tools to farmers and peasant farms, recultivate land and plant agricultural crops, install water pumps, dig artesian wells and organize drip irrigation, sell products, including, they help in their preparation, storage, processing and export.

The problem of "geographical distance" is one of the main issues in organizing the activities of service enterprises, since the livestock sector in the republic is located in areas of dry farming or pastures based on the principles of "territorial specialization". That is why it is important for service enterprises to be located close to livestock farms. Therefore, the introduction of modern marketing principles in the field of service structures and services is becoming a need of the hour.

Service systems should regularly study the demand for services of livestock farms of different ownership and management and, based on this, take into account the demand for the direction, scope and quality of services, and improve their activities. In this:

- determining the volume of demand for types of service services in each region, the characteristics and seasonality of demand;
- to study the size of the market demand for special (zootechnic and veterinary services) services provided for the livestock sector and the directions of its change;
- development of forecast indicators for what types of services will be more in demand or decrease in demand in the future (near future);
- It is necessary to plan and develop implementation measures for the expansion of specific types of services, methods and forms of service provision, taking into account the trends in the market demand for services of livestock farms within individual regions.

As market relations in agriculture develop, the need to develop the service sector and manage the sale of services based on marketing principles in order to fully satisfy consumer demand is increasing.

It should answer the question of what should be the requirements, procedures, and rules for organizing marketing activities in the field of providing services to the livestock industry. Currently, not only in our republic, but also in the world economic literature, there is no single opinion and approach regarding marketing functions, their essence and implementation features. However, the

<sup>3</sup>Манба: Муаллиф тадқиқотлари асосида ишлаб чиқилган.





opinions have this in common - in all of them, marketing is recognized as the market concept of production and sale of products and services. Nevertheless, more opinions are expressed by scientists about the essence of marketing being manifested through its following tasks. Including:

The task of analysis of the service marketing system is one of the most important marketing tasks in the field of service provision, and it should be considered the basis of marketing activity in the subjects of the livestock sector. Because it is impossible to develop marketing activities within a separate service entity without studying the state of service provision, prospects for its development and the activities of entities providing these services, emergence of market demand for services, financial status of households using services, intensity of use of services.

The production task of the service marketing system is the basis for the implementation of the expansion of the scope of service provision, taking into account the achievement of the tasks set before the service entities based on the existing requirements. This task is generally the introduction of new mobile and modern digital technologies in service areas; organization of material and technical support of activities of service providers; includes issues such as quality management of services provided.

The task of selling services of the marketing system is to organize the movement of services provided within the framework of service structures; organization of service procedures, forms and methods; organization of the system of formation of market demand for services and promotion of sales; intends to carry out goal-oriented product and price policy within the framework of service structures.

The task of management and control of the service marketing system is to establish a long-term and rapid management system of providing services to the livestock industry, being considered the final link of the service structure's activity; providing services marketing management with the necessary operational and strategic information; organization of risk management in the field of service provision; control the execution of marketing decisions; it should consist of developing appropriate conclusions and recommendations for eliminating the shortcomings.

Since these tasks are interdependent, they will give the intended effect only if they are used wisely. This is the long-term direction of the services marketing system. Here it is not about organizing the provision of one or another type of service, but about having the type of services that can satisfy the consumer's demand. Satisfying consumer needs should be the main content of the production policy in service providers, and this is the main activity of the services marketing system.

According to the analysis, in the conditions of our republic, a number of factors have a negative impact on the expansion of the scope of services to the livestock industry and the increase in the quality of services, and in our opinion, they are the following:

- low level of development of service sectors due to the fact that the level of breeding of livestock in livestock production entities does not meet the requirements, their financial opportunities limit the possibility of hiring qualified specialists and access to quality services;
- the decrease in the quality of services and the increase in working time and costs due to the spatial distribution of production in geographical areas. This issue is especially relevant for livestock farmers and peasant farms;
- lack of attractiveness of investment resources involved in production and service sectors for investors for a relatively long period of time and low returns compared to other sectors of the economy;



- lack of mobile specialists who are qualified and able to work in the market conditions in the field of providing services to the livestock network, lack of experience in organizing the activities of service areas;
- non-compliance of the contractual relations between the entities providing services to the livestock network and the users of the services, the need to conduct regular activities on the development of legal awareness among producers and service providers regarding the fulfillment of contracts;
- low solvency of agricultural enterprises using services and other similar reasons can be cited.

Broadly speaking, the marketing of services for the livestock sector involves two integrated and interrelated processes. Firstly, it should consist of studying the demand and supply for specific types of services based on a detailed analysis of the market conditions and subordinating the service provision activities of the enterprise to the fulfillment of these requirements, and secondly, it should consist of forming the direction and scope of new requirements based on active influence on the existing market demand and consumer needs. All organizational, economic and technological processes should be organized in accordance with these goals.

Therefore, in order to expand the scope and quality of services to the livestock industry in the future:

- organization of special courses regularly operating in regional vocational and higher education institutions for the purpose of training and improving the skills of employees for service industries;
- creation of clear and perfect organizational and legal frameworks for regulating the field of service provision, including the regulation of the mutual payment system;
- Along with regulating the prices of services provided by service enterprises with a monopoly position, it is necessary to comprehensively implement measures to encourage the development of livestock enterprises. Because the increase in the solvency of livestock enterprises will indirectly stimulate the development of service enterprises and vice versa. Therefore, it is appropriate to apply the practice of stratification of the prices of services provided by service enterprises, introducing the principles of seasonality.

In particular, it will be possible to set limits for increasing prices in favor of service enterprises in seasons of high demand for specific types of services, and on the contrary, to apply measures to stimulate demand for services by reducing service prices during periods of reduced demand.

In the conditions of the activity of livestock farms scattered over a wide area (especially in the regions where livestock farms are the majority), it will be possible to use measures of financial support from the state for the activity of mobile service groups. In particular, it is appropriate to subsidize a part of service expenses of service structures operating in current directions in areas with severe natural and climatic conditions, where social protection of the population is necessary.

One of the reasons for the lack of specialists in the field of accounting in most livestock farms (hiring on a permanent basis is not economically justified) is one of the reasons for the incorrect organization of accounts. Also, due to the fact that the operational calculations are not well established, the production business planning, the control of the business plan indicators throughout the year, and the product cost management system are also derailed.

Implementation of the listed measures, development of the system of providing services to the livestock sector in the republic, formation of a healthy competitive environment in the field, increase



in the scope and quality of services, together with reducing the price of services, will serve to develop the sector of livestock.

In conclusion, we can say that in the development of infrastructure entities serving the network, taking into account the characteristics of the location and operation of the Territories and livestock network:

- approach taking into account the availability of markets for the sale of livestock products and the size of the markets;
- taking into account the trends of specialization of livestock industries and changes in the growth dynamics of the number of livestock and the volume of production;
- taking into account the dispersion of farms in livestock regions and their geographic location at different distances from markets and service centers;

as well as in the development of the activities of infrastructure entities serving the Livestock sector, increasing the number of people employed in the service sector and the income of rural residents:

- continuous economic stimulation of private entrepreneurship, activities based on public-private partnership, together with state-owned structures in the field of service provision;
- to improve the system of training, retraining and advanced training of highly qualified specialists for the service sector;
- While increasing the range of services provided to the livestock sector, along with encouraging the increase in the weight of services based on complex scientific knowledge and technologies, the problem of "geographical distance" is an important factor in the organization of the service system.

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