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“Competition for Resources in a Changing World:
New Drive for Rural Development”

Productivity of Private Farms: The Case Study of Tashkent Region, Uzbekistan

EVELINA BUDJUROVA, SIEGFRIED BAUER

Justus Liebig University, Project and Regional Planning, Germany

Abstract

The agrarian sector of national economy of Uzbekistan is going through difficult process of fundamental changes. The main issue of this process is transition into new model of economic development, connected with more effective use of market instruments and mechanism of their regulation. In the process of transition new economical and organisational frames for agricultural producers are formed.

By the new legislative conditions since 1990 three different types of farms were established: agricultural cooperatives, private farms and household farms. Counter-productive policies such as intervention on input and output markets, misapplication of the bankruptcy law, lack of land market and ineffective finance system have affected the reform process. The productivity of the “strategic” crops: cotton and wheat declined. Most agricultural cooperatives in the period 2001–2003 were pronounced bankrupt. In 2003 the government changed direction of reforms in order to restructure the agricultural cooperatives. The agricultural land was given to rent through competition to private farms.

This paper examines changes in agriculture productivity in 15 districts of the Tashkent region, Uzbekistan over the period 2000–2005. An input-oriented Malmquist Productivity Index (MPI) is used. The results of the study show that the average MPI amounts to 0,889, that is the TFP (total factor productivity) declined almost 11 % on average per year. Portioning of productivity changes into technical change and technical efficiency revealed that impact of structural change in 2003 on TFP and the study shows that the time period between 2002 and 2004 is characterised by technical regress followed by technical progress. The improvement should be ascribed to mechanical or organisational technical progress.

Keywords: productivity index, restructuring, total factor productivity, transition economy, Uzbekistan