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WAYS TO OVERCOME THE PROBLEMS OF INSOLVENCY IN THE CONDITIONS OF CURRENT GLOBAL ECONOMIC CRISIS

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ABSTRACT

The article discusses the ways to overcome the problem of insolvency in the current global economic crisis. It also discusses in detail the ways to overcome the problem of insolvency. Opinions and conclusions were formed on insolvency, macroeconomic stability, competitiveness of the national economy, investment environment, strengthening of payment discipline. Strengthening macroeconomic stability and maintaining high economic growth, increasing the competitiveness of the national economy, eliminating defaults in order to improve the investment climate and strengthening payment discipline in the country's payment turnover should be acknowledged the main directions. Because, it is impossible to improve the real state of the payment turnover in the context of sustainable economic development without eliminating insolvencies and strengthening payment discipline.

KEYWORDS: *Payment, payment turnover, insolvency, payment discipline, macroeconomic stability, monetization coefficient, GDP (Gross Domestic Product), money supply, money aggregate (M2), cash flow, investment, commercial bank, loan interest, accounts receivable, accounts payable.*

INTRODUCTION

Strengthening macroeconomic stability and maintaining high economic growth, increasing the competitiveness of the national economy, eliminating defaults in order to improve the investment climate and strengthening payment discipline in the country's payment turnover should be acknowledged the main directions. Because, it is impossible to improve the real state of the payment turnover in the context of sustainable economic development without eliminating insolvencies and strengthening payment discipline.

In the context of sustainable economic development, one of the conditions for a fundamental improvement in the situation of the real sector of the economy is the implementation of structural changes, as defaults are largely due to the inefficiency of a number of industries, as a result, a product that is not in demand and an enterprise that does not have a market future must leave the market. Typically, businesses that do not have a market future are considered to be the beginnings of a chain of defaults, or they increase the price of their products and serve as a factor in the additional growth of material costs for consumers.

It is clear that one of the problems with the payment turnover is the problem of non-payment. In this regard, it should be noted that the successful implementation of economic reforms in our country once again demonstrates the need to pay more attention to the real sector of the economy. At the same time, a number of factors are hindering the intensification of the "bank-enterprise" interaction. In particular, high interest rates for commercial banks are largely due to persistent insolvencies.

A company that borrows from a bank, despite having a relatively stable financial position, is drawn into a chain of defaults due to its undisciplined partners and as a result may not be able to repay the loan and pay interest to the bank.

Analysis of the Literature on the Subject

In the definition given by G.A. Schwartz to define the essence of the payment turnover, it is clear that the payment turnover is related to one function of money, that is the function of the means of payment. With this in mind, he came to the following logical conclusion: "Payment turnover is a part of money turnover." This conclusion shows that the turnover of payments should always be smaller than the turnover of money in terms of quantity and volume.

According to MP Berezina, "... the main part of the money supply is the payment turnover, in which money acts as a means of payment" [1]. According to another group of economists, "the turnover of payments is part of the turnover of companies and enterprises, which reflects the movement of money as a means of payment, a means of repayment (return) of obligations" [2]. It is also put forward by AB Borisov: "Payment turnover is a part of money turnover of enterprises, companies, which reflects the movement of money as a means of payment, repayment (termination) of liabilities. The main part of the payment turnover consists of payments to suppliers of materials, work and services. Payments are made in cash and non-cash forms." [3]

However, there are approaches that differ from the above approaches to determining the nature of the payment cycle. One of the authors of such a different approach is A.M. Kosoy. However, there are approaches that differ from the above approaches to determining the nature of the payment cycle. One of the authors of such a different approach is A.M. Kosoy. Based on the results of his research and the real situation in practice, he proved that the set of payments based on the use of money as a means of payment is part of the payments and that take place any part of money circulation based on the performance of various functions of money [4].

RESEARCH METHODOLOGY

Scientific research methods such as scientific abstraction, analysis and synthesis, induction and deduction, statistical grouping, monographic research, comparison were used in the development of basic scientific-theoretical rules.

The results of the analysis

The problems of the payment cycle have been shown, first of all, by the fact that its current practice does not adequately meet the requirements of a modern market economy, and made it possible to determine that they consisted of the following:

- Insufficient stability of payment turnover;
- Violation of payment rates;
- Deviations from the economic basis of payments;
- the level of non-payment is high on some dates;
- in practice, the role of the payment turnover is underestimated;
- Credit risks of commercial banks are largely dependent on the fact that the payment turnover is not used as the main subject of lending to enterprises and organizations;
- Identification of the main causes of insolvencies and the restructuring of overdue accounts payable in the economy requires a solution;
- the current level of monetization coefficient in our country is significantly lower than the standard level accepted in international practice (at least 40%).

Given the insolvency of a large number of enterprises, the task of activating lending to the real sector of the economy contradicts another important task, namely, the task of maintaining the financial stability of the banking system. Therefore, in the current context, in terms of the general direction of reforms aimed at restoring and strengthening the interaction of the real and financial sectors of the economy, the problem of insolvency in our opinion, is very valid and has a special relevance.

As mentioned above, the growing trend of commercial bank lending leads to an increase in the level of money supply of the national economy and the solvency of the population and businesses. However, the level of monetization coefficient in our country is relatively low. This, in turn, exacerbates the problem of receivables and payables between enterprises.

Following the above procedure, we will make a comparative assessment of the current level of monetization coefficient in our country (see Table 1.)

TABLE 1 DYNAMICS OF MONETIZATION INDICATORS IN THE REPUBLIC OF UZBEKISTAN¹ 01.01.2020

№	Years	GDP (trillion sums)	Moneymass M2(trillionsoums)	Monetization² coefficient
1.	2016	210,2	40,6	19,3
2.	2017	242,5	50,3	20,7
3.	2018	302,5	70,8	23,4
4.	2019	407,5	80,2	19,7
5.	2020	537,8	91,3	17,0

The data show that the dynamics of monetization in our country in 2016-2020 does not have a single trend. This situation, firstly, the low monetization ratio deepens the problem of mutual non-payment in the economy, secondly, weakens the cash flow of economic entities, thirdly, prevents the stimulation of solvency and creates a negative effect relative to the velocity of money.

We know that the problem of non-payment on October 1, 2019 amounted to 93 trillion. UZS, receivables from enterprises increased by 16.5 times compared to the previous year. Because our economy does not have enough money to pay these receivables at the moment, we can see from the table above.

At the end of 2019, the level of money supply in the economy of our Republic was 15.7%. However, according to World Bank experts, if the monetization rate is below 40%, the problem of insolvency in the economy will not be solved. First, we must solve the issue of non-payment. Second, we need to reduce interest rates on loans. Currently, both channels that provide money to the economy remain closed, firstly, the interest rate on loans is very high, secondly, the cost of these loans is higher than the profitability of the borrower, we know that if the interest rate on loans is higher than the profitability of enterprises there may originate the problem of late repayment, which leads to an increase the share of problem loans in the loan portfolio of commercial banks.

It is well known that the problem of defaults is not general debt, but overdue debt. Debts are usually used as an indicator of overdue accounts payable and the total amount of overdue debts of enterprises and organizations. This indicator includes its overdue debts (i.e., debts on accounts with suppliers and contractors, creditors for goods, works and services, including tangible assets; loans to "subsidiary" enterprises; loans to advances received; loans to the budget and extra-budgetary funds; loans to workers and employees on wages, etc.) and bank loans and loans to includes overdue debts.

At the same time, it should be borne in mind that the debt on the balance sheet of business entities is a "visible" debt. In practice, the use of barter and other monetary surrogates in inter-corporate settlements "hides" a certain part of the actual amount of debt.

In addition to the above, it should not be overlooked that during the implementation of economic reforms, the object of research has changed, and even the organization of business itself has changed dramatically. Because in practice, in some cases, it is no secret that behind the official name is an entire financial group. This is a form of finance that can only be seen by statistical agencies and tax services, and which manages a small part of financial resources (partial payment of mandatory payments, salaries of workers and employees, etc.) and is officially recorded may not remain an industrial group. In fact, here the bulk of financial flows are separated from production and economic activities and redistributed among other hidden members of the group - various financial intermediaries, offshore individuals, and others. Therefore, reciprocal accounting is also widely used in this process, i.e. within the group. In such cases, insolvencies are mainly of a fictitious nature, occurring in the mutual settlements of participants within a group, and serve the purpose of concealing liquidity and tax evasion.

CONCLUSIONS

In conclusion, The goal cannot be achieved what drastic measures should be taken to strengthen macroeconomic stability and maintain high economic growth rates, increase the competitiveness of the national economy, eliminate insolvencies and establish healthy market relations without stabilizing the economy and restoring the laws of interdependence in the financial market and the real sector of the economy; At the same time, it is impossible to ensure the efficient operation of businesses without creating healthy cash flows between them. Therefore, these problems need to be addressed in a comprehensive and interconnected manner.

In our opinion, one of the main reasons for the emergence of non-performing payments is the separation of the financial market from the real sector of the economy. Indeed, the results of our research show that without restoring the organic interdependence and effectiveness of the financial market and the real sector of the economy, without activating the interaction of banks and enterprises, without effectively acting as a financial intermediary by the financial and banking sector in the process of transforming funds into productive investments it is not possible to achieve a solution to the problem of insolvencies. Because the non-payments are the result of the inability of these enterprises to obtain loans to replenish working capital and to invest in the development of production; however, there are still a number of obstacles to this process. From the point of view of commercial banks, in our opinion, they may include:

- Unsatisfactory financial condition of the majority of enterprises in the real sector of the economy;
 - High level of credit risk is maintained;
 - Growth of overdue debt on previously issued loans;
 - The mismatch between the profitability of operations in the financial markets and lending to the manufacturing sector, which is reflected in the low solvency of enterprises;
 - Insufficient experience of credit management in the real sector of the economy;
 - And others.
- In our opinion, the obstacles to this process are the following:
- Low financial capacity;
 - Inefficient use of material resources;
 - High interest rates on loans;
 - Low profitability of production;
 - Insufficient ability to "use" the funds received;
 - Lack of economic and legal literacy in the projects for which loans are attracted;
 - And others.

The above conclusions should be used in the context of the global economic crisis, when the main directions of overcoming the problem of default in our country and improving the situation with the payment turnover are being developed.

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