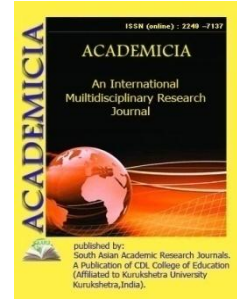




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“ABOUT HOW CHEAP (ACTUALLY VERY EXPENSIVE) LOANS MAY NOT ENRICH THE POOR”

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ABSTRACT

Credit - after the delivery of goods (services) at an agreed price on the basis of the contract (rendering of services) and the satisfaction of the project owner - is allocated and transferred to the account of the supplier (service provider). The fact that part of the directed loans does not reach the destination and its other return is focused on higher sectors will lead to a faster head of the relatively wealthy society. In this article, we will pay more particular attention to the effectiveness of the authority loans which is given to businessmen in order to flourish economics. That is, even people who do not fall into the poorer category will seek to obtain these loans and, if possible, bet on the sector that will bring the greatest benefit to the economy.

KEYWORDS: *Potential Projects, The Government Loans, Minimum Wage, Expense Of Resources, Credits , The Government, , The Minimum Wage , Return, Program, Poorer Category*

INTRODUCTION

New projects with the potential in our country, Uzbekistan, to create high-performance and sustainable jobs can be allocated soft loans at the rate of 8% per annum in the amount of more than 1,000 times the minimum wage at the expense of resources under the program (studied in detail with the involvement of relevant specialists on site). In this article, we will pay more particular attention to the effectiveness of the authority loans which is given to businessmen in order to flourish economics.

Giving loans to the population at 7% for a number of reasons may not make them richer. First, with a market interest rate of around 20%, a 7% loan is a very scarce commodity that everyone wants to get. That is, even people who do not fall into the poorer category will seek to obtain these loans and, if possible, bet on the sector that will bring the greatest benefit to the economy. The government, no matter how well-intentioned it may be, will not be able to take full control of the entire republic (as has been the case before). That is, once these loans begin to be issued, some (large enough) of the loans will not reach their intended destination and will even be diverted to another more lucrative sector of the economy. Naturally, the main beneficiaries in this process will be people who are closer to the lenders or people who are willing to pay extra to get a loan. The fact that part of the directed loans does not reach the destination and its other return is focused on higher sectors will lead to a faster head of the relatively wealthy society. That is, if the rich get richer faster with cheap credit, then the poorer the population, the poorer the poor, the richer the poor.

Secondly, such projects have been implemented many times so far. But I don't think any such projects have improved the lives of the poor. Let's say the loans started to be given to the poor at the same time, which will not only affect the market price of the pets mentioned in the project, and secondly, there will be a noticeable increase in feed prices as a result of the simultaneous increase in demand for pet food. That is, while loans are cheaper for the poorer segments of the population, the fact that these households buy pets more expensively and feed them more expensively than in the past can significantly reduce the attractiveness of these loans. Let's say no one at the market interest rate is doing this. Because he knows that the return on this business is at a lower interest rate on the loan.

In this case, as other costs increase, the proximity of "cheap" loans to the market price will lead to a decrease in its profitability, and the purchase of animals and the fact that the price of feed will reach a certain point will lead to unprofitable losses. This could lead to further impoverishment of the relatively poor population using "cheap" loans.

Thirdly, the fact that loans are three times cheaper than the market price is, of course, in stark contrast to the central bank's inflation targeting policy. That is, these loans put pressure on inflation. In the short run, a further rise in inflation, or at least a slower-than-expected decline, will inevitably lead to more suffering for the poorer sections of the population compared to other sections of the population.

CONCLUSION

In general, no matter how good a decision is made and with good wishes, the decision itself will be bad. Not only will this decision do great harm to the economy in general, but it could also

lead to the fact that the lives of the poorer segments of the population that we want to improve are actually not better but worse.

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