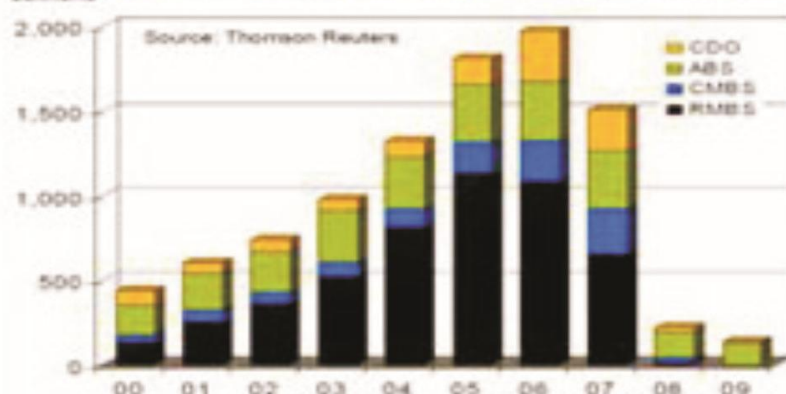


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SAARJ Journal on Banking & Insurance Research (SJBIR)

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IDENTIFICATION OF INFLUENCING FACTORS OF CONSUMER CHOICE OF PURCHASING A FULL INSURANCE POLICY

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ABSTRACT

Every risk involves loss which may be monetary or physical. Even the physical loss may cause monetary loss. Thus a person subject to a particular risk incurs a loss. If it is small, he can bear it. However, if it is heavy and unforeseen, he cannot bear the loss himself (Smith, 2003). Hence, vehicle owners have demanded for a full insurance policy. However, consumer choice for the insurance policy is a physiological phenomenon, varies for each consumer. Before purchasing a full insurance policy general public consider about several factors. In such a situation, it is important to identify which factors play major roll for the choice of purchasing an insurance policy. The main objective of the study is identifying the association between some selected socio-demographic and economic factors of consumer choice of purchasing a full insurance policy. Primary data was mainly collected for the study through a questionnaire. Hundred respondents including 70 full insurance policy holders and 30 non full insurance policy holders, in Balangodatown area (in Sri Lanka), were selected to the study using a convenience sampling method. Chi-square test of association was used to identify the associated factors while using dependent variable as choice of purchasing the policy. Study found that vehicle type (Car, van lorry, bus), brand name of the vehicle (Toyota, Nissan, Suzuki, Mitsubishi), religion and monthly income of the person, value of the vehicle, manner of buying the vehicle, use the vehicle for risky activities or not are the influencing factors of consumer choice of purchasing a full insurance policy. The most significant fact revealed by the study is that gender, age, education level, civil status, occupation and residential sector of the person are not associated with the choice of purchasing a full insurance policy. Hence, insurance companies should realize customers' needs and to find effective ways to satisfy the needs irrespective of the demographic factors.

KEYWORDS: Consumer, Insurance Policy, Vehicle.

INTRODUCTION

All vehicle owners and passengers are exposed to the risk of accident; but still all do not suffer loss due to accident at the same time. Thus exposure to risk is one thing and the actual suffering is another (Gopalakrishnan, 1994). The problem began before the introduction of the car. However, it was with the car – and subsequently buses, trucks and other vehicles – which the problem escalated rapidly. By various accounts, the first injury crash was supposedly suffered by a cyclist in New York City on 30 May 1896, followed a few months later by the first fatality, a pedestrian in London (www.roadpeace.org). Therefore, every vehicle owner is motivated to insure their vehicle. For that insurance companies had introduced two kinds of insurance policies as third party and full insurance policy. Third party insurance policy is a legal requirement under the Motor Vehicle Act in Sri Lanka and it ensures that compensation is available in respect of injury caused to other people (including passengers) or damage to other peoples' property resulting from an accident caused by vehicle owner (Wickramasinghe, 2008). However, it does not cover any costs incurred by vehicle owner as a result of the accident. Every risk involves loss which may be monetary or physical. Even the physical loss may cause monetary loss. Thus a person subject to a particular risk incurs a loss. If it is small, he can bear it. However, if it is heavy and unforeseen, he cannot bear the loss himself (Smith, 2003). Hence, vehicle owners have demanded for a full insurance policy. However, consumer choice for the insurance policy is a physiological phenomenon, varies for each consumer. Before purchasing a full insurance policy general public consider about several factors such as additional coverage, value of the vehicle, monthly income and manner of the vehicle use. In such a situation, it is important to identify which factors play major roll for the choice of purchasing an insurance policy. The main objective of the study is identifying the association between some selected socio-demographic and economic factors of consumer choice of purchasing a full insurance policy.

REVIEW OF LITERATURE

Insurance is a promise of compensation for specific potential future losses in exchange for a periodic payment. Insurance is designed to protect the financial well-being of an individual, company or other entity in the case of unexpected loss. Some forms of insurance are required by law, while others are optional.

The invention of the automobile in the late nineteenth century created a need to protect motorists from the potentially enormous financial loss from operating a car. While the automobile certainly revolutionized American society both economically and culturally, it can be also be a dangerous instrument inflicting death, personal injury and property damage and the automobile itself can also be damaged or stolen. Economically, the potential losses associated with driving an automobile can be significant (Stellwagen 1926). With the knowledge that operating an automobile is potentially economically devastating and acting on the assumption that driving and automobile is a privilege and not a right, policy makers required motorists to purchase auto insurance coverage to protect innocent third parties as well as the at fault motorist from liability.

In Sri Lanka, insurance companies introduced two kinds of vehicle insurance policies. Those are full insurance and third party insurance. Third party insurance is compulsory under the Motor Vehicle Act in Sri Lanka. The types of risks involved in using motor vehicles are legal liability to the third party and loss or damage to owner's vehicles. The Act policy is enough to satisfy the provisions of the motor vehicles act but provides only the minimum cover to the insured against his legal liability towards the loss or damage caused to the third party by the use of vehicle in a

public place but a third party policy covers all risks towards the third party and protects the insured against his legal liability arising due to the use of vehicle in respect of loss or damage to the third parties.

Full insurance is not legal requirement. And full insurance purchase according to willingness of vehicle owners. Full insurance policy normally covers the following third party liabilities damage to vehicles, tug and tow charges, repair charges, medical expenses and other expenses incurred in connection with risk. The following risks are also covered in motor insurance by paying extra premium fire, theft and burglary, strike riot, and civil commotions, legal liability towards persons employed for operation maintenance loading and unloading of vehicles and death or injury to any members of the family who travelled.

There are so many research papers related to this field. One of the study conducted in Malaysia to examine the government servant's perception toward Islamic Motor Insurance named as Takaful. This study emphasizes on four factors, which product knowledge, awareness, advertising and benefit of the product. The purpose of this study is to measure the level of perception of Islamic Motor insurance and to identify whether there is a relationship between the independent variables (four factors) with the dependent variable (perception). The respondents are the government servants who are using Motor insurance. From the findings, the respondents show very good perception toward Islamic Motor Insurance. The findings showed customers' Perception levels are very positive towards Islamic Motor insurance.

Insurance is the second largest motor vehicle expense. It is usually perceived as a fixed cost with respect to vehicle travel. A reduction in driving provides vehicle owners with little or no insurance cost savings, despite the fact that vehicle collisions and insurance claims decline with reduced vehicle travel. Current insurance pricing causes insurance payments on lower-mileage vehicles to subsidize accident costs of higher-mileage drivers in the same risk class. Changing insurance pricing to make it distance-based could improve both economic efficiency and equity. Another article discusses the concept of distance-based private motor vehicle insurance. It describes three distance-based insurance pricing options, compares their costs and benefits, and explores barriers to implementing them. Mileage-pricing is recommended as the most effective, equitable, and cost-effective option. It would reduce total automobile travel by an estimated 5% to 15%, making it among the most effective of transportation demand management measures currently proposed.

Researchers have done researches about motor insurance. But there are none of the research related to the influential factors for vehicle owners to purchasing full insurance policy. Because of that it is very important to pay attention regarding that area also.

SIGNIFICANCE OF THE STUDY

In the current world, every vehicle owners have some kind of an uncertainty. In such a situation a need of having vehicle insurance is essential than the past. Therefore many vehicle owners are willing to purchase vehicle insurance. This study is mainly important to three parties. Those are the vehicle owners, Insurance Companies and Researchers. The insurance companies were increased rapidly and introduced the most kind of insurance policies. At present every insurance company involved to advertise about their insurance policies, extra activities. Because of that reason people have to face choosing problem. By studying this research people can get sound idea about full insurance policy. And they can select suitable insurance company to insure their vehicle. On the other hand, insurance companies expect to earn high profit. When they go to earn high profit they have to increase the number of customers that they have. By referring this study they can get a

clear idea about the customers' choices related to the insurance policies. And also, this is very important to the researches to gather information related to the insurance field.

OBJECTIVES AND HYPOTHESIS

The main objective of this study is identifying the influential factors of consumer choice of purchasing a full insurance policy. The remaining objectives are,

- Find out the most popular insurance company in Sri Lanka.
- Find out the reasons for not purchasing full insurance policy.

To achieve a conclusion for main objective of this study, following null hypothesis was tested under 95% significance level.

- H_{oa} : Purchasing a full insurance policy is independent from gender.
- H_{ob} : Purchasing a full insurance policy is independent from age.
- H_{oc} : Purchasing a full insurance policy is independent from level of education.
- H_{od} : Purchasing a full insurance policy is independent from residential sector.
- H_{oe} : Purchasing a full insurance policy is independent from civil status.
- H_{of} : Purchasing a full insurance policy is independent from occupation.
- H_{og} : Purchasing a full insurance policy is independent from religion.
- H_{oh} : Purchasing a full insurance policy is independent from monthly income.
- H_{oi} : Purchasing a full insurance policy is independent from type of the vehicle.
- H_{oj} : Purchasing a full insurance policy is independent from brand name of the vehicle.
- H_{ok} : Purchasing a full insurance policy is independent from manner of purchasing the vehicle.
- H_{ol} : Purchasing a full insurance policy is independent from use the vehicle for risky activities or not.
- H_{om} : Purchasing a full insurance policy is independent from value of the vehicle.

RESEARCH METHODOLOGY

Primary data was mainly collected for the study through a questionnaire. Hundred respondents including 70 full insurance policy holders and 30 non full insurance policy holders, in Balangodatown area, were selected to the study using a convenience sampling method. Chi-square test of association was used to identify the associated factors while using dependent variable as choice of purchasing the policy. Independent variables were divided in to three major categories. Those are demographic variables (gender, age, level of education, residential sector, civil status and religion), economic variables (occupation, monthly income) and vehicle related factors (type of the vehicle, brand name of the vehicle, manner of purchasing the vehicle, use the vehicle for risky activities or not and value of the vehicle).

RESULTS AND DISCUSSION

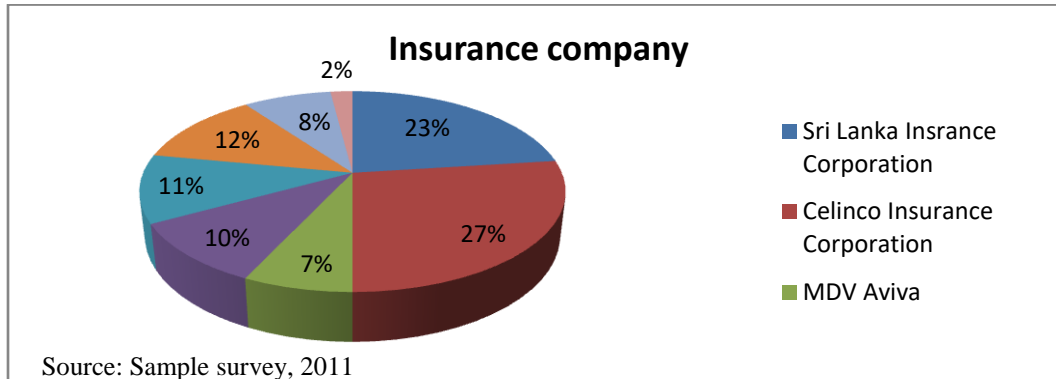


Figure 1: Distribution of the Insurance Company

According to figure 1, Celinco Insurance Company has more customers than other insurance companies. It was nearly 30%. And also, Sri Lanka Insurance Company took the next higher demand. There is low demand for People's Insurance Company and it was nearly 2%.

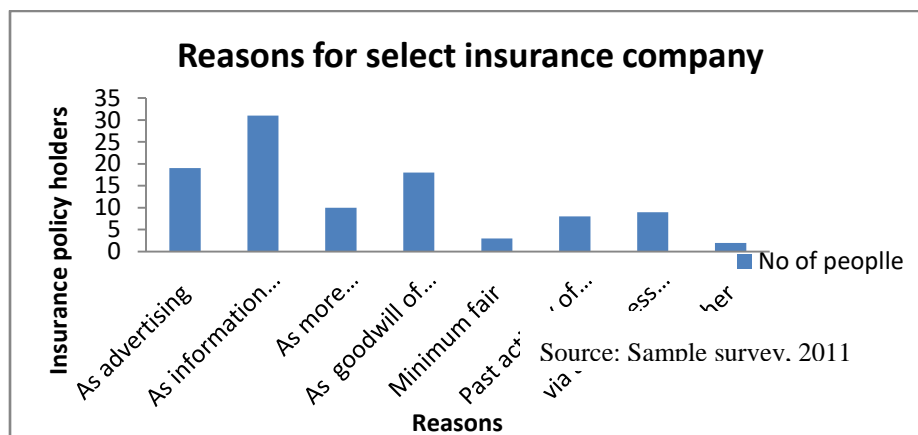


Figure 2: Reasons for Select the Insurance Company

Figure 2 indicates that large number of customers purchased insurance policies according to the insurance agents' information. On the other hand, advertising and goodwill are very important factors for choosing an insurance company. Less number of customers consider about minimum fair and other factors.

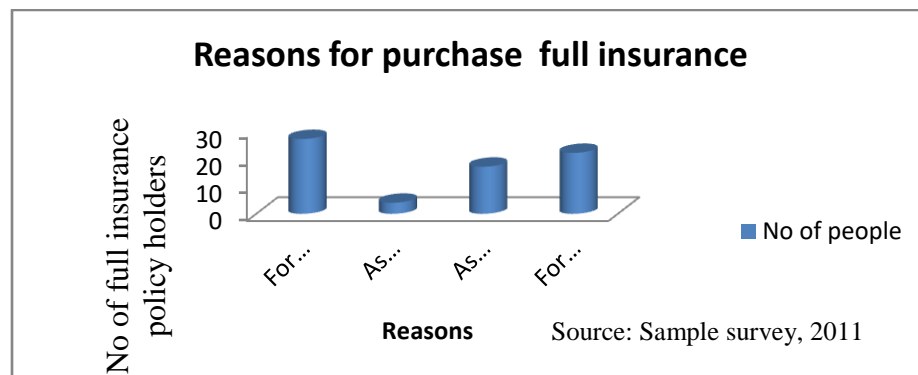


Figure 3: Reasons for Purchasing a Full Insurance Policy

Vehicle owners consider about some factors before purchasing a full insurance policy. According to this graph, most customers purchased a full insurance policy by considering about the protection of their vehicle and minimization risk. Few insurance policy holders had been brought full insurance policies due to the information of insurance agents.

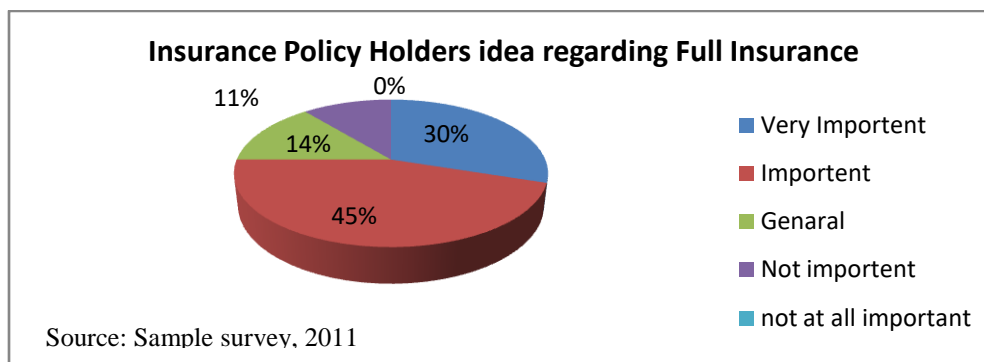


Figure 4: Policy Holders' Idea about the Full Insurance Policy

Approximately half of the policy holders have been expressed that it is important and 30% of the insurance policy holders said full insurance is very important. But 11% of insurance policy holders said full insurance is not important. When consider regarding total ideas, 75% of insurance policy holder have been expressed full insurance is important.

Chi-square test of association was used to identify the associated factors while using dependent variable as choice of purchasing the policy. Following tables shows the summarized results obtained from the chi square test.

TABLE 1: ASSOCIATION BETWEEN DEMOGRAPHIC FACTORS AND CHOICE OF PURCHASING THE POLICY

Demographic Factors	P - Value	Decision
Gender	1.000	Do not reject H_0
Age	0.153	Do not reject H_0
Level of education	0.083	Do not reject H_0
Residential sector	0.522	Do not reject H_0
Civil status	0.150	Do not reject H_0
Religion	0.004	Reject H_0

Source: Sample survey, 2011

TABLE 02: ASSOCIATION BETWEEN THE ECONOMIC FACTORS AND CHOICE OF PURCHASING THE POLICY

Economic Factors	P - Value	Decision
Occupation	0.561	Do not reject H_0
Monthly income	0.021	Reject H_0

Source: Sample survey, 2011

Source: sample data

According to the table 01 and 02, religion and monthly income of the subjects are associated while gender, age, level of education, civil status, residential sector and occupation are not associated with choice of purchasing a full insurance policy. When consider about the religion, Buddhist and

Hindu people demanded full insurance policies than Islamic. Islam people do not purchase full insurance because the effect of religion factor. Also, people with high income were highly demanded full insurance policies.

TABLE 03: ASSOCIATION BETWEEN VEHICLES RELATED FACTORS AND CHOICE OF PURCHASING THE POLICY

Vehicle Related Factors	P - Value	Decision
Value of the vehicle	0.000	Reject H_0
Type of the vehicle	0.001	Reject H_0
Brand name of the vehicle	0.000	Reject H_0
Manner of purchasing the vehicle	0.000	Reject H_0
Use the vehicle for risky activities or not	0.002	Reject H_0

Source: Sample survey, 2011

Table 03 indicates that all the considered variables are associated with the choice of purchasing a full insurance policy. There is an association between manner of purchasing vehicles and full insurance policy. Leasing vehicles have 100% full insurance policy because it is requirement for leasing vehicle owners. If the value of the vehicle is high then the choice of purchasing a full insurance policy is also high. And if people use their vehicle for risk activities they were highly demanded full insurance policy due to the high risk.

FINDINGS AND CONCLUSION

The main purpose of this study was identifying the influential factors of consumer choice of purchasing a full insurance policy. In order to achieve this purpose, several factors have been taken into consideration and tested whether there is any association between choice of purchasing a full insurance policy and those factors. Study found that vehicle type (Car, van lorry, bus), brand name of the vehicle (Toyota, Nissan, Suzuki, Mitsubishi), religion and monthly income of the person, value of the vehicle, manner of buying the vehicle, use the vehicle for risky activities or not are the influencing factors of consumer choice of purchasing a full insurance policy. The most significant fact revealed by the study is that gender, age, education level, civil status, occupation and residential sector of the person are not associated with the choice of purchasing a full insurance policy. Hence, insurance companies should realize customers' needs and to find effective ways to satisfy the needs irrespective of the demographic factors. Majority of the sample used Celinco insurance company for their insurance activities. The reasons for this is because the technology that company currently used, efficiency, the number of benefits provide by that company and good reception and customer friendly service. As well as, Toyota and Bajaj vehicles have high demand in the vehicle industry rather than other brands.

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SUSTAINABILITY STRATEGIES FOR THE MANAGEMENT OF TOURIST FACILITIES IN THE FERGANA VALLEY

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ABSTRACT

In this article, the objective necessity of the mechanism of management of tourist facilities in the Fergana Valley, the existing opportunities in the region, natural resources, problems and opportunities, investment processes were discussed. The purpose of this article is to assist in the development of tourism in the Fergana Valley by providing sustainability advice and scientific and practical advice.

KEYWORDS: *Tourism, Strategy, Sustainability, Innovation Strategies, Investment.*

JEL Classification: 338.48(584.4)

INTRODUCTION

Today, despite the fact that most areas of tourism have a local form, they are usually considered as a large international business. Indeed, the rapid development of the network depends on important factors. In order for some large tourism organizations to have a stable position, it is important that they have an important specific strategy rather than organizing travel across national borders. (Lovelock and Yip; 1999).

Sustainable tourism strategies are now more important than ever for successful, competitive and sustainable destinations and tourism businesses. But it can be difficult to find good strategies that are tailored to the region's potential to develop and manage sustainability in the tourism sector.

In the process of analyzing this topic, the scientific views of the following scholars, i.e. In the process of analyzing this topic, the scientific views of the following scholars, viz (Porter; 1985), (Ashworth; 1996), (Barrow; 2003), (Dann; 2002), (Frechtling; 2001), (George; 2000), (Goeldner; 2003), (Holloway; 2009), (Medlik; 2003), (Hill; 2010), (Thompson; 2005), (Johnson; 2008), (Evans; 2003), (Yokubovna; 2019), (Abdulkhakimov; 2019).

Sustainable tourism strategies: how to do it. How to perceive sustainability: how to set up sustainable tourism counseling centers for target managers? For established managers, guidance should be provided by leading tourism professionals on how to adopt sustainability in order to gain or maintain prestige and competitive advantage.

A specialized marketing and development strategy developed specifically for each region is critical to the prospects of areas (local, regional, or national) that have one or more of the following characteristics:

A. Newly emerging (including a large number of places to visit);

B. Having a combination of unique attractions (new types of tourist destinations) whose potential has not yet been discovered;

C. The existing attractions invite you to travel to areas of high attraction;

D. Having large natural attractions that are at risk of losing their attractiveness - if not properly maintained, managed and properly planned, should also be the basis for developing the best tourism strategy programs on a local and / or regional basis. Sustainability-based strategies, carefully designed market research, strategic analysis, and flexible planning (e.g., 1 to 3 years) are required. Efforts in strategic planning are about knowing where you are going and how to get there. This is to find the right way, for obvious reasons, to get the best results.

Innovative and powerful tourism strategies.. demonstrate their ability to integrate and see problems and opportunities as a whole. Instead of being part of the business mode as usual - we need to focus on sharper results and new (more efficient) ways to achieve great results. Here, of course, lies a competitive advantage.

In general, the study of the global strategy of the service business in the field of tourism is still in its infancy in the Fergana Valley. In order to develop and implement policies and strategies for the development of the tourism industry of the Fergana Valley, it is desirable to develop a strategy for the rapid development of industry and cooperate with regional tourism development departments. The strategy aims to increase market share and create new jobs in four priority areas, invest in quality tourism products, various activities, infrastructure and create a skilled workforce and business skills, and make effective use of tourism opportunities in the Fergana Valley.

STRATEGIC PRIORITIES INCLUDE:

1- LINE Creating quality tourism products	2- LINE Support and encourage those who want to develop new types of tourism products
3- LINE High-income hotel developments, such as the integrated development of the resort alone.	4- LINE Programs and activities for the development of tourism in the Fergana Valley, as well as the identification of new talents, the introduction of business incubator ideas and technologies.

Figure 1. Strategic priorities for tourism development in the Fergana Valley.

1. Create quality tourism products, increase experience in exploring unique travel destinations. The Fergana Valley has unlimited potential in terms of natural resource diversity. By expanding the offerings, which include modern and unique products and real experiences from around the world,

there will be an opportunity to attract new and repeat local and international visitors, which are available only in the Fergana Valley.

2. Innovative practices support the introduction of initial experiences that attract tourists and achieve high-income hotel developments as part of new or existing tourism, such as the integrated development of the resort alone.

3. Support and assistance to those who want to develop new types of tourism products, the development of practices that meet the needs of target tourism markets;

4. Prompt awareness of tourism news by regional tourism departments, promotion of tourism business participation in tourism development programs and activities in the Fergana Valley, as well as the identification of new talents, the introduction of business incubator ideas and technologies.

In order to develop new directions of nature-based ecotourism in the region, it would be expedient to implement the following.

- Implementation of the program of ecotourism development in the Fergana Valley until 2021–25;
- support for investment in ecotourism infrastructure;
- Identification of Shohimardon say landscapes and other ecotourism sites on display;
- pay special attention to the development of new areas of tourism in the vicinity of local waters;
- conduct market research on consumer behavior and promote the benefits of travel to develop new experiences based on the nature of the Fergana Valley.

The first stage of organizing travel events in the Fergana Valley and the development of plans to attract local tourists:

- Organize and promote special events to attract more visitors to the Fergana Valley;
- Use of sports and business activities;
- Creating opportunities that bring economic benefits to the state to maximize;
- Encourage targeted investment to strengthen the event, increase infrastructure and capacity across the country, and explore opportunities to host major events in the region;
- Work on a culture and experience of customer service;
- attaching financial partners to developers of new ideas in order to increase the role of tourism in the economy;
- Development of programs on quality and service culture, special manuals on tourism.

Modern, high-quality infrastructure is essential for continuous travel in and around the Fergana Valley. The process of developing and improving new investments, tourism assets, infrastructure that supports the tourism sector will ensure real growth of the industry.

Attracting investments in the leading direction of tourism, taking into account the nature, climate and location of the Fergana Valley:

Entrepreneurs and local authorities who want to build tourism infrastructure should work together to find investors in the tourism sector, attract and support investment.

- it is important to focus on areas that are important in tourism, information for visitors, protected natural areas, infrastructure opportunities for visitors, and sports infrastructure.
- Identification of new projects and new directions for the development of private tourism, strict control over the accessibility of infrastructure along the Fergana Valley, including hotels, attractions, access roads to the infrastructure;
- Strategies for the socio-economic development of the Fergana Valley, including attracting and supporting investment in sustainable tourism, actively attracting investors by attracting investment in tourism, and developing tourism in the Fergana Valley, renewed tourism infrastructure, local it is advisable to conduct it in cooperation with the authorities.

Improving access to tourism infrastructure Focus on transportation convenience.

Implement systematic transport to achieve sustainability in tourism. The main strategy is an integrated approach to transport, and the opportunities in the Fergana Valley are the implementation of individual travel programs for each group of visitors, taking into account their wishes;

- find ways to use existing opportunities;
- implementation of the "Transport in Tourism" program, which has a certain value;
- Establishment of a delivery service called "tourist tourism";
- installation of new and improved road infrastructure, signs of tourist destinations in recreation areas;
- prioritize the delivery of multilingual information for visitors;
- Establishing strategic partnerships

Forming a skilled workforce and entrepreneurial skills.

Today, the Fergana Valley cooperates with regions and communities in various industries. Given that the workforce plan for the tourism industry plays an important role in the economy of the Fergana Valley, it is important that the tourism industry has the skills and experience to meet the growing demands of visitors seeking high quality in the services market.

Strengthening industrial routes that directly affect tourism in order to enhance its status

- Presenting a program of young tourism leaders to enhance the status of tourism in the region;
- Expanding programs to help more young people, successful transition from school to additional education or focus on employment in tourism;
- Improving the quality of service in restaurants and cafes;

Develop a workforce plan against labor shortages in tourism

An analysis of current and future skills will be required to support the tourism industry.

- Development of teacher-student work plans for the development of the tourism industry;
- Defining a staffing plan for tourism with short-term and long-term priorities;

The gradual implementation of the above strategies will directly contribute to the improvement of the management mechanisms of the tourism industry in the Fergana Valley.

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THE IMPACT OF AGRICULTURAL SERVICES ON FARM PROFITS

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ABSTRACT

In the article investigated the impact of agricultural services on farm profits. The effectiveness of economic reforms in Uzbekistan wide depends on the level of establishment and development of agro-service enterprises that coordinate economic and social relations between the leading links of the agro-industrial complex.

KEYWORDS: Agriservice, random effect model, chemical supply service cost, fuel supply cost, Technical cost, agro-veterinary services, WUA service, profit share.

1. INTRODUCTION

The development of agro-services also requires the solution of such important issues as, on the one hand, the improvement of social conditions in rural areas, is the living and leisure conditions of the population, and, on the other hand, the employment of surplus labor resources.

2. Data and Methods

This article is based on of Agricultural service provision results in Samarkand province of the Republic of Uzbekistan. We use materials of research, scientific works of national and foreign researchers, also statistical materials of Department of Agriculture resources of Samarkand region, State Committee of Statistics and web sites of government (www.press-service.uz, www.agro.uz), in article. We use quantitative and qualitative methods, Excel software during analysis. All scientific conclusions are based on results of research.

3. MAIN RESULTS AND DISCUSSION

To conduct a statistical analysis of changes in service factors affecting profits in the production of major agricultural crops in Samarkand region, we studied 12-year (2007-2018) data from 14 districts. As a result, the number of observations was 168. The main agricultural crops were cotton, wheat and vegetables. As services provided, chemical service, fuel supply, Technical services,

agro-veterinary services and WUA services were studied based on the STATA program Random effect model.

According to Table 1, in 2007-2018, the gross profit of cotton in agriculture in Samarkand region amounted to an average of 71.35 thousand UzS / hectare, while in grain and vegetables - 321.06 and 2139.29 thousand UzS, respectively. During the period under review, the use of chemical services in agriculture averaged 3992.08 thousand UzS, fuel supply an average of 3207.24 thousand UzS, Technical services an average of 549.81 thousand UzS, agro-veterinary services an average of 70.37 thousand UzS, WUA services an average of 252,87 thousand UzS. We can also see that some areas suffered losses from cotton and grain production during 2007-2018.

TABLE 1. STATISTICAL ANALYSIS OF CHANGES IN AGRISERVICE FACTORS AFFECTING PROFITS IN THE PRODUCTION OF BASIC AGRICULTURAL CROPS IN SAMARKAND REGION*

Variables	Observations	Average	Standard error	Minimum value	Maximum value
Profit from cotton producing	168	71.34563	243.9343	-1302.222	657.0826
Profit from grain producing	168	321.0631	238.4401	-309.8321	1187.607
Profit from vegetable producing	168	2139.297	1535.89	266.3636	9147.776
Chemical supply services cost	168	3992.08	3522.795	0	20229.3
Fuel supply cost	168	3207.243	3484.819	8.6	18280
Technical services cost	168	549.8057	576.1308	5.9	2720
Agri-veterinary services cost	168	70.36646	45.78442	3.43	224.8
WUA services cost	168	252.869	226.4201	0	1270.4
Years	12	2012.5	3.462373	2007	2018

*source: Author's work based on the data of the Department of Agriculture of Samarkand region

Since our data were long-term panel data, we considered the effect of factors using a random effect model. It is assumed that factors not observed in the random effect model are not correlated with the independent variables at each time interval¹:

$$Y_{it} = \beta_0 + \beta_1 x_{it1} + \dots + \beta_k x_{itk} + v_{it} \quad (1)$$

Y – Involuntary variable (profit from cotton, profit from grain and profit from vegetables);

x – Free variables, (x₁ - chemical value, x₂ - fuel supply value, etc.);

β – Coefficients;

v – error rate.

According to the results of the random effect model, the cost of chemical services, the cost of fuel supply, the cost of technical services had a statistically significant effect on the amount of profit received in the production of cotton, grain and vegetables, the main agricultural crops in Samarkand region. Only the WUA service had a statistically significant effect on the amount of profit from vegetables.

In the case of Cons., assuming that the effect of the analyzed factors is 0, the amount of profit in, say, grain will increase by 291 thousand UzS. N here are the number of observations and in the example there are 168 observations (12 years 14 districts $12 \times 14 = 168$). $r^2 = 0.24$, 24 per cent of the change in gross profit in cotton was directly due to the above factors, 34 per cent in the same grain, and 17 per cent in vegetables (Table 2).

TABLE 2. REGRESSION ANALYSIS OF SERVICE FACTORS AFFECTING PROFITS IN THE PRODUCTION OF MAJOR AGRICULTURAL CROPS IN SAMARKAND REGION (RANDOM EFFECTS)*

Factors affecting profitability	Profit from crops, thousand UzS		
	Cotton	Grain	Vegetable
Chemical supply services cost	-0.0217*** (0.00802)	0.0323*** (0.00484)	-0.0386 (0.0300)
Fuel supply cost	0.0163* (0.00879)	-0.0106* (0.00601)	0.0348 (0.0386)
Technical services cost	0.0736** (0.0320)	0.0344* (0.0207)	-0.102 (0.131)
WUA services cost	0.0791 (0.106)	0.352*** (0.0732)	0.777* (0.471)
Changes in cotton seeding area	9.846** (4.259)	x	x
Changes in grain seeding area	x	-17.64*** (2.378)	x
Changes in vegetable seeding area	x	x	135.8*** (34.95)
_cons	-20.00 (32.66)	291.0*** (43.00)	1813.5*** (243.5)
N	168	168	168
r^2	0.24	0.34	0.17

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

*source: Author's work based on the data of the Department of Agriculture of Samarkand region

Based on the data in Table 2, the functions of the Random Effects Model are given:

$$Y_{\text{paxta}} = -20 - 0.0217x_1 + 0.0163x_2 + 0.0736x_3 + 0.0791x_4 + 9.846x_5 \quad (2)$$

$$Y_{\text{g'alla}} = 291 + 0.0323x_1 - 0.0106x_2 + 0.0344x_3 + 0.352x_4 - 17.646x_5 \quad (3)$$

$$Y_{\text{sabzavot}} = 135.8 - 0.0386x_1 + 0.0348x_2 - 0.102x_3 + 0.777x_4 + 135.8x_5 \quad (4)$$

An increase in the unit of chemical services in cotton means a decrease in profit by 0.022 thousand UzS, the result is a decrease of -0.022 ± 0.00802 thousand UzS, as the standard error is 0.00802. This means that the profit in grain growing will increase by 0.0323 ± 0.00484 thousand UzS, in vegetable growing - by 0.0386 ± 0.0300 thousand UzS.

An increase in fuel supply service will increase profits by 0.0163 ± 0.00879 thousand UzS in cotton, by -0.0106 ± 0.00601 thousand UzS in grain, and by 0.0348 ± 0.0386 thousand UzS in vegetables.

An increase in the number of technical services will lead to an increase in profits by 0.0736 ± 0.0320 thousand UzS in cotton, 0.0734 ± 0.0207 thousand UzS in grain, and a decrease of -0.102 ± 0.131 thousand UzS in vegetables.

An increase in WUA services per unit will lead to an increase in profits by 0.0791 ± 0.106 thousand UzS in cotton, 0.352 ± 0.0732 thousand UzS in grain, 0.777 ± 0.471 thousand UzS in vegetables.

The analysis shows that an increase in the area of cotton by another 1 in the region will increase the average profit for cotton by $9,846 \pm 4,259$ thousand UzS. Increasing the area of grain will reduce the average profit by $-17.64 \pm 2,378$ thousand UzS. Increasing the area of vegetables by 1 will increase the average profit by 135.8 ± 34.95 thousand UzS.

Using the results of the regression analysis, it will be possible to determine the share of types of service industries in the profits from production activities in agricultural crops in general, including cotton, grain and vegetables.

The part of the profit received in the current year (for each type of crop) corresponding to this type of service is calculated by the ratio of the costs incurred for the implementation of this service (made by the farm). That is as follows:

$$KXS = \frac{XHTF}{XUTQ} \quad (5)$$

Here:

KXS – efficiency of services rendered, UzS;

XHTF – profit per share of services, UZS;

XUTQ – value (fee) paid for services, UzS.

TABLE 3. CALCULATION OF PROFIT FROM PRODUCTS BY TYPES OF SERVICES PROVIDED*

Type of services		Profit, thousand UzS/ha			
		Cotton	Grain	Vegetable	total
Chemical services	supply	-87,82	127,74	-155,69	-115,77
Fuel supply		51,31	-35,28	112,25	128,28
Technical services		40,69	18,69	-56,08	3,3
WUA services		19,98	89,01	196,48	305,47
All		24,16	200,16	96,96	321,28

*source: Author's work based on the data of the Department of Agriculture of Samarkand region

Based on the data in Table 3, we calculate the efficiency of the services provided. They are calculated as follows:

Efficiency in cotton production:

$$KXS_{cotton} = \frac{-87,82 + 51,31 + 40,69 + 19,98}{8002,02} \cdot 100\% = \frac{24,16}{8002,02} \cdot 100\% = 0,3\%$$

Efficiency in grain production:

$$KXS_{grain} = \frac{127,74 - 35,28 + 18,69 + 89,01}{8002,02} \cdot 100\% = \frac{200,16}{8002,02} \cdot 100\% = 2,5$$

Efficiency in vegetable production:

$$KXS_{vegetable} = \frac{-155,69 + 112,25 - 56,08 + 196,48}{8002,02} \cdot 100\% = \frac{96,96}{8002,02} \cdot 100\% = 1,2\%$$

The effectiveness of services for all three crops (cotton, grain and vegetables) (chemical; fuel, technical and WUA) is determined as follows:

$$KXS_{service} = \frac{-115,77 + 128,28 + 3,3 + 305,47}{8002,02} \cdot 100\% = \frac{321,28}{8002,02} \cdot 100\% = 4,0\%$$

4. CONCLUSIONS

This means that the efficiency of agricultural crops (cotton, grain and vegetables) is usually created by many factors, of which the share of services we studied is 4.0%.

This method of calculation, firstly, indicates the place and role of the services provided, to a certain extent, in the profits achieved, and secondly, how and to what extent each type of service is used during the growing season. Third, it shows the harm of overuse of service types. Fourth, it helps farms to enter into contracts related to the implementation of a range of services, along with other key resources in the production process. Impact of agro-services on farms in Samarkand region on the basis of 12-year panel data share of 4 types of agriservices (chemical, fuel, technical and water supply services) through the Random effect model in cotton - 19.98 thousand UzS/ha, grain - 89.01 thousand UzS/ha, in vegetable growing - 196.48 thousand UzS/ha, the share of agricultural services in the region in 2019 was 511939 million UzS, while the share of agricultural services amounted to 20477.55 million UzS. This will help farms to ensure timely and quality implementation of services provided by agriservices.

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DESCRIPTION OF THE IMPACT OF INCOME GROWTH ON THE "MATERIAL WELL-BEING OF THE FAMILY"

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ABSTRACT

The article reveals the economic significance of the income of the population, as well as the importance of ensuring the economic stability of the family and its necessity. Ensuring the economic stability of the family is largely related to its economic activity. The income of the population is the share of the participant in the economy in the gross domestic product, which affects them in the form of money, depending on what they earn. This principle takes into account, firstly, economic opportunities and, secondly, the needs of the vulnerable population. Even if the needy do not work or do not work, they will receive benefits provided by the state, public organizations and firms. Income from employment is the income of employees and consists of wages and bonuses that are separated from various benefits. Entrepreneurial income also includes profits earned by small business owners, farmers, and the self-employed. But at the moment, the importance of dividends in family income is not significant.

KEYWORDS: Family, Income, Economic Stability, Household, Social Support, Social Stability.

INTRODUCTION

Families are considered not only the primary link in society, but also a factor of social stability, a strong economic base for the improvement of the national economy, because the family is a social space that plays an important role in the development of society and has a mature workforce.

It should be noted that the socio-economic support of the family in the country has risen to the state level, as evidenced by a number of measures aimed at its development. In particular, the President of the Republic Sh.M.Mirziyoev on February 27, 2020 in a video conference on measures to reduce poverty through the development of entrepreneurship highlighted the most important and urgent tasks aimed at further development of the country, "« Young families need support, assistance and support. Social protection policy aimed at strengthening attention and care

for both categories and well-off families will be continued at a new stage. 12-15% or 4-5 million people are poor, their daily income does not exceed 10-13 thousand soums, or a family has a car and livestock. But if a person is seriously ill, 70 per cent of the family's income goes to medical treatment, and the vital needs of the family, such as food, treatment, education and clothing, are met.”[1]

Ensuring the economic stability of the family is largely related to its economic activity. Therefore, any family can be stable and become an active subject of socio-economic processes in society only if it solves domestic problems together and is economically self-sufficient. At the same time, the family is the primary socio-economic unit of society, in which the income of the population is formed and the material and economic and consumer needs of its members are met.

MATERIALS AND METHODS

So what is income? The goods and services produced are the gross domestic product, which in monetary terms is the income of the whole society. When this income is distributed, the income of all participants in the economy is generated.

The income of the population is the share of the participant in the economy in the gross domestic product, which affects them in the form of money, depending on what they earn. Income is in cash and in kind, and the income received by the population consists of various incomes at its disposal (salary, profit, pension, pension, stipend, rent, dividends, loan proceeds, money from the farm, etc.). The firm's income is the money received from the sale of goods and products. While part of it covers costs, the rest comes from profits. Government revenue is the income of enterprises (firms), organizations, and the population and from abroad to the state budget. The income structure is based on the income of the population, as they determine the well-being of the population. They account for the bulk of GDP. Revenues are formed mainly according to the law of distribution.

According to the market method of distribution, the income of each person is equal to his contribution to the creation of goods and services. Such income is called market income. But there is also a meager income arising from the humanitarian principle of distribution, which is not earned but given to the needy in the form of aid. This principle takes into account, firstly, economic opportunities and, secondly, the needs of the vulnerable population. Even if the needy do not work or do not work, they will receive benefits provided by the state, public organizations and firms.

The level of development of the economy is characterized by income diversity. They are divided into the following groups:

- a) Income from labor;
- b) Income from entrepreneurship;
- c) Income from property;
- d) Income from private farms;
- d) Social transfers;
- e) Financial assistance from relatives;
- j) Credits, loans;

h) Other monetary income.

Income from employment is the income of employees and consists of wages and bonuses that are separated from various benefits. The revenue structure consists of:

Wages are the main source of income for most people. In developed countries, wages account for 60-70 percent of total income. Wages are the income earned by employees, used to purchase livelihoods (goods and services) and to generate savings. The salary consists of three parts: the basic salary, the bonus (bonus) salary and the cash payment for overtime work. There will be a nominal wage and a real wage depending on the touch of the worker's hand. Nominal wage is a gross wage paid to the employee. Real wages are wages that remain after deducting various payments (taxes, allowances, etc.) from gross wages, i.e., wages that fall into the worker's wallet.

The amount of wages is variable, and this change is mainly due to three factors:

a) Labor demand and supply. When the demand for labor increases, wages increase, and when the supply of labor increases, wages decrease. If supply and demand in the labor market are equal, wages will remain the same.

b) Labor productivity. In the context of employment, wages increase when labor productivity increases, and decrease when it decreases.

c) Ability to work for the market. Wages are generally paid for work done in accordance with market demand, not for employment. If the goods are marketable and sold well, wages will increase, if they do not pass in the market, wages will decrease or it will not be possible to pay it.

Entrepreneurial income is a form of profit. Profit is the amount of money that entrepreneurs receive as a result of risk-taking and risk-taking. By nature, profits are unsecured income and fluctuate frequently. The share of profits in the income structure of the population would not be large, because very few people are engaged in entrepreneurship. For example, in the United States, the share of profits in household income is about 15-18%.

The main part of the profit is received by entrepreneurs, but part of it is given to workers and employees in the form of bonuses as a participation in the development of profits. The amount of the award will depend on the participation of employees in generating profits. This is why managers, especially top-level managers (top managers), receive a large reward from profits.

The reward is added to their salary to form their total income.

Income from property consists of dividends, interest and rent. Dividends arise from the distribution of profits. In this case, part of the profits in the joint-stock company is given to shareholders as dividends and they become income.

Dividends from a share are also received by the small shareholders who own it, that is, ordinary workers and employees. The more shareholders there are and the higher the efficiency of the corporation, the greater the dividend. In 2010, for example, nearly 40 percent of the U.S. population was a shareholder, earning a lot of money.

The income that the owner of the money receives for lending his money to others is interest. Interest is determined as a percentage of the amount of money lent. For example, if the interest is one hundred and ten shares (10%) of the loan amount, its owner will receive 10 tiyins for each sum of money, if it is one hundred and fifteen shares (15%), he will receive 15 tiyins. The gross amount of interest depends, firstly, on its level and, secondly, on the amount of money lent. The share of

interest in income increases as a portion of the population's money is left over from expenses and deposited in a bank to make a profit. It is known that during the twentieth century, the share of interest in the gross income of the population in the United States has doubled.

The income of real estate owners from the alternative use of their property is the rent. Land, buildings, cars, apartments, houses, etc. are rented out, and income is seen from it. When they are used alternatively, excess income is found. For example, renting a house brings in 500,000 rupees a month. When the number of applicants increases, it will be rented for 600,000 soums. The difference between the previous and subsequent cash receipts will be 10,000 soums ($600000 - 500000 = 100000$). As the number of real estate owners increases, so does the amount of rent.

The rent will be divided into 2 parts as income. The first part covers the cost incurred by the property owner to maintain and improve its quality (e.g., to drain water from the ground, to drain its debris, to repair and insulate the house). The rest goes to the property owner as net income.

A pension is a special type of income that is paid by the state and a firm or non-governmental organization to those who are unable to work due to old age or disability. Old-age benefits are included in income earned but deferred. Everyone transfers a portion of the money they earn while working to a pension fund, which is returned to the employee when he or she retires, and then a monthly allowance is paid. Disability pension is money that is allocated to provide for people who are unable to support themselves without earning money.

The share of pensions in income depends on the number of elderly people in the population, the larger the number of elderly people in the population, the greater the share of pensions in income.

There are also benefits provided by the state, firms, or charities to those in need of social assistance, usually the poor, on a one-time or permanent basis. The amount of the pension depends on the financial means, the richer the society, the more the pension.

Scholarships are a type of income that is used by students, in practice it is a stipend that takes into account their future benefits. Scholarships are paid by the state or firms. All types of income generate gross income.

The development of the country is characterized by income inequality, their differentiation. Inequality in income means that there will be huge differences in the amount of money people earn. Inequality is mainly caused by four factors:

- 1) People's innate abilities, strength, intelligence, potential and intelligence, in short, work ability are not the same? That is why they see different incomes. In the United States, for example, a Hollywood movie star earns \$ 30-40 million a year, a skilled doctor earns \$ 80,000 to \$ 100,000, a teacher \$ 35,000 to \$ 40,000, and a seasonal and immigrant worker in the countryside earns \$ 15,000.
- 2) Income inequality depends on employment opportunities. Where there are opportunities for education, career, training, and employment, there is more income, but where there are no such conditions, there is less income. The income of a working person and an unemployed person, although the ability is the same, will be different. For example, a worker in the United States earns an average of \$ 3,200 a month, while an unemployed person receives an unemployment benefit of \$ 600.
- 3) Inequality is also caused by differences in family composition. If the family has a large number of pultopars and few breadwinners, its total income will be high. Otherwise the income will be less.

4) The difference in income is also caused by the economic situation. If the price of products created by entrepreneurs in the market suddenly rises, luck will laugh and big profits will come. If the price falls accidentally, the expected income will not be received. Hence, the difference in income is also caused by changes in market conditions.

In accordance with the laws of the market, differences in income earned by society and by methods permitted by law are considered fair inequality, while differences in income earned by illegal, ie prohibited methods, create unfair inequality. Unjust inequality occurs where there is hidden (forbidden) economic activity. For example, fraud, extortion, abuse of one's position, racketeering or making wax money from the drug business make a sharp difference in income.

Fair income inequality is a natural phenomenon that encourages low-income earners to make good money. Differences in income are determined by the amount of income per capita. To do this, the gross income seen by the family is divided by the number of its members. When analyzing the level of income disparities, the income of a 10 percent rich family is compared to the income of a 10 percent poor family. As a result, it is determined how many times the income of the rich and the poor differs.

Economic stability in the family is reflected in real income, not nominal income. It varies depending on the income earned by family members and the purchasing power of the currency. Its level is determined by the ratio of the income index to the price index.

Real income is not only the satisfaction of the vital needs of the population, but also an indicator that determines the standard of living. The standard of living of families varies according to quintiles. These differences are determined by the fact that family members have different ability to earn money, the number of dependents per common worker, the amount of family savings.

Analysis and results. The family economy emerges as a group of income and expenditure in the national economy.

In general, the distribution of income takes place at two levels:

1. General social distribution of income. This is seen in the fact that the monetary income of a society consists of wages, profits, interest, income from family business and private gardening, social transfers, and so on.
2. Individual distribution, ie the gross income of the society is distributed at the expense of individual households.

Thorough acquisition of economic knowledge and entrepreneurial intelligence in the planning of economic stability of the family strengthens not only the economic but also the social basis of the family.

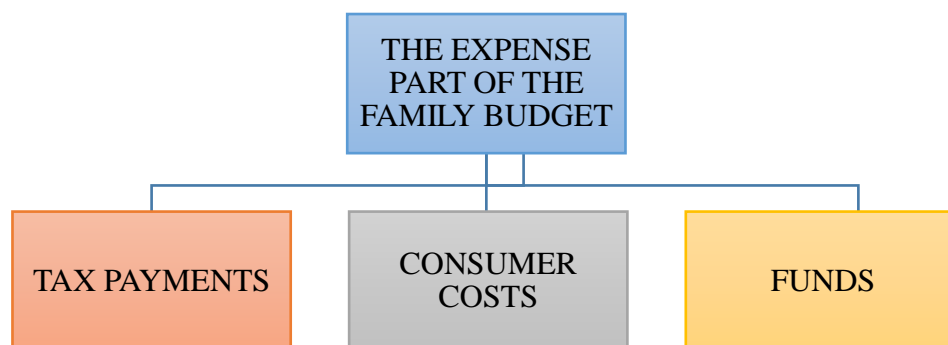


Figure 1. The cost structure of the family budget in modern economic theory [2]

During the years of independence in Uzbekistan, priority has been given to strengthening the family economy, family business, dehqan farms without legal status, and the development and support of horticulture, which has become a source of income for family members in their spare time. The family plays a dual role in the economy. They are, on the one hand, the main importer of all economic resources in production, and, on the other hand, the exporter. We therefore look at the family, firstly, as an income earner and secondly as a spending group.

There are two interrelated approaches to the problem of income distribution in the economy:

- 1) Functional distribution of income. This method is related to the division of monetary income in society into wages, rents, interest, profits. Here, the total income is distributed according to the function performed by the recipient. Wages are rents and interest - the cost of a resource owned by someone goes to the account of the owner of the business or corporation.
- 2) Distribution of income by individuals. This method is related to the distribution of total income among individual families.

Functional and personal income distribution is one of the most important features of the economy.

In a market economy, the bulk of total income falls on labor, not capital.

The distribution of income by individuals leads to the distribution of total personal income among families. But low-income people can engage in entrepreneurial activities, earn high incomes or vice versa. Economists understand the fund as an unspent portion of after-tax income. A household can spend or save the rest of its income on consumption.

The standard of living of the population largely depends on the accumulated assets of households and the current income of families.

For Uzbekistan, the percentage of families, regardless of their current financial status, has their own private residence. The vast majority of families, including the majority of the poor in rural areas - 96.7%, have inherited farmland where they can grow agricultural products or run small businesses.

Among the families surveyed those who wanted to start a family business based on household resources accounted for at least 2 times the number of those who did so. Among the factors that prevent households from fully utilizing their assets, there are several reasons, the most important of which are economic reasons. Even if we take into account that only 25 percent of families are

engaged in private entrepreneurship, 20 percent of them do not have the necessary financial resources for this.

In recent years, with the growth of current incomes of the population, the level of provision of families with certain types of durable goods is also growing. At the same time, the level of provision of families with certain types of durable goods in many respects lags behind the corresponding indicators of developed countries and is considered to have great growth potential in terms of income growth.

Since 1996, the country has been experiencing a positive trend in the growth of per capita income. The income of the population from entrepreneurial activity, property and self-employment is growing rapidly. The products of personal auxiliaries and farms are becoming more and more branded. It is becoming a factor in increasing the monetary income of the population rather than a source of natural consumption. This indicates an increase in the economic efficiency of the use of land allocated to farms. They are widely and effectively used in the production of goods and the formation of monetary income.

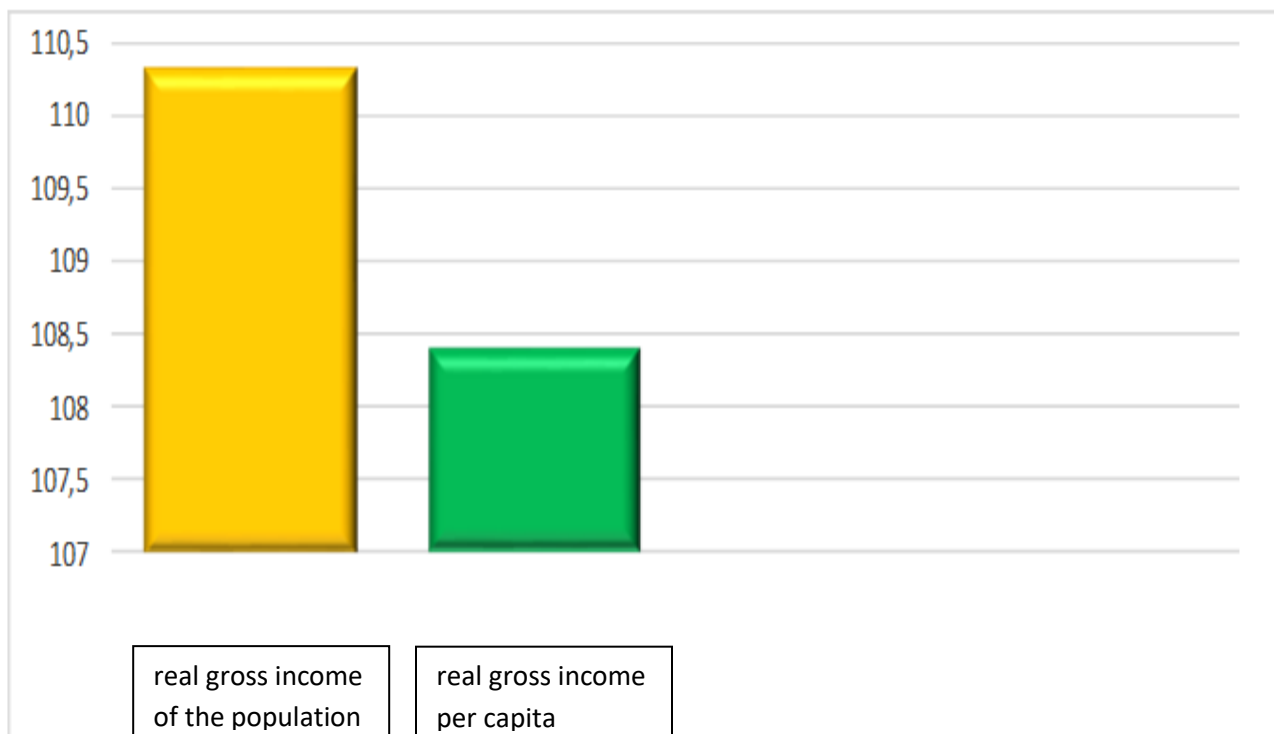
TABLE- 1INFORMATION ON INCOME OF POPULATION

№ т/п	Name of the indicators	2014 й.	2015 й.	2016 й.	2017 й.	2018 й.	2019 й.
1.	Total income of the population, billion soums	101661,2	117888,9	132042,0	185036,5	220811,8	285553,1
	compared to last year, in%	123,7	116,0	112,0	113,0	119,3	129,3
2.	Total income per capita, thousand soums	3361,5	3832,8	4218,7	5810,0	6817,6	8664,8
	compared to last year, in%	121,8	114,0	110,1	111,1	117,3	127,1
3.	Real gross income of the population, billion soums	95028,2	110766,6	125134,6	175273,8	201709,9	242961,9
	compared to last year, in%	115,7	109,0	106,1	107,1	109,0	110,0
4.	Real total per capita income, thousand soums	3142,1	3601,3	3998,1	5503,5	6227,8	7372,4
	compared to last year, in%	113,9	107,1	104,3	105,2	107,2	108,1

In January-December 2019, the total income of the population amounted to 285.5 trillion soums and achieved a real growth rate of 129.3% compared to the corresponding period of 2018.

Growth rates of gross income of the population in the Republic of Uzbekistan as of January-December 2019

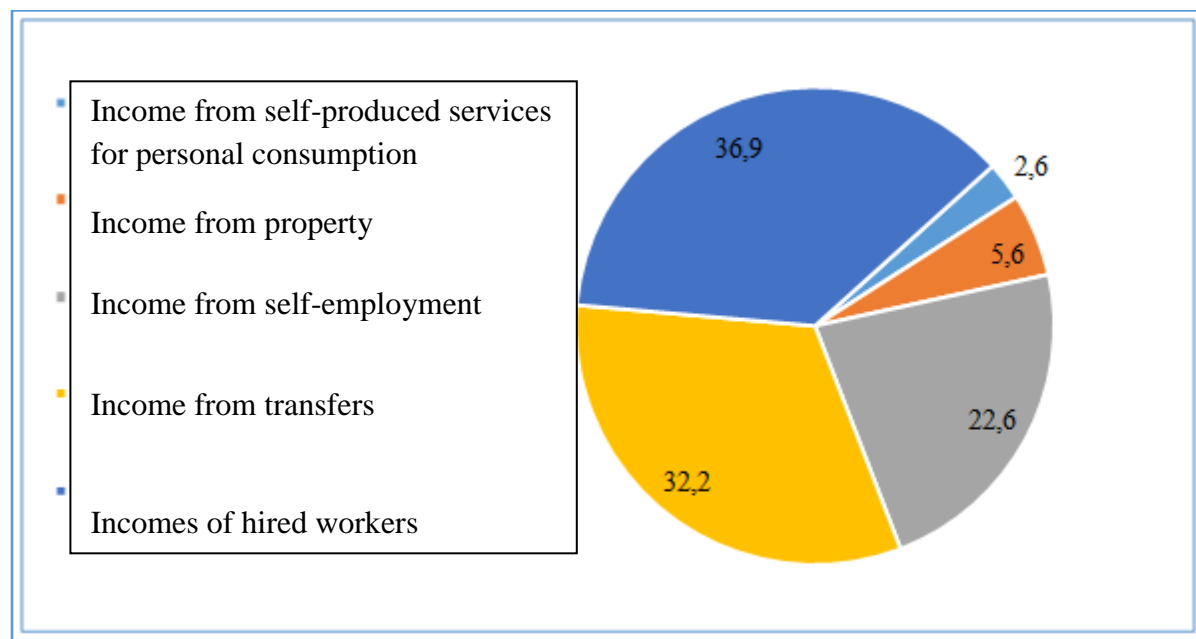
(Compared to the corresponding period of 2018)



In January-December 2019, a large part of the total income of the population was formed from income from labor activities (59.6% of the total income of the population), including the income of part-time workers and income from self-employment.

The structure of the total income of the population in the Republic of Uzbekistan as of January-December 2019

(Compared to the total income of the total population)

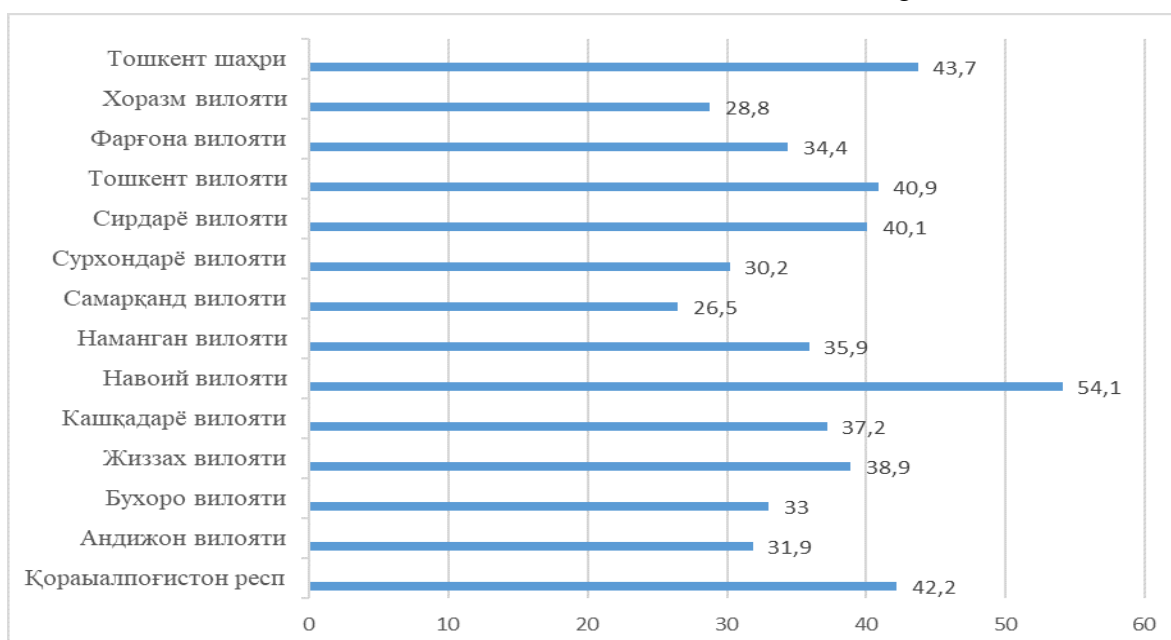


The share of income from self-produced services for personal consumption in the total income of the population was 2.6%, the share of income from property was 5.6%, the share of income from transfers was 32.2%.

The main source of income from employment is the income of employees. In January-December 2019, the income of employees in the structure of total income of the population amounted to 37.0%.

Regions The incomes of employees vary and range from 26.5% (in Samarkand region) to 54.1% (in Navoi region). One third of the income of employees (40.6%) fell to the city of Tashkent (23.3%), Tashkent region (10.2 5) and Fergana region (8.1%).

The share of hired workers in the total income of the regions, %



Also, another source of income of the population is property income, which as of January-December 2019, the share of this source of income increased by 0.3 percentage points compared to the same period last year. In the structure of income from property, other property income has the main share, its share was 52.9%.

The population without land as an alternative source of income is considered very vulnerable. The average income of the population living in such settlements and, accordingly, low consumer demand do not serve the development of the services sector.

Another sector with a high risk of poverty associated with unemployment of the able-bodied population is the agricultural sector. The decline in employment in agriculture is mainly explained by the process of transforming farms into cooperatives or clusters. Private farms attached to the cluster employ an average of 25 percent more workers than self-employed farms and the rest are hired as temporary or seasonal workers. Along with the increase in the working age population, the restructuring has led to an increase in employment in both paid and seasonal work in agriculture in the coming years, which has had a negative impact on living standards in rural areas.

Studies have also shown that the risk of poverty is also related to the fact that they live in remote villages where there are no major transport hubs or communications.

A survey to improve living standards found that between 10 percent and 27 percent of families in all districts surveyed had one family member go abroad to earn money. In many cases, migration had a positive effect on family income: in such families, the average income of a labor migrant was 5-10 times higher than other sources of family income.

During 2016-2020, the average wage in the country has been growing significantly. As a result, the share of wages in the income structure of the population has increased several times.

The income of the population from entrepreneurial activity, property and self-employment is growing rapidly. The products of personal auxiliaries and farms are becoming more and more branded. It is becoming a factor in the growth of monetary income of the population rather than a source of natural consumption. This indicates an increase in the economic efficiency of the use of land allocated to farms. They are widely and effectively used in the production of goods and the formation of monetary income.

TABLE 2.REAL GROWTH OF PER CAPITA INCOME OF THE REPUBLIC OF UZBEKISTAN COMPARED TO PREVIOUS YEARS(AS A PERCENTAGE OF THE NATIONAL AVERAGE) [3]

	2016	2017	2018	2019	2020
Republic of Uzbekistan	108, 5	107, 2	107, 1	103, 8	97, 7
Karakalpakstan Republic	106, 6	110, 3	112, 0	105. 7	100. 9
Provinces					
Andijan	110, 4	109. 8	105, 0	103. 6	95. 8
Bukhara	108, 4	109, 8	110, 2	102, 1	97. 7
Jizzakh	108, 0	108. 6	112, 1	102. 4	100. 2
Kashkadarya	111, 8	106, 5	104, 0	104, 6	97. 8
Navoi	106, 2	104, 7	107, 2	107, 4	103, 3
Namangan	109, 2	109, 6	104, 9	106, 2	98, 6
Samarkand	112,3	106, 7	107, 1	102, 0	101, 5
Surkhondarya	104, 9	104, 9	111, 3	105. 0	96. 8
Syrdarya	110, 2	91. 6	103, 2	104. 3	95. 0
Tashkent	103, 2	103, 6	106. 3	101. 7	99. 9
Fergana	104, 1	102, 8	109. 1	100. 9	96. 0
Khorezm	108, 7	114, 3	110, 6	103. 7	96. 4
Tashkent city	113, 0	110, 7	103. 9	106. 3	93. 4

As can be seen from the table (Table 2), there was a slight increase in the regions in terms of per capita income in the regions. Navoi and Surkhondarya regions have seen significant growth due to the effective use of property and entrepreneurial skills. The rest of the provinces have a slight increase compared to 2016-2019, but by 2020, revenue growth has decreased significantly in all regions.

TABLE 3 THE STRUCTURE OF GROSS INCOME PER CAPITA IN THE REPUBLIC OF UZBEKISTAN (IN PERCENT) [3]

	2016	2017	2018	2019	2020
Total	100	100	100	100	100
Monthly cash income per capita	40,9	45,3	55,8	61,4	73,2
Wages	17,4	19,3	и 7	26,8	21,7
Income from business activities	12,1	14,6	16,8	17,1	21,1
Income from private farms	16,2	17,8	17,5	17,0	15,3
Social transfers	16,0	20,9	23,9	25,4	25,7
Financial assistance from relatives	4,4	5,2	4,2	4,1	3 2
Income from property	3,1	3,4	3,1	2,9	3,3
Loans, credits	2,6	1,4	0,5	0,6	0,9
Other cash income	0,2	0,1	0,2	0,8	0,4
Income in kind (in sums)	20,7	17,6	16,1	14,9	13,6
Natural consumption from personal subsidiary farms	15,0	12,7	12,8	1 1,8	10,8
Privileges	0,4	0,1	0,2	0J	0,1
Other income in kind	5,3	4,7	3,2	3,0 1	2.7

The income of the population from entrepreneurial activity, property and self-employment is growing rapidly (Table). Since 2016, the share of total income from farms and entrepreneurial activities has been growing from year to year. The products of personal auxiliaries and farms are becoming more and more branded. It is becoming a factor in increasing the monetary income of the population rather than a natural source of consumption. By shows that the economic efficiency of the use of land allocated to farms has increased. They are widely and effectively used in the production of goods and the formation of monetary income.

The population without land as an alternative source of income is considered very vulnerable. The average income of the population living in such settlements and, accordingly, low consumer demand do not serve the development of the service sector.

Another sector with a high risk of poverty associated with unemployment of the able-bodied population is the agricultural sector. The decline in employment in agriculture is mainly explained by the process of transforming farms into cooperatives or clusters. Private farms attached to the cluster employ an average of 25 percent more workers than self-employed farms, and the rest are hired as temporary or seasonal workers. Along with the growth of the able-bodied population, the

restructuring has in recent years led to an increase in employment in both paid and seasonal work in agriculture, which has had a positive impact on living standards in rural areas.

Studies have also shown that the risk of poverty is also related to the fact that they live in remote villages where there are no major transport hubs or communications.

The economic activity of the family is concentrated in its budget. A family budget is a quantitative relationship between family income and expenses. The budget measures how much the family earns and how much it spends, more precisely, the family's income and expenditure, that is, its financial situation.

Family income is all the material and monetary income that comes to the family in a certain period, which means how much of the income generated in the society belongs to the family.

Family income in modern Uzbekistan depends on the impact of market reforms and the general situation. The transition to market relations has paved the way for new types of family income. Under the conditions of the reforms, market incomes, which were new in nature, emerged, which consisted mainly of entrepreneurial income, household income, income from property, and employment. Market income is the income generated, that is, the income earned depending on how efficiently labor, capital, land, and other wealth are used by its owner. Its growing importance for the family indicates that market relations are deciding.

Where a business thrives, market revenues grow rapidly. Now when it comes to family income, most citizens limit it to wages. But this is not true. In the case of a particular family, its income includes income such as wages, benefits, stipends, dividends, profits, rent, money from the farm.

Entrepreneurship began to be practiced by different categories of families, as a result of which the income from it began to play a significant role in the income of families. Entrepreneurial income also includes profits earned by small business owners, farmers, and the self-employed. But at the moment, the importance of dividends in family income is not significant.

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THE NEED FOR STATE REGULATION AND SUPPORT OF AGRICULTURAL ENTERPRISES, ITS PECULIARITIES

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ABSTRACT

This article explains the need for state regulation of agricultural enterprises, its importance and role in the development of society, the state support for the rapid development of non-traditional livestock and agriculture in the agricultural sector, spiritual renewal, and structural and technological reconstruction activities such as. The drastic changes in the global climate, the growing population and the growing demand for agricultural products make it necessary to continue reforms in the sector. The dependence of agricultural production on natural and climatic conditions also has a negative impact on the stability of prices and income of agricultural enterprises in this sector. The implementation of these tasks shows the need to develop agricultural production on farms and dehqan farms.

KEYWORDS: *Complex, Agricultural Processing, Labor Resources, Food Security, Export.*

INTRODUCTION

One of the most important issues is to develop food strategies aimed at increasing global production and protecting the consumer market. Indeed, "... more than 840 million people in the world today, or one in nine people are malnourished, and more than 30 percent of the world's population suffers from malnutrition [11]. Therefore, the issue of food security is becoming more acute from year to year on the basis of mitigating the gap between the limited opportunities to increase agricultural production in accordance with the medical norm per capita.

The drastic changes in the global climate, the growing population and the growing demand for agricultural products make it necessary to continue reforms in the sector. As a result of global warming and pollution, the World Health Organization recognizes the need to increase the daily consumption of fruits and vegetables from agricultural products to 400-500 grams, but, unfortunately, this norm is 150-200 grams on average worldwide. International nutritionists recommend that fruits and vegetables make up at least 50 percent of the food consumed by humans [9]. The main focus of the ongoing reforms in our country is to deepen reforms in the agricultural sector, to improve the living standards of the rural population on the basis of the full implementation of market principles in the management of farms.

The natural climate and soil conditions of our country are a favorable factor for the cultivation and development of crops and other agricultural products. In our country, the security of the population's primary food supply is of great importance. Demographic growth in Uzbekistan requires the efficient use of limited resources to meet the demand for agricultural products.

Due to the high role of farmers, dehqan farms and landowners in maintaining the stability of food supply in our country, large-scale reforms are being carried out to develop these economic entities. However, "there are a number of problems and shortcomings in the reliable protection of the rights and legitimate interests of farmers and landowners, the introduction of market mechanisms in the system ... the steady increase in agricultural production and efficient use of land." [1]. Therefore, issues such as "deepening structural reforms and consistent development of agricultural production, further strengthening the country's food security, expanding the production of environmentally friendly products, significantly increasing the export potential of the agricultural sector" were identified as priorities [2].

At present, more than 20 million hectares of land, including 3.2 million hectares of irrigated arable land, are used for agriculture to grow food products and raw materials for the economy.

In order to increase the productivity of irrigated lands, improve the reclamation status and water supply, large-scale irrigation and reclamation measures are being implemented within the framework of state programs.

As a result, between 2008 and 2017, the water supply of more than 1.7 million hectares of irrigated land and the reclamation of 2.5 million hectares were improved.

However, as a result of global climate change, periodic water shortages in recent years and the deterioration of the main part of domestic irrigation networks have led to the deterioration of the reclamation status of irrigated arable lands and their decommissioning over the years [3].

MAIN PART

The implementation of these tasks shows the need to develop agricultural production on farms and dehqan farms. Due to this need, the Decree of the President of the Republic of Uzbekistan dated

October 9, 2017 No PF-5199 "On measures to protect the rights and legitimate interests of farmers, dehqan farms and landowners, radically improve the system of efficient use of agricultural land", 2017 Resolution of the President of the Republic of Uzbekistan dated October 4, 2017 "On organizational measures for further development of the activities of farmers, dehqan farms and landowners" No. PQ-3318, dated March 4, 2017 Resolution No. PQ-119 "On additional measures for the development of tree plantations" sets a number of tasks. The priorities set out in these decrees and resolutions are a clear example of increasing agricultural production through government regulation and support.

Therefore, a number of scholars have argued that the need for state regulation and support of agricultural enterprises should be considered first in connection with one of the most important sectors of the economy - agriculture and its specific features.

In particular, the American economist-scientists K.R. McConnell and S.L. Brew attributes the need for active state intervention in the agricultural sector to the following problems:

- Inelastic demand for agricultural products;
- Excessive production of farm products as a result of technical development;
- The presence of elements of monopoly in the markets that supply resources to it, with a pure competition in the market of agricultural products.

Approached by the interests of agricultural enterprises, the costs of growing crops throughout the year can be wasted due to natural disasters and droughts. Failure to reimburse the farmer, at least in part, at such times threatens next year's harvest. Adverse weather conditions can cause difficulties not only in the agricultural sector, but also across the country. It is advisable for the state to have special reserves so that there is no food shortage. In years of abundant harvests, the state can buy surplus food from farmers, store it in special warehouses, and use these stocks to meet demand in years of bad weather and shortages. This event is currently used in a number of developed countries around the world and is yielding positive results.

The dependence of agricultural production on natural and climatic conditions also has a negative impact on the stability of prices and income of agricultural enterprises in this sector. For example, in favorable weather conditions, the entry of excess product into the market can lead to a sharp drop in prices. This situation can be observed in the market of more vegetables, melons, fruits and grapes. Sometimes such a fall in prices does not even cover the cost of production, and farmers suffer greatly. Naturally, in such conditions, if there is a free market economy in the agricultural sector, agricultural enterprises will face a crisis.

The need for state support for the activities of agricultural enterprises also stems from the characteristics of capital turnover in agriculture. It is known that capital turnover in a number of sectors, such as industry, trade, financial markets, is several times higher than in agriculture. The slower the turnover of capital in agriculture, the more limited the investment opportunities in this sector, because the faster the capital flows, the greater the profit.

Of course, when it comes to regulating the activities of agricultural enterprises, it should not be forgotten that it is not about direct state intervention in their activities, but about the state's influence on the activities of farms and dehqan farms with administrative, economic and institutional support.

The need for state regulation and support of agricultural enterprises poses a number of challenges to the state. The main tasks of the state to support agricultural enterprises are:

- primary improvement of farms (construction of roads, power transmission and communication lines, water supply, gasification, telephony, radio, land management, land reclamation) when establishing farms in the area without production and social facilities;
- assist them in the construction of production facilities and housing;
- Assistance in obtaining the necessary property and means of production from legal entities and individuals at exchanges, fairs, markets;
- maintenance of varietal seeds and planting materials, organic and mineral fertilizers, means of protection of agricultural crops from pests and diseases through the relevant state agro-technical service systems;
- Assistance in leasing agricultural machinery, equipment and supplies;
- Allocation of mixed fodder for livestock and poultry on a contractual basis, assistance in obtaining young livestock and poultry, pedigree cattle;
- Creation of necessary conditions for the provision of veterinary services to livestock;
- Assistance in the production and sale of agricultural products;
- Consulting and information services.

Favorable conditions should be created for the participation of agricultural enterprises as equal subjects in the world agricultural and food markets. To do this, the state must pay attention to the following issues:

- encourage them to grow competitive export-oriented products;
- Adequate protection of agricultural enterprises in the local markets from competition from foreign exporters.

The tasks of state regulation and support in the development of agricultural enterprises are based on certain principles. These principles can include:

- Scientific explanation of its role and importance in the development of agriculture and food security;
- pursuing a policy of protectionism at the level of necessity and adequacy;
- Target-program regulation;
- Permanent guarantee of state sponsorship;
- differentiated application of support measures;
- encouraging state intervention;
- Social orientation of state intervention.

Measures to support the activities of agricultural enterprises through economic incentives are implemented in direct and indirect forms. Direct support consists of economic incentives provided by the state in order to create favorable conditions for the development of agricultural enterprises.

Direct support measures will be aimed directly at agricultural enterprises and will serve to improve their financial situation and increase their economic efficiency. Such measures include tax incentives, loans on preferential terms and interest rates, guaranteed prices for government procurement products, favorable tariffs and fees for export-import operations.

Sometimes the state also implements indirect support measures in order to create favorable conditions for agricultural enterprises and increase their efficiency. In indirect support, the state does not create direct benefits in certain areas, but provides benefits to enterprises in the sectors that serve them. The main purpose of this is to significantly reduce the cost of goods and services provided by these enterprises to farms and, as a result, to create favorable economic conditions for farms. Although the object of indirect support measures is not direct farms, they are important.

The rapid development of non-traditional livestock and agriculture in the agricultural sector is primarily the result of targeted measures taken in our country to develop this sector. In particular, the number of camels in farms specializing in the development of camel breeding will increase by 874 by 2024 or 1.7 times compared to 2018, 1.1 times in horse breeding, 3.6 times in pedigree goats, 1.7 times in rabbits and 3.8 times in ostriches. predicted. In the future, in non-traditional agriculture, the total area under medicinal plants will reach 3,028.6 hectares by 2024, which is 2.6 times more than in 2018, including 1.6 times more than Jerusalem artichokes, 1.3 times more watermelons, and 1 times more onions. 1.2 times, and the number of new jobs was projected to increase by 6.8 times and the number of new jobs by 1.7 times, respectively, according to the analysis period of medicinal plants [6].

Using the results of the above multifactor analysis, it will be possible to determine the prospects for increasing the volume of gross output in agricultural enterprises, as well as scientific analysis. On this basis, it will serve as a scientific basis for the development of effective organizational and economic decisions to increase the efficiency of production in the agricultural sector in the future.

The existing farms specialize in the production of agricultural products, which will ensure the joint work of members of the enterprise and meet the demand of the population for food products.

The future development of the market, the innovative approach to providing products to consumers is associated with product diversification. Product diversification serves to provide the market with a wide range of goods and services. As a result of diversification in agriculture, it is possible to achieve an increase in agricultural production in line with market demand, processing, cooperation and increase the income of entities that directly produce agricultural products.

In conclusion, we consider it expedient to apply some important aspects of foreign experience in agricultural production in improving the agricultural activities of the republic, including:

- ensuring that the state buys some low-yield agricultural products produced by farms and dehkan farms at high prices in order to support the domestic market;
- Economic incentives for farms that use agricultural land efficiently improve its reclamation status, organize production on the basis of alternative energy sources;
- improving cooperative relations based on the principles of mass cooperation and the establishment of farms as members of several associations and cooperatives, based on the experience of farmers and Germany, the United States, Israel, Russia, etc.

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PECULIARITIES OF INNOVATIVE DEVELOPMENT OF THE INSURANCE SERVICES MARKET IN UZBEKISTAN

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ABSTRACT

This article describes the importance of creating and implementing innovations that define the innovative nature of insurance services, as well as the scientific and methodological aspects of digitization of the insurance market of Uzbekistan in accordance with modern requirements and the acceleration of this process.

KEYWORDS: *Insurance market, e-policy, life insurance, insurance broker, insurance adjuster, insurance actuary, insurance product, insurance assistant, insurance service.*

INTRODUCTION

One of the strategic tasks is to further reform the national insurance market, develop insurance relations and digitize insurance services in line with modern requirements. A sustainable insurance services market will stimulate the development of the national economy. It is clear that it is necessary to attract additional investment resources to the development of the financial services market in the national economy, to identify areas for studying the formation and development of the insurance services market, along with the development of market relations in the insurance industry. At present, measures are being taken to support the activities of insurance companies, as well as to protect the rights and legitimate interests of consumers in this area, to provide them with quality services.

At the same time, the current stage of reforms requires the active development of financial services aimed at ensuring sustainable economic growth, improving the quality and standard of living of the population, strengthening the role of the insurance market in the country and the widespread use of insurance.

Therefore, for further development of insurance services, the President of the Republic of Uzbekistan on August 2, 2019 On the basis of the Resolution No. PP-4412 "On measures to reform the insurance market and ensure its rapid development", the study of supply and demand in the insurance market became one of the important tasks.

It is necessary to develop and expand the insurance market infrastructure by activating the activities of insurance brokers, improving the system of insurance agents, introducing bank insurance mechanisms, as well as increasing the role of professional participants in the insurance market in general.

The diagram provides information on insurance brokers, insurance assistants, insurance actuaries and insurance adjacent.

INSURANCE ASSISTANT

№	Companies	Form of legal organization
1.	BovarService	Limited Liability Company
2.	GlobalAssist	Limited Liability Company
3.	InsuranceAssistGroup	Limited Liability Company
4.	Intertich	Limited Liability Company
5.	O'zbekinvestAssistans	Limited Liability Company

ACTUARY OF INSURANCE

№	Companies	Form of legal organization
1.	ActuarialAdvisers	Limited Liability Company
2.	ActuarialServiceBureau	Limited Liability Company

ADJACENT OF INSURANCE

№	Companies	Form of legal organization
1.	ASCON SERVICE	Limited Liability Company
2.	BovarService	Limited Liability Company
3.	LABB	Limited Liability Company

The development of insurance as a mechanism to protect the property interests of individuals and legal entities is directly related to the formation of insurance legislation in particular. By defines the growing importance of legal mechanisms in the effective development of insurance. As legal entities that have obtained the right (license) to carry out insurance activities in the manner prescribed by law, insurers are participants in trade in the insurance market. The volume and structure of supply are largely influenced by factors of competition among insurers, the level of costs of insurance activities and other factors that characterize the situation in the insurance market.

The infrastructure of the insurance market plays a special role in ensuring the functioning of the insurance services market. Insurance market infrastructure means all the conditions that ensure the continuity of insurance activity. Insurance infrastructure includes insurance institutions, the secondary insurance market, and more.

The following is important for the methodological justification of the nature of innovative insurance activities and the focus of insurance organizations on innovative development:

The formation and development of a modern post-industrial society based on knowledge and innovation in all areas determines the objective requirements for the creation and dissemination of innovative solutions in all areas of insurance companies, which play an important role in creating conditions for sustainable development of the national economy.

Modern trends in innovative development provide a basis for changing the management system of insurance companies, which should reflect the growing importance of innovation and encourage insurance companies to innovate in the insurance business, which is mainly focused on innovative development;

Innovative development of insurance companies is accompanied by a significant increase in the risk component, because due to the specific nature of insurance activities, in addition to insurance risks, there are risks associated with the innovative activities of insurance companies, which place new demands on the quality of innovation-oriented development.

Insurance companies increase the number of customers by gaining their trust through the service. The more the insured benefits from the insurer in the event of an accident, the greater the confidence in the insurer. Therefore, it is very important for insurers to develop insurance products and update the service sector at the level of demand, taking into account the needs of potential policyholders, based on the marketing analysis of the insurance market.

At the end of 2019, we can observe the insurance premiums collected by insurance companies in the insurance market of Uzbekistan.

Figure 2.1. The sum of insurance premium income in the insurance market of Uzbekistan in 2019.

At the end of 2019, we can see the sum of premiums received by insurance companies in the insurance market of Uzbekistan. According to the receipt of insurance premiums, it is 54% in Tashkent, 7% in Tashkent region, 5% in Fergana, 3% in Samarkand, Namangan and Andijan regions. The lowest rates are in the Syrdarya region and the Republic of Karakalpakstan at 2%. Based on the analysis, it can be said that the largest number of insurance premiums fell on the city of Tashkent and Tashkent region. In other regions, the level of performance is satisfactory.

Today, insurance companies in our country offer new products for life insurance, which for years meet the new needs of the population of our country. In order to study the unique nature of life insurance from other types of insurance and its similarity to investment products, insurance functions are considered, and the uniqueness of the products of this industry is emphasized.

In fact, life investment insurance is a new unique product that combines 2 main components: capital insurance and investment. It allows meeting the basic needs of the population - that is, to obtain financial income and to keep their investments in a guaranteed manner. This will allow customers to increase and accumulate revenue through a new insurance product.

Of course, unit-linked investment insurance in our country opens up new opportunities for the insurance market in Uzbekistan. Taking into account the advantages of life investment insurance, the development of the country's insurance services market is inevitable.

In addition, insurance companies would create convenience for their customers by providing services online. Currently, the main directions of digitization of the insurance market are the emergence of several specific features, which can be described as the Internet, digitization of insurance activities within the established terminology of the digital economy. Internetization is carried out through the use of the Internet in the business processes of the insurance company as a

direction of digitization of the insurance market. The term "Internet insurance" is now widely used to mean the sale of insurance services over the Internet.

The Internet of insurance activities is carried out in insurance companies in the following areas:

- Online sale of insurance services;
- Resolving insurance claims online;
- Collect information about policy owners via the Internet.

Such opportunities are very convenient for both parties.

The system of insurance services is one of the developing sectors, relying on the huge, practically untapped market opportunities in the Republic of Uzbekistan, which have a future. Although the demand for insurance in the society at the initial stage of economic reforms in Uzbekistan is not strong, today there are signs that the insurance market in the Republic of Uzbekistan is becoming the most important segment of economic relations. The global insurance system is considered to be one of the indicators of the state of the global economy.

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ATTRACTING INVESTMENT PROJECTS TO THE CONSTRUCTION INDUSTRY AND IMPROVING THEIR EFFICIENCY

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ABSTRACT

This article analyzes the state of investment projects in the construction sector in the Republic of Uzbekistan and provides recommendations for improving their efficiency. In order to develop the attraction of investment in the economy, it is necessary, first of all, to effectively organize the organizational and technological context of the economy, to focus on non-state investments. In the same way, network managers travel to one region every week together with the enterprises of this locality to speed up the implementation of current projects and organize work on additional investment projects.

KEYWORDS: *Investment, Investment Project, Foreign Investment, Construction, Capital, Commercial Bank, Interest Rate, Project.*

INTRODUCTION

In the following years, efforts were made to intensively improve the investment processes in the country, establish the procedure for forming state development programs, and increase the transparency and efficiency of project selection and financing.

At the same time, the lack of developed investment projects taking into account the raw materials, infrastructure and labor potential of the regions and sectors of the economy hinders the processes of actively attracting foreign capital.

To date, the improvement of economic indicators (capital and stock investments, energy and material potential of the final product, labor productivity and efficiency of capital investments, income, competitiveness and economic security standards) is not a priority issue in government programs and tasks, only inflation and budget deficits are formulated to achieve a clear picture of GDP.

This is also determined by the successful implementation of investment projects in innovative industries and the improvement of the system for selecting investment projects and its adaptation to existing and changing economic conditions. The above shows that the methodological issues of assessing the financial feasibility of investment projects to create new innovation networks or modernize existing ones are very relevant both from a scientific and practical point of view.

Analysis of the literature on this topic

From the experience of countries around the world, it is known that one of the blood vessels of the economy is investment, so it is important to study both the theoretical and practical aspects of investment projects. In particular, scientists from the countries of the Commonwealth of Independent States and our country conducted scientific, practical and theoretical studies on the use of investment projects and ways to improve their effectiveness. Below we present the results of the research conducted by these scientists.

William F. Sharpe Capital is one of the creators of the asset pricing model, and has also developed profitability-based research to analyze investment performance, optimize asset allocation, evaluate methodology, and evaluate the effectiveness of mutual funds [1].

In his research, Jacob Minser developed the Minser equation, which describes the income estimates derived from investing in human capital and personal income distribution and the income estimates derived from investing in human capital [2].

Vilensky P. L., Livshis V. N., Smalek S. A. in their scientific work devoted to the economic problems of investment in the field of design, gave information about the development of investment projects, the evaluation of the effectiveness of various stages, the successful implementation of projects, the selection of projects and methods of forming investment programs[3].

D. G. Gazibekov in his scientific literature covered the issues of investment, investment climate, investment policy, investment projects, financing of investment projects, financing of investment activities and attracting investment to the economy [4].

N.R.Kuzieva studied the directions of improvement of financial management of enterprises with foreign investment, have developed recommendations for the management of the activities of enterprises with foreign investments in the conditions of liberalization of the national economy and the improvement of their financial-credit mechanism [5].

Sh. I. Mustafakulov in his scientific and practical work carried out work on the attractiveness of the investment environment. The scientist analyzed the scientific-theoretical and scientific-methodological foundations of the attractiveness of the investment environment, the socio-economic and innovative-investment potential of Uzbekistan and its regions, and also gave his proposals for improving the investment attractiveness of the Republic [6].

But research conducted by these scientists dedicated to enhancing the effectiveness of the overall investment projects (mainly theoretical, methodological problems of investing in the economic sphere, individual activities and activities of the enterprise), practical issues associated with investment projects in the construction industry and their positive decision has not been studied.

Analysis and results

Foreign investment, primarily the role of direct investment, is important in further deepening structural changes in the economy, accelerating the investment activity of enterprises, modernizing production, and implementing technical and technological re-equipment programs. The experience of developed countries shows that attracting foreign investment is one of the decisive factors in the high level of development of these countries. At the same time, the program of action strategy proposed by SH.Mirziyoyev the President of the Republic of Uzbekistan adopted for 2017-2021 years, special attention is paid to the creation of new jobs by further improving the investment climate in our country, the restoration of modern enterprises. In this regard, an important role is played by the reforms carried out to attract a large number of foreign direct investments to our country, as well as providing adequate legal protection and guarantees for foreign investors [7].

In order to develop the attraction of investment in the economy, it is necessary, first of all, to effectively organize the organizational and technological context of the economy, to focus on non-state investments. The mechanism for determining a specific principle in the macroeconomic regulation of the investments involved is effective.

The volume of investments in the Republic of Uzbekistan from the account of all financing sources for 2019 amounted to 220, 7 trillion the survey showed a 2-fold increase compared to the approved year forecast. In this place the volume of major capital investments is 189.9 trillion. UZS, it can be seen that the amount increased by 1.3 times compared to 2018. The share of fixed capital investment in gross domestic product increased from 30 percent in 2018 to 36.2 percent in 2019 (the share of total investment in gross domestic product in 2019 was 42.1 percent). During the reporting period, more than 2.8 thousand social, infrastructure and production facilities were put into operation: 145 large production facilities, 167 large regional projects, more than 2.5 thousand social and infrastructure facilities.

As the main foreign partner countries for attracting foreign investment, China, Russia and Germany can be recognized, at the same time, the total number of countries investing in the economy of Uzbekistan exceeds 50. As a result, the share of large investor-States in the total attracted foreign direct investment and loans decreased by up to 34%.

As for the indicators for 2018, the active growth in attracting foreign direct investment and loans was observed in the sectors of production of electrical products (growth-7.5 times), metallurgy (growth – 4.6 times), textile industry (growth – 2.5 times), leather and footwear (growth – 2.1 times) and oil and gas (growth-2 times).

The rate of change in the flow of foreign direct investment and loans also increased in projects of regional significance, and their total volume in 2019 amounted to \$ 4.8 billion (of which in the main capital – \$ 4.2 billion), 4 times more than in the corresponding period of 2018 and 24 times more than in 2017. Only in the regions with the participation of foreign capital, 167 projects worth \$ 858.5 million were put into operation.

TABLE 1NUMBER OF REGIONAL INVESTMENT PROJECTS IMPLEMENTED IN 2019 WITH THE PARTICIPATION OF FOREIGN DIRECT INVESTMENT

№	Regions	Number of projects to be implemented	The total cost of the project, million dollars
1	Republic of Karakalpakstan	7	2203
2	Andijanregion	11	1104,6

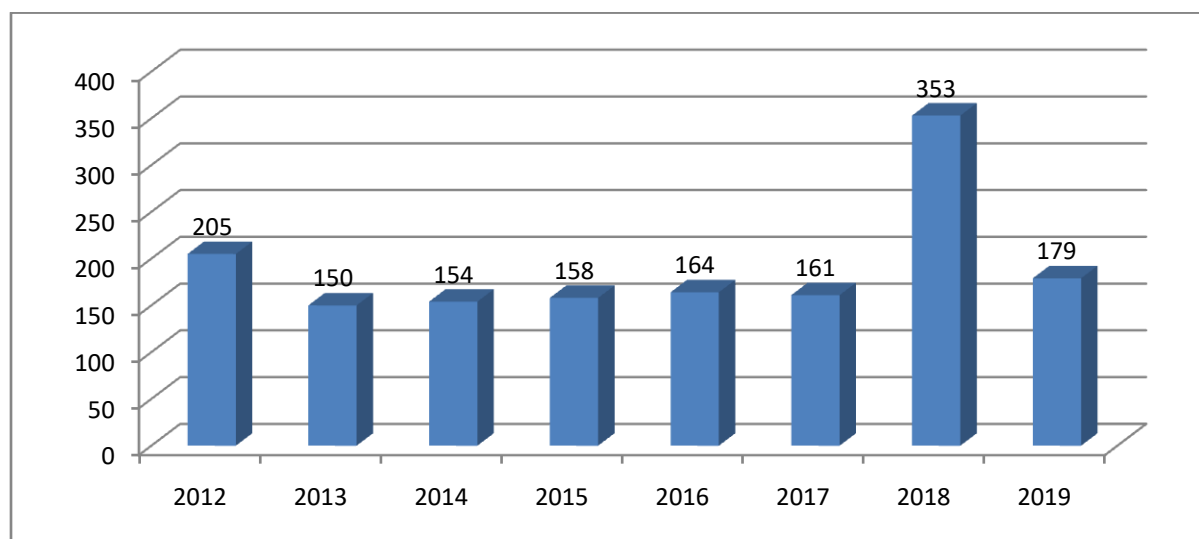
3	Bukhararegion	19	1174,8
4	Jizzakhregion	22	2732,9
5	Kashkadaryaregion	12	1243,3
6	Navoiregion	14	574,9
7	Namanganregion	10	2174,1
8	Samarkandregion	7	1696
9	Sirdaryaregion	9	1254,7
10	Surkhandaryaregion	17	2103,7
11	Tashkentregion	8	1188,4
12	Ferganaregion	12	2130
13	Khorezmregion	7	1153
14	Tashkent city	24	2738,9

As can be seen from the table, in 2019, a total of 179 investment projects were included, including 24 projects in the city of Tashkent, 22 projects in the Jizzakh region, 19 projects in the Bukhara region, 17 projects in the Surkhandarya region, but the minimum projects were 7 projects in the Republic of Karakalpakstan, 7 projects in the Samarkand region, 7 projects in the Samarkand region 7 projects were implemented.

Investment projects implemented in our country today should be focused primarily on priority sectors, namely the oil and chemical industries, transport, energy, underground mining, construction, telecommunications networks, agricultural production and development, and tourism.

In general, by the end of 2020, it is planned to put into operation more than 2 thousand social, infrastructure and industrial facilities, including 206 new large production facilities, 240 production facilities of territorial significance and about 1.6 thousand social and infrastructure facilities.

The number of major investment projects launched in our country over the past eight years can be seen in the chart below.



1 chart. Number of major investment projects implemented in 2012-2019

And the volume of large investment projects, which is reflected in this chart, is presented in table 2. It shows that the largest numbers of large-scale projects were launched in 2018 in 353 units, the maximum volume of which in 2015 was 7.4 billion rubles. It consists of US dollars.

TABLE 2 INFORMATION ABOUT MAJOR INVESTMENT PROJECTS IMPLEMENTED IN THE COUNTRY IN RECENT YEARS

№	Years	A number of major investment projects	Volume of major investment projects launched, billion \$(US dollars)
1	2012	205	\$ 1,6 billion.
2	2013	150	\$ 2,7 billion.
3	2014	154	\$ 4,2 billion.
4	2015	158	\$ 7,4 billion.
5	2016	164	\$ 5,0 billion.
6	2017	161	\$ 2,4 billion.
7	2018	353	\$ 20 billion
8	2019	179	\$ 23 billion

Here it is necessary to pay serious attention to the issue of attracting investments and loans from near and far foreign countries. Their participation in financing large-scale investment projects and increasing performance is an important factor in the modernization of the economy. Now it has been announced that a new system will be created to expand the scope of projects with the participation of foreign direct investment in regions and sectors, establish strict control over their implementation. According to him[8]:

The first is that the governors of the region go to one district or city every week, establish contacts with the ambassadors, and take measures to attract foreign direct investment there. In the same way, network managers travel to one region every week together with the enterprises of this locality to speed up the implementation of current projects and organize work on additional investment projects. Teaches local managers and entrepreneurs to develop investment projects, if necessary. The Prime Minister and his deputies regularly discuss the state of foreign investment in the respective regions and sectors. Depending on the results, administrators and network managers are rewarded or fined 50 percent of their salary.

The heads of the republican departments under the regions, together with the governors and ambassadors of the regions, will study the state of implementation of projects involving foreign direct investment in each district (city) and take concrete measures to accelerate their implementation. It also develops proposals for additional projects and attracts foreign investors.

Second, the state for investment summarizes the proposals of regions and industries for investment projects, evaluates their effectiveness and forms a single electronic "online" database.

Third, the Ministry of Foreign Affairs and ambassadors to the regions attract foreign investors to projects included in a single electronic database.

Fourth, the Cabinet of Ministers takes measures to formalize relevant agreements with foreign investors on the implementation of promising projects and approves the "road map" for monitoring its implementation.

President of the Republic of Uzbekistan ShavkatMirziyoyev emphasized the need to hold investment forums with the participation of foreign investors in all regions at least once a year in order to further attract investors to new projects, as well as to ensure the participation of entrepreneurs of our country in major international investment forums abroad.

Through the implementation of projects in such priority areas as the chemical industry, the production of electrical products, the production of light industry, agriculture and construction materials, aimed at actively attracting foreign direct investment and loans in 2020 and beyond, creating a high value chain through deep processing of electricity, information technology, as well as existing raw materials, work is underway to create new production facilities.

President of the Republic of Uzbekistan of January 9, 2020 in accordance with the investment program approved by the decision of PP-4563, the fixed capital, taking into account all sources of financing, in 2020 is 233.2 trillion. It was planned to master the amount of capital investments, of which foreign direct investment and loans- \$ 7.1 billion, foreign investment and loans under state guarantees - \$ 2.7 billion is planned to be appropriated.

The mobilization of investments is largely based on the high efficiency of projects. The reason is that such investment projects allow you to get great benefits. As a rule, high profits are the main goal of most investors, so investors will be interested in financing such projects. But all investors also evaluate their various economic indicators, the level of risk, before financing an investment project, and make their own different requirements for financing the project, as well as oblige them to take into account their own capabilities. It is natural for them to accept funding for projects that meet their goals and objectives.

As a rule, not all investment projects will have the same indicators. If some indicators are positive in one project, then in another project it may be the opposite, and some other indicators may have a smaller value than in another project in the same project. The fact that projects specific to one area have such (mutually contradictory) information creates competition between them. Making investment decisions comes out of somewhat more difficult situations, especially in a competitive investment environment.[9]

The factors that affect the effectiveness of investment projects are:

- Economic and social policy of the state;
- Investment risk;
- State of the tax system;
- The level of inflation;
- The refinancing rate of the Central Bank;
- Investment attractiveness;
- Formation of the regulatory and legal framework in the field of investment activity;
- The level of excellence of the investment infrastructure;
- Conditions are being created to attract foreign investment, each of which determines the effect, and if we formulate it, we will be able to achieve increased efficiency.

CONCLUSION AND SUGGESTIONS

In conclusion, it should be noted that the assessment of the effectiveness of investment projects in construction and differences in the levels of territorial profitability are not taken into account at all or without adequate methodological justification. This primarily affects the quality of indicators of the economic efficiency of investment projects in construction, obtained as a result of calculations, as well as the need to improve the efficiency of investment projects in construction. Based on these cases, it is necessary to use a regression method to determine the significance of factors that affect productivity, and to develop their effectiveness depending on their level. Based on this conclusion, we propose the following:

- The share of the hidden economy in the implementation of investment projects in the construction sector should be sharply reduced, as this will lead to a sharp increase in apartment prices after the construction of multi-storey buildings;
- In order to effectively organize work in the construction sector and support it, there are many factors that influence it, so in order to develop investment projects in this area, it is necessary to study the correlation influence of these factors;
- In the process of developing investment projects, even more attention should be paid to its theoretical aspects, since the role of economic sciences in the implementation of investment projects in the construction sector is great;
- Special attention should be paid to the human factor in the development of projects that will increase factors in the construction sector, as well as a wider range of safety issues.

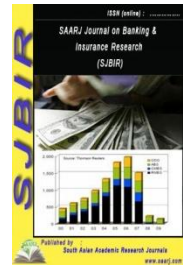
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ANALYTICAL STUDY OF YES BANK BY CONSIDERING FINANCIAL FAILURE: ISSUES AND CHALLENGES

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ABSTRACT

When a bank closes down, it will lend money from alternative, solvent banks to pay its account holders. A bank panic might come about wherever depositors rush to the bank to urge their cash if the unsuccessful bank were unable to pay its depositors. Once depositors withdraw funds out of the bank, this worsens thing for the troubled bank by lowering its net-assets. The RBI can either sell the failing bank to different solvent bank or take over the service of the bank once a bank fails. Yes Bank, the fifth largest personal investor in India, accounts for around 2.3 per cent of total bank loans and 1.6 per cent of domestic bank deposits. The government and RBI are seeking to save lot of it by absorbing 49 percent stake in SBI, India's biggest public sector investor. This paper tries to check the problem and challenges visage within the case of YES Bank failure. The paper conjointly discusses the factors answerable for such money failure.

KEYWORDS: Yes Bank, Financial Performance, Financial Failure, Indian Banks.

INTRODUCTION

YES bank stands for youth exchange scheme Bank. YES bank limited is an Indian fourth largest private investor by capitalisation. The Bank is engaged in providing banking services, together with company and institutional banking, wealth management, money market branch banking finance etc. YES BANK's branch network stood at 1050 branches and its ATM network stood at 1724 as on 31st dec. 2017 which incorporates 573 bunch Note Acceptors and it's a pan Asian nation presence across all 28 states and 9 union territories together with an IBU at GTFT town and a representative workplace in Abu Dhabi. This story begins in 1999, once 3 successful personal equity investors came along and setup a non- banking money sector. The 3 personal equity

Investors specifically Ashok kapur the previous country head of the ABN AMRO Bank Harkirat Singh, the previous country head of the Deutsche Bank, and the third partner Rana Kapoor, former corporative finance head of the ANZ Grindlays Banks. They had 25% share in non- banking money corporation whereas the remainder 75% were the Rabo Bank of the Nederland.

This Bank was incorporated on the Gregorian calendar month twenty one, 2003 Headquartered within the lower parcel Innovation District (LPID) of urban centre. This bank Obtained certificate of commencement of Business on January twenty one, 2004 at the side of Kotak Mahindra Bank and also the bank obtained final application for banking licence below section 22(1) of the Banking laws Act, 1949 providing complete details of the capital structure, the composition of the Boards of Director, Informational technology and financial statement of the bank.

In the same year Harkirat Singh quit, so it had been the 2 Ashok kapur and amphibian genuses Kapoor. Ashok kapur was the chairman and amphibian genus Kapoor was the chief operating officer taking care of the daily to daily operations.2005-

In 2005 YES BANK launches International Gold and silver open-end credit. Within the same year affirmative bank non-heritable license of Initial public provide (IPO).

2006- YES Bank launches of affirmative SAMPANN Bharat, our monetary inclusion initiative, in partnership with ACCION International, USA. YES BANK has been hierarchal three within the 'BW Banking Special 2006 a survey of India's Best Listed Public and personal Banks'

2007-

In August YES BANK launched of YES- International Banking.

2008- During this year YES BANK received a giant shock. Ashok Kapur, then chairman, was at the Trident-Oberoi edifice complicated on twenty six November 2008 once ten Pakistani terrorists attacked Mumbai. The Trident-Oberoi edifice was one among the Targets of the 26\11 terror. Ashok kapur died within the surprise attack that Thursday nights. When the death of Ashok Kapur. Amphibian genus Kapoor takes complete management of YES BANK. During this year, The Bank was hierarchal because the No one Bank within the Business Today-KPMG best Bank Annual Survey, 2008

2009-

In

2009 This Bank launched the Business Today- YES BANK SME Survey & Award.

2011- YES BANK launched the first FT-YES BANK International Banking Summit 2011- taking Indian Banking to the globe.

2015- YES BANK launched its initial International representative workplace in United Arab Emirates' capital, UAE and within the same YES BANK additional to dandy fifty, the benchmark index of the National exchange. This Bank raised India's initial inexperienced infrastructure Bonds of associate quantity of a thousand Crore (USD a hundred and sixty million).

2016- YES BANK signs MOU with IFC and anarchist Sachs ten thousand girls for USD fifty Million loan. It had been the Youngest Indian Company to be a part of the Forbes world 2000 list.

2018- YES BANK received final license from SEBI for shielded of Securities Business.

2019- MR. Ravneet Gill takes charge as MD&CEO, YES BANK.

Grants and Recognition

1. In June 2008 YES BANK won the esteemed market Sustainable Bank of the year Award at the monetary Times\IFC, Washington Sustainable Banking Award held in London.
2. In December 2009 YES BANK got the quickest developing Bank Award at the Business World Best Bank Award.
3. In December 2010 This Bank got Today KPMG Best Bank Survey and Award.
4. YES BANK got the renowned Sustainable Bank of the year Award at FT\IFC Sustainable Finance Award 2011, London.
5. YES BANK get the Best Private Sector Bank Award at Dun and Bradstreet-Polaris Software Banking Award 2011.
6. YES BANK got the Asian Banker Technology Implementation Award 2011.
7. YES BANK won seven Award at Asia's best manager Brand Award and the CMO Asia Award for greatness in Branding and Marketing 2011, Singapore.
8. YES BANK won brilliant peacock grant 2012, London.
9. In 2013 YES BANK got the Best overseen Bank in India by the Asian Banker.
10. YES BANK was the first bank in Quite a while to get the Business Excellence prize at the lofty IMC Ramakrishna Bajaj National Quality Award 2014.
11. This Bank got the Best exchange bank for installment by the Banker's exchange Banking Award, London 2014.
12. YES BANK got the "Worldwide Performance Excellence Award-2014" in the Service Category by APQO, Chicago, USA.

REVIEW OF LITERATURE

Jayanto nuclear physicist and Dr. Purnima Sharma (2017) conducted a study to explore cybernation in Indian Banks because the banking administration is associate degree immaterial feature that demands a viable quality conveyance system from closures of each suppliers and takers. The deplaning of remote banks and money establishments, the event of freelance personal banks, and therefore the proportion of de-direction caused by competition have prompted a state of affairs wherever the survival of people World Health Organization don't be a part of the race are going to be worrying.

Md. Abdul Kader, Hanif Hossain (2019) dole out a study to research the administration of the information system of the private banking sector in Asia. The study conjointly focuses on decoding the system principally enforced at intervals the AIS operation by the personal banking system. The study recommends that every one personal bank maintain a rugged and speedy framework and method that might establish a downside whole spanking new hires to the dominant system for brand spanking. They use specifically orientated distributed internet commerce and arrangement that might build a downside for the cash Administration Division of assortment data (FAD) in order that they may use a centralised system to maximise AIS effectiveness.

The impact of monetary accounting on the financial performance of insurance firms in Asian nation has been investigated by Abdul and Abu (2019). Employing a semi-structured form consisting of open and closed-ended queries, the key data was collected. The sample size was fifty two, that was picked mistreatment the Bulgarian algorithmic program. The results of the regression of the study show that liquidity had a true and powerful impact on the profit of the deposit cash banks listed in African country, thus it's finished that liquidity within the banking sector helped improve their profit throughout the study time.

FINANCIAL FAILURE FACTORS OF YES BANK

Bank assumes an urgent job in the monetary development of the nation. Emergency at YES BANK began a year ago when Reserve Bank of India requested the bank's originator Rana Kapoor to venture down as Chief Executive Officer, following a disagreement over breaks of privacy and administrative rules uncovered in their reviews. The Bank saw an 81% decrease in its market stock cost during a year ago.

According to news report The YES BANK's credit book on walk 31, 2014 was ₹55633 Crore and its stores report were ₹74192 Crore which was a lot quicker than rivals develop over 80% and that too in desolate climate that was greeting for inconvenience, from that point forward advance book developed to vigorously fourfold the amount of as ₹2.25 trillion as on September 30, 2019 while stores development neglected to keep pace and expanded at under multiple times of ₹2.10 trillion. The bank's resource quality additionally deteriorated and it went under RBI's scanner.

As per the news report This Bank occupied with high-hazard loaning giving advances of the individuals who couldn't raise store somewhere else and which were battling in their organizations. YES BANK additionally has most elevated openness substances named high danger, for example, Anil Dhirubhai Ambani gathering (money) Cox and lord, CG influence, Devan lodging account company Ltd (DHFL), Reliance, and Vodafone Idea. Essar transportation and Mcleod Russel, Infrastructure Leasing and Financial help (IL&FS) which was accounted for as Rs.102.6 billion toward the finish of walk 2019. In April 2019, The bank had about ₹10,000 Crore of its openings, speaking to 4.1% of its all out advance under watch list, as potential non-performing credits throughout the following 12 Month.

Bad loan

Advances not reimbursed are a significant issue of most banks in India. These terrible advances are called as Non-performing Assets. The most concerning issue for the bank began when the NPA (non-performing resources) uniqueness came to High light in 2018. The bank has been under detailing its terrible credits for 3 successive years at this point. NPA (Non-performing resource) of the any bank is the greatest disappointment factor. NPA are exactly when a bank given advance, the credit is considered as resources in the book of the bank and risk in the book of borrowers, numerous multiple times it might happen that the borrowers of the cash can't reimburse the advance If the borrowers neglects to reimburse the advance and the proceed for 90 days and then some, bank treat the resources as a non performing resources. YES BANK offered advance to a few organization like DHFL, IL& FS, Anil Ambani gathering. CG Powers Radius Developers, Mantri Group Vardaraj Cement, Café Coffee Day and so forth. These organizations are nearly bankruptcy. The Gross Non-performing Assets of YES BANK was 7.4% of the gross advances toward the finish of September 2019. It got 18.87% of the all out advance book (₹40,709.20 crore) toward the finish of December 2019. For the quarter finished December 2019, YES BANK revealed a deficiency of RS 18,564 crore contrasted with benefit of RS 1001 crore in a similar quarter in 2018. The bank's overall deficit would have been more extensive at ₹24,778 crore in the second from last quarter on the off chance that it was not for an expense composes.

Out flow of Liquidity

As per the specialists, the bank was confronting ordinary outpouring of liquidity which implies that the bank was seeing withdrawal of stores from client. The bank had the store book of ₹2.09 lakh

crore to ₹1.37 lakh crore toward the finish of September 2019. Bank with frail monetary records are getting affected as investors move to more grounded bank.

The majority of Loans were offered forcefully to high pressure organizations in 2008 post period.

At the point when the financial situation was weakening quickly. The Indian economy before long saw GDP slamming with over utilized corporate. At present the bank was setting on a ₹31,000 crore books of BB appraised and underneath, which isn't best nature of the banks

Corporate Governance

As confirmed by the run batted in, the governance of YES bank is incredibly abundant guilty. YES BANK Janus-faced many governance problems that crystal rectifier to its decline. YES BANK fell nearly seven-member throughout trade thanks to company fraud at CG powers and Industrial solutions. YES BANK features an important stake in CG powers and Industrial solutions. YES BANK shares listed half dozen.91% lower at Rs.71.40 a share, therefore suffers fatal accident (reported in August 2019) involving quantity of fraud of regarding Rs.4000 cores. On Jan ten, freelance director UttamPrakesh Agrawal quit company governance standards and compliance failure at the investor. As per what Prakash insinuated is in interview with Economic Times corporate executive, He wasn't enclosed in capital raising choices by the management. He was unbroken within the dark even when continuous follow-ups on disbursing the main points regarding the plans of capital rising from the management. He additionally mentioned that the bank is surpassing the management and not the board. So clearly, company governance unsuccessful.

Low provisions

While bad loans piled up, YES BANK did not make enough provisions in its profits. Its Provision Coverage Ratio comparable banks. RBI says a PCR of > 70% is desirable.

DISCUSSION

- The financial organisation ought to have acted in time. By the financial organisation came into the image, the bank's web price was worn.
- During these Crises there's no correct separation of possession and management therefore we want to own a correct and clear separation of possession and control; promoter holding isn't enough. It's a guarantee against misuse of power. Choice of Auditors must be through with rigorously affirmative bank's auditors couldn't fund the window-dressing the bank management was as well as in.
- AS in capitalist or an investor, it's crucial to stay an eye fixed on the money health of your banks, particularly if you're account holder of a cooperative or non-public bank. Check key metrics of your bank; web New People's Army (non-performing assets) magnitude relation to grasp money health.
- It isn't enough for tally to confirm promoters pass the match and correct take a look at whereas granting the licence. Like rating agencies, whose responsibility doesn't finish with initial rating, the match and correct take a look at should be an unbroken exercise. Sensible superintendence should have their ears to the bottom.
- The new focus ought to get on high rated corporate. It conjointly wants a balanced portfolio of retail assets, that square measure presently at two hundredth. All majors non-public bank have

a retail assets portfolio of over five hundredth as a result of this phase generally has lower New People's Army and there is scope of doing additional business by manner of cross commercialism.

- There is would like for additional transparency. A moratorium is obligatory as a final step once it's feared a bank won't be able to pay its depositors.

CONCLUSION

YES BANK was one in the entire fifth highest non-public sector lenders till 2017 once the bank was began to face serious unhealthy loan downside & serious Governance issue and practices within the recent years that have light-emitting diode to steady decline of the bank, aforementioned depository financial institution of Asian nation. The Bank has been underneath coverage terrorist group for three years. No massive investors would be able to commit massive fund to bank during this scenario. Notwithstanding the bank get funds, it's extremely seemingly that those won't enough to match the required rate of growth for the bank.

Reserve Bank of Asian nation took management of troubled non-public sector loaner YES BANK thanks to serious Deterioration in its money position. run batted in came to the conclusion that within the absence of a reputable revival set up, and publically interest and therefore the interest of the bank's depositors, it had no different than The depository financial institution of Asian nation obligatory thirty Days moratorium on YES BANK, outdated the non-public sector lender's board, YES BANK was the RBI's call to cap withdrawals at ₹50000. The depository financial institution of Asian nation had allowed withdrawal of up to ₹5 large integer just in case of medical emergencies, education expenses, payment towards wedding, alternative ceremonies and ineluctable emergencies.

The depository financial institution of Asian nation has proclaimed a draft 'Scheme of Reconstruction for YES BANK that proposes that the depositor's funds would be protected. The workers would even have a similar service conditions, as well as remuneration, a minimum of for one year. However, within the case of key social control personal, the new board would be scattered to require a decision.

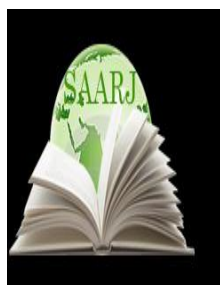
On March 6, the depository financial institution of Asian nation (RBI) discharged its loopy revels plans of affirmative BANK. Consequently, banking company of Asian nation (SBI) might get forty ninth stake and hold on to a minimum of twenty sixth for following year. The depository financial institution of Asian nation (RBI) appointed Prashant Kumar, WHO was serving as chief treasurer in deputy director at banking company of Asian nation (SBI) as an administrator.

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FEATURES OF IMPLEMENTATION OF INNOVATIVE MANAGEMENT AND MODERNIZATION PROCESSES INCORPORATE ENTERPRISES

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ABSTRACT

This article highlights the peculiarities of the implementation of innovative management and modernization processes in corporate enterprises, the important methodological basis of the existing interaction between the processes of innovation management and modernization in corporate enterprises, the diversity of their economic interests, the ways, ways, and means of combining these interests. new approaches to management processes as the variety of tools improve economic relations implementation capabilities are also widely reported.

It is recommended to carry out the process of modernization in corporate enterprises based on the analysis of the analytical work, theoretical provisions, and methodological issues carried out in our research.

KEYWORDS: *Corporate Enterprises; Processes Of Modernization; Innovative Processes; Intensification; Efficiency; Mechanisms Of Corporate Management; Ensuring Competitiveness; The Interests Of Society; Organization; Investors (Shareholders).*

INTRODUCTION

Nowadays, at the current stage of further deepening of economic reforms and structural changes in the country, the basis of the corporate economy is formed by corporations, ie joint-stock companies of various types.

Widespread use of corporate governance mechanisms is becoming increasingly important in accelerating the process of modernization and increasing the efficiency of corporate enterprises. This is primarily reflected in the growing importance of corporate enterprises in ensuring the competitiveness of the national economy.

Materials and methods

Definitions that reflect the content of corporations are many and varied. For example, in the simplest, most concise definition of a corporation, it is enough to emphasize that it is a legal entity in the form of a society: "A corporation is a legal entity that has the right to purchase resources, own shares, produce and sell products, provide loans and borrow, and act as both a plaintiff and a defendant in court". In other definitions, along with rights, special attention is paid to its goals, organizational and legal aspects: "A corporation is an organization that has certain rights, is a legal entity, operates on a permanent basis and has limited liability".

In this regard, it is worth noting that the concept of corporate enterprise has a specific meaning. A corporate enterprise is an enterprise based on the membership of its founders and participants, regardless of its organizational structure. While such a definition reflects the general aspects of this concept, it cannot express its full meaning. It is expedient to define a corporate enterprise as follows: a corporate enterprise is an economic entity that ensures the harmonization of the interests of the parties involved in the effective organization of economic activity, with the separation of ownership and management of property.

Corporate governance is a distinctive feature of corporations that distinguishes them from other forms of management. "A complex system of corporations requires good management. Broad and narrow definitions of corporate governance can be applied. Corporate governance in the broadest sense is the process of striking a balance between the economic and social goals of a corporation, between individual, group, and social interests. The basic view of corporate governance can be represented by the following diagram (Figure 1).

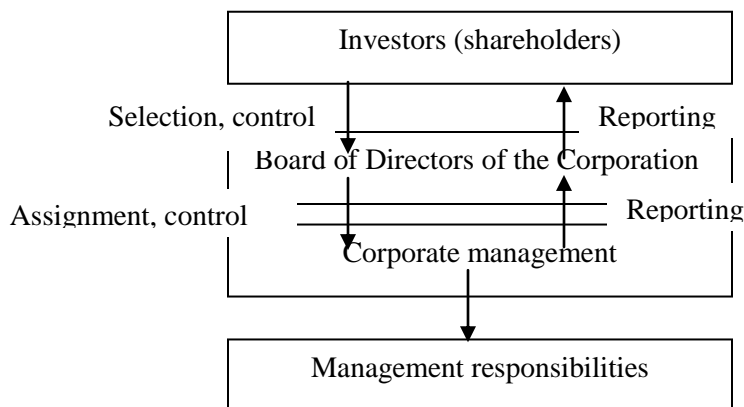


FIGURE 1. BASIC VIEW OF CORPORATE MANAGEMENT

Thus, corporate governance is the organizational and legal formation of business, optimization of organizational structures, the establishment of internal and inter-firm relations of the company in accordance with the established purpose.

At the same time, in some sources, there are controversial aspects in defining the purpose of corporate governance. The definition that "the purpose of corporate governance is to maximize the value of share capital for shareholders while the company is complying with certain obligations to its creditors, suppliers, others, and society as a whole" leads to the following comments:

1) shareholders are interested in the high real value of the dividend paid on each share in their hands;

2) share capital is the total value of various types of property of a joint-stock company, in which case the use of the phrase to maximize its value is not logical.

In the current situation, one of the foundations of the relative efficiency and advantage of management in corporate structures is the wide range of opportunities for the application of innovative processes, the application of scientific and technological advances. It is precisely in large systems that a mechanism is created to ensure the rapid application of new advances in science and technology aimed at improving products and technology in production, which leads to an increase in production efficiency. The efficiency of production of various types of products also occurs as a result of continuous improvement of the management system within the firm, the establishment of strong production links between technologically interconnected enterprises in large manufacturing companies.

In our point of view, the scientific study of the relationship between corporate governance and the effectiveness of modernization processes incorporate enterprises is of great importance. There are factors that allow the modernization process to be carried out relatively effectively in the context of corporate governance:

1. Ability to accumulate and mobilize large amounts of funds required for the implementation of modernization processes.
2. The use of internal production and technological connections of the corporate structure in the gradual replacement of obsolete equipment and technology with modern, new means of production.
3. The breadth of opportunities for diversification in corporate structures with multi-stage technological processes of finished product production.
4. Provision of production with modern equipment and technologies, the creation of new types of management methods, funding of scientific laboratories and experimental design work, the breadth of opportunities for their operation, etc.

“World experience allows the formation of corporate associations to build a technological chain of production of a variety of products (from raw materials to its production in the form of finished products). At the same time, favorable conditions will be created for the purposeful division of labor, which will help to introduce high-efficiency equipment, advanced technologies and organize production, design bureaus, scientific and research institutes necessary for the implementation of complex scientific programs that ensure technical progress and competitive production. The construction of research laboratories and experimental equipment will help to justify itself economically”.

Also, the wide range of opportunities for corporate organization and management of economic activity allows to model inter-firm relations using many options of their formation, based on the use of the advantages of corporations.

The modernization of production is a multifaceted and complex process. First of all, it requires the elimination of equipment that has long been used in enterprises, and today is obsolete, both physically and spiritually. Because the use of physically obsolete equipment in production generally leads to an increase in resource consumption, production of defective and unusable products, a decrease in their quality and consumer properties, obsolete equipment is more expensive or does not meet modern consumption. causes serious problems through.

It should also be borne in mind that the equipment currently available and used in enterprises can not be replaced in a short time and in general by modern equipment. This, on the one hand, requires very large financial resources and, on the other hand, leads to the suspension of the existing production process. Accordingly, given the scale of the enterprise, the importance of the product, the technical, technological, and financial capabilities, it is important to carry out this process in a gradual, consistent manner.

The abandonment of obsolete equipment puts the task of equipping production with modern equipment and technologies. The application of modern techniques and technologies in production creates the following opportunities:

- Production of competitive products that meet global requirements;
- expansion of financial results and capabilities of the enterprise due to a significant reduction in the cost of production;
- saving of raw materials and resources;
- implementation of diversification of production through the launch of new types of products and services;
- reduction of negative impact on the environment, etc.

If these techniques and technologies have an innovative character, that is, they are based on developments and ideas that have not been used in practice before, then the economic and social significance of their use will be even higher. The application of innovative technologies in production allows us to achieve higher efficiency than the technologies used in this area.

Typically, an enterprise's area of activity is determined by the industry to which it belongs. For example, a textile enterprise belongs to the light industry and is mainly engaged in weaving fabrics from yarn, silk, or other types of fibers. In order to ensure economic stability, the integration of production processes leads to the expansion of the enterprise.

A similar separation of the interests of different groups of participants in corporate relations is found in other scientific sources. In particular, A. Hashimov divides the participants of corporate relations into the following groups (Table 1).

TABLE 1 DIFFERENT PARTICIPANT IN CORPORATE RELATIONSHIPS INTERESTS

Group of participants of corporate relations	Benefits
Proprietor	Dividends payable or the increase in the market value of the shares that are its property, the profitability of the business, the reduction of management costs, the preservation of assets, as well as the prosperity of the business
A) holders of large shareholdings	The long-term stability of the company's position, the high level of profitability of its activities, and the rise in the share price
B) large shareholders who are legal entities (banks, insurance companies, etc.)	Strengthen long-term profitable business relationships with the company
C) Institutional investors (investment	Only the financial performance of the company and the

funds, etc.)	rise in the price of its shares
D) external small shareholder	Dividends and stock price increase
E) The state	To increase the amount of profits in order to reduce the budget deficit and to increase the efficiency of production, to require managers to rationalize jobs
Referral managers	The amount of rewards and privileges to be given, to maintain one's position and increase one's prestige
Employees of the enterprise, creditors, partners in cooperation, other individuals and legal entities involved in its activities, local authorities	Organization of profitable production, realization of social interests

Based on the common tasks and interests of the groups of participants in corporate relations, as described in the table above, it is expedient to consider aspects of modernization of production in corporate enterprises that are in line with or contradict the interests of these groups. Such an analysis allows for the effective organization of production modernization processes in corporate structures.

Thus, the implementation of production modernization processes incorporate enterprises has certain advantages and benefits. However, at the same time, an important aspect in the implementation of these processes is the need to pay attention to the harmony and commonality of existing economic interests. The economic mechanism of corporate governance is an integral part of the corporate governance system and reflects the economic incentives, tools, and methods of targeted influence on the object of management to create favorable conditions for business operation and development.

Based on the information above, it can be concluded that the process of modernization of corporate enterprises is very complex to assess the effectiveness of management, its proper organization, and taking into account as many indicators and factors as possible ensures the accuracy and reliability of results.

CONCLUSION

- Corporate management and the effectiveness of modernization processes incorporate enterprises are interrelated, and there are specific factors that allow relatively effective implementation of modernization processes in the context of corporate governance;
- the logical model of implementation of modernization processes incorporate enterprises plays an important role in ensuring the harmony of interests of the participants of corporate governance relations in the modernization of production;
- In assessing the effectiveness of management of modernization processes in corporate enterprises, it is advisable to determine the logical sequence (algorithm) of the process, the management cycle, the interrelationship and consistency matrix of primary and intermediate and final indicators, and methods of calculating performance indicators.

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