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Efficiency Analysis of Wheat Producing Farms in Tashkent Region, Uzbekistan

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Abstract

After achieving independence in Uzbekistan, government agricultural policy mainly concentrated on 2 objectives: developing cotton production to support state hard currency earnings through export and achieving self-sufficiency in grain production. In order to fulfil those goals the government has preferred to take a slow “step by step” path in reforming agriculture based upon restructuring of agricultural enterprises for producing those two “strategic crops”. Effect of different political and economical factors goes in the opposite direction, so the government by arrangement of land reform would like to solve many dilemmas: on one side to give social freedom in land and support the interests of different groups (collective enterprises, tenants, regional elite, households) and on another side to keep under controlling the production chain. The combination of factors such as state intervention of the input and output markets, misapplication of the bankruptcy law, counterproductive taxation, the lack of a land market, and an ineffective finance system, effect on the reform process and is hesitant conflicting going ahead. More than 20,000 farms had been established since 1998. They are completely free in their activities according to the law, but they are severely constrained in practice. The problems, however, are not only external, but also lie within the enterprises themselves.

The objective of this paper is to analyse efficiency of wheat producing farms, established on the land after restructuring of the collective farms using Data Envelopment Analysis. To identify the determinants of technical efficiency, a second stage analysis using Tobit regression was performed. As a case study one region of Uzbekistan was chosen for efficiency estimation. Efficiency analysis results reveal that farms vary to a great extent in on the levels of efficiency. The relative differences in economic performance reveal that the problems are not only external, but also lie within the enterprises themselves.

Keywords: Private farm, scale efficiency, technical efficiency, transition economy