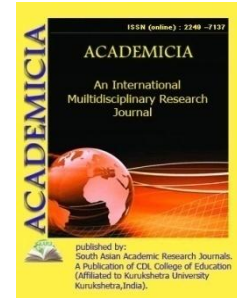




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LEGAL AND ECONOMIC BASIS FOR IMPROVING THE MECHANISM OF FINANCIAL INCENTIVES FOR INNOVATIVE ACTIVITIES IN INDUSTRIAL ENTERPRISES

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ABSTRACT

The article examines the legal and economic basis for the formation and improvement of the mechanism of financial incentives for innovative activities in industrial enterprises. The mechanism of financial incentives for innovative activities of industrial enterprises, on the one hand, will be an integral part of the country's innovation system, on the other hand, the activities of all other elements of the innovation system will be closely linked with its effectiveness. The point is that fundamental scientific ideas whose purpose is not to make a profit cannot be applied directly to economic activity. But they are the starting point or source of future innovations. Therefore, businesses and companies will be cautious in funding fundamental research.

KEYWORDS: *Financial Incentives, Industrial Enterprises, Economic Liberalization, Innovative Economy.*

INTRODUCTION

In the context of economic liberalization, Uzbekistan pays great attention to the formation of an innovative economy, further development and improvement of the regulatory framework for innovation, strengthening the mechanism of integration of science and industry. Since 2017, with this in mind, the system of targeted state support for research and development in higher education institutions and special institutions and organizations is being radically updated.

The state innovation policy is being transferred to the center of investment policy, the innovative content of investments is becoming a priority. The purpose of the financial elements of

innovation policy is to accelerate the formation of the national innovation system of the country, to stimulate specific measures and mechanisms to ensure its economic development in accordance with the chosen development strategy, to develop and implement a system of priorities. This policy will create new opportunities for the formation of scientific and technological potential of the country in line with the dynamically developing market economy, meeting the requirements of the country's resource potential and sustainable development strategy.

The mechanism of financial incentives for innovative activities of industrial enterprises, on the one hand, will be an integral part of the country's innovation system, on the other hand, the activities of all other elements of the innovation system will be closely linked with its effectiveness. In this sense, the effective functioning of the innovation system is expressed as a result of the operation of the mechanism of financial incentives for innovation. Accordingly, this mechanism is formed in accordance with the structure of the innovation system.

In our country, work has been done to create and improve the legal and regulatory framework for the development of scientific and practical research and innovation, as well as to stimulate the application of modernization, technical and technological renewal of production, including:

- Resolution of the President of the Republic of Uzbekistan dated August 7, 2006 No PP-436 "On measures to improve the coordination and management of the development of science and technology" [1];
- Resolution of the President of the Republic of Uzbekistan dated July 15, 2008 No PP-916 "On additional measures to encourage the introduction of innovative projects and technologies in production" [2];
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated May 20, 2009 No 144 "On additional measures to encourage the implementation of innovative projects in production" [3].

Adoption of the Resolution of the President of the Republic of Uzbekistan No. PP-436 of August 7, 2006 "On measures to improve the coordination and management of science and technology development" innovative scientific and technical programs and the solution of pressing issues of economic development has created certain opportunities for the effective use of existing scientific and technological potential [4].

An important step in improving the financing of innovations was the Resolution of the President of the Republic of Uzbekistan dated November 1, 2017 No PP-3365 "On measures to further strengthen the infrastructure of research institutions and the development of innovative activities."

According to him, in order to ensure the implementation of the tasks set out in the Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021, as well as to further improve the activities of research institutions, strengthen their material and technical base and create favorable conditions for innovation;

- A comprehensive program of measures to strengthen the infrastructure and develop innovative activities of research institutions for 2017-2021 has been approved, including:

- In 2017-2021, a set of measures to strengthen the infrastructure of research institutions and the development of innovative activities has been identified;

-The parameters of the estimated volume of financial costs for the implementation of the Program in 2018-2021 and the program for strengthening the material and technical base of research institutions in 2018-2021 were adopted.

The resolution of the president of the republic of uzbekistan dated may 5, 2018 no pp-3697 "on additional measures to create conditions for the development of active entrepreneurship and innovative activities" a number of structural problems were noted:

First, there is no systematic analysis of the market of advanced and modern innovative developments, technological projects-startups and innovations, taking into account the existing resource base and potential of the regions;

Second, the work on attracting investments to innovative projects-startups, promoting and coordinating the activities of talented entrepreneurs who are actively implementing innovations in the field of production and services is not carried out;

Third, in the field of innovative development, especially in the field, the business environment remains low, as well as the lack of entrepreneurs with the necessary skills to develop and promote innovative and successful technology projects-startups;

Fourth, there is no database of innovative ideas, developments and technologies, the practice of creating new resources and transferring experience to business structures remains underdeveloped;

Fifth, the mechanisms to support the market of innovative developments are poorly developed, the coordination of the effective use of innovative ideas is not established, and the quality of innovative developments does not meet market requirements;

Sixth, insufficient attention is paid to the involvement of graduates of technical higher education institutions and talented youth in the field of innovative developments, technological projects-startups, as well as the creation of business incubators;

Seventh, the promotion of innovative entrepreneurship among the population is not carried out effectively, technical and psychological barriers to attracting to the development and promotion of innovative products and services remain.[5]

According to the resolution, measures have been identified to create more favorable conditions for innovative activities. In particular, at the suggestion of the Ministry of Innovation Development of the Republic of Uzbekistan, centers of innovative ideas, developments and technologies were established in the Republic of Karakalpakstan, regions and the city of Tashkent to develop, test and master innovative projects, transfer and commercialize the results of innovative activities.

In order to further expand the commercialization and introduction of innovative ideas and technologies in production, as well as increase the efficiency of innovative organizations, on September 11, 2018 the Cabinet of Ministers of the Republic of Uzbekistan adopted Resolution No. 721 on measures to further support innovation. The resolution stipulates that the Fund for Support of Innovative Development and Innovative Ideas will co-finance research startups on the

basis of grants or interest-free returns, which provide for the introduction and commercialization of local scientific developments, and serves to expand its resources.[6]

No. PP-3365 of November 1, 2017 of the President of the Republic of Uzbekistan "On measures to further strengthen the infrastructure of research institutions and the development of innovative activities", "On additional measures to improve the mechanisms of innovation in industries and sectors of the economy" 2018 7 Resolution No. PQ-3698 of May 9, 2019 and No. PQ-4546 of December 9, 2019 "On measures to further reduce bureaucratic barriers, the introduction of modern management principles in the activities of government agencies and organizations." Also, in order to improve the regulatory framework for the formation and implementation of the state order for research, the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated March 9, 2020 No 133 "On measures to further improve the regulatory framework for research and innovation" accepted.

Regulations on the state order for research work with this resolution; Regulations on the procedure for selection and financing of startup projects; On Scientific and Technical Councils under the Ministry of Innovative Development of the Republic of Uzbekistan. [7]

The charter was approved. Adopted by the Legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan on April 7, 2020 to strengthen the legal framework for innovation in our country.

Particular importance is the Law of the Republic of Uzbekistan "On Innovative Activity", approved by the Senate on June 19, 2020. It states that "state support and encouragement of innovative activity is carried out in order to create the necessary legal, economic and organizational conditions for innovative entities, to finance innovative projects and new developments" (Article 10). Article 4 of the Law sets out the basic principles of innovative activity, Article 10 the directions of state support and encouragement of innovative activity, Article 16 the rights of innovative subjects and Article 17 the obligations of innovative subjects create appropriate legal conditions for innovative activity in industrial enterprises.[8]

The fact that Article 18 of the Law clearly defines the types of innovations on a scientific basis is also important in the financial management of innovative activities:

"Product innovations - innovations aimed at the development and introduction of technically and technologically new or improved products (works and services);

Process innovations - innovations aimed at the development and introduction of technically and technologically new or improved production or training methods, as well as the transfer of technology;

Marketing innovations - innovations aimed at the introduction of new or improved methods, including changes in the design and packaging of products, the use of new ways of selling and providing products (works and services), the formation of new pricing strategies;

Organizational innovations - innovations aimed at the organization and conduct of business, the creation of jobs and the introduction of new or improved methods of external relations.

At present, the current stage of socio-economic development of our country necessitates a radical reconsideration of the role and place of innovative activity in the economy and the social sphere.

Innovation is based on the technology of various industries and the foundations of high-tech industries, which are the leaders of all-round development in the country. Such an approach is a necessary condition to support the competitiveness of the product in terms of market relations and to create a new competitive advantage. In terms of the well-being of the population, innovations serve to increase the opportunities and the level of human capital formation. It is clear that financial incentives for innovation are focused on achieving these results effectively.

The traditional direction (scope) of state support for scientific activity is the funding of fundamental research. The point is that fundamental scientific ideas whose purpose is not to make a profit cannot be applied directly to economic activity. But they are the starting point or source of future innovations. Therefore, businesses and companies will be cautious in funding fundamental research. Through the launch of the national innovation system, the financial and technological resources of companies, institutes, universities and other institutional units will be integrated through legislative and economic incentives. In the current situation, such integration is the basis for ensuring sustainable economic growth, improving the welfare of the population, the national economy can have a competitive advantage.

The following areas of state support of the national innovation system and innovative activities of industrial enterprises can be noted:

- Direct funding from the state budget;
- Allocation of loans to innovative entities from the budget;
- Establishment of venture funds with public funds;
- Identification of opportunities for the application of accelerated depreciation in the tax legislation;
- Simplification and reduction of the process of patenting of inventions and discoveries;
- Additional incentives and extension of resource-saving patents;
- Organization and development of a network of technopolises and technoparks.

The formation of a national innovation system requires, first of all:

- Training of managers for the organization and management of innovation, bringing the standards of local production management to the level of international standards in the organization of innovation activities;
- Development of financial mechanisms (leasing, investment insurance, venture financing, etc.) that adapt world experience in the development, financing and implementation of innovative projects to the economic conditions of the country, depending on the level of risk;
- A well-developed network of information services, including a database of innovative projects and information systems, information on the situation in the capital and money markets, recommendations on the feasibility of investing in certain projects;
- Engineering services, product standardization, technological processes, certification of goods and services.

In recent years, Uzbekistan has introduced the necessary mechanisms for the introduction of modern information technologies in governance, the regulatory framework to support the development of innovation, tax and customs regulations, technology transfer and the formation of an intellectual market, preferential lending and financing to stimulate the transport system. serves for rapid strengthening.

The need and cost of the necessary financial resources should be calculated at each stage of the innovation process in relation to the available capacity and sales volumes. A different approach to cost distribution is required at different stages of the production cycle and at different capacities of production capacity. Considering that costs are entirely innovative will result in lower efficiency and appropriate decision-making. How the issue is resolved will depend to some extent on the innovative and creative thinking of the company's management. This is especially true for industrial enterprises in our country, where there is a frequent shortage of financial resources.

Also, the selection and approval of the main option of financing innovation depends on the nature and characteristics of the innovation, the expected impact on the current state and future of enterprise development, compliance with standards, resource, scientific and technical capabilities of the enterprise.

Innovative activity is considered to be an activity that includes all scientific, technological, organizational, financial and commercial measures that lead to the emergence of technologically new or significantly improved products or processes, including investment in new knowledge completed in the last 3 years. 192 business entities per year innovative products, works and services. Of these, 91 were completed in 2018 and 106 in 2016-2017. In addition, during 2016-2018, products, works and services were innovatively improved by 30 organizations and enterprises.

Innovative activity in the region is also carried out in the small business sector. Innovative by 181 small businesses products, works and services were performed, of which 84 were performed in 2018 and 95 in 2016-2017. In addition, during 2016-2018, products were improved by 25 organizations and enterprises. Innovative products, works and goods worth 643385 million soums were performed in Namangan region. In particular, the volume of innovations mastered for the first time in 2018 amounted to 155678 mln. soums, for the first time in 2016-2017 the volume of disbursed 390313.1 mln. soums, the volume of improvements for 2016-2018 amounted to 97893.9 mln. soums.

In Namangan region in 2018, the sources of funding and expenditures on technological, marketing and organizational innovations will amount to 136723.1 mln. soums. From them at the expense of own means of the enterprise and the organization 120604.5 mln. soums, at the expense of foreign investments 12456.4 mln. soums, 288.4 mln. soums from the budget. soums, 3141.0 mln. soums at the expense of loans of commercial banks. soums and 47.1 mln. soums from other sources. soums were spent.

In 2018, 136723.6 mln. soums were spent. Innovations are mainly of a technological nature. In particular, technological innovations have been introduced by 60 businesses in the region. The total number of introduced technological innovations is 109. 100 of them were carried out by business entities on their own. Expenditures on technological innovations (capital and current

expenditures) totaled 134051.7 mln. soums. Of which 120346.8 mln. soums and 13704.9 mln. soums. soums of process costs.

Of course, the main part of innovations in Namangan region is assessed as innovation at the level of local conditions and opportunities. However, it is undeniable that these changes have a positive impact on the socio-economic development of the region and create the conditions for future innovation on a global scale.

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