

WAYS TO SOLVE NON-PAYMENT PROBLEMS

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ABSTRACT

The article discusses the ways to overcome the problem of insolvency. 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.

Key words: 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 and strengthening payment discipline to improve the investment climate should be recognized as the main direction of improving the country's payment turnover. Because, first of all, the real situation in the payment cycle cannot be improved in the conditions of sustainable development of the economy without eliminating defaults and strengthening payment discipline.

In the context of sustainable economic development, one of the conditions for a fundamental improvement in the situation in the real sector of the economy is the implementation of structural changes, as a result of which unproductive products and enterprises with no market future must leave the market. Typically, businesses that do not have a market future are considered to be the start-ups in a chain of defaults, or they increase the prices of their products and serve as a factor in the additional growth of material costs in consumers.

It seems that one of the problems inherent in the payment cycle is the problem of defaults. 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 present, several factors play a barrier in activating the interaction between banks and enterprises. In particular, the high interest

rates on loans for commercial banks are, in many respects, marked by persistent defaults.

An enterprise that receives a loan from a bank, even though it has a relatively stable financial position, may be drawn into a chain of defaults due to its undisciplined partners, and as a result may not be able to repay the loan to the bank and pay interest on it.

Analysis of the literature on the subject

In the definition given by G.A. Schwartz in order to determine the nature of the payment turnover, it is seen that the payment turnover is related to one function of money, i.e. 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." It is clear from this conclusion that the payment turnover should always be smaller than the cash turnover 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 the 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, payments for work and services. Payment turnover is made in cash and non-cash forms"[3].

However, there are also approaches that differ from the above approaches that serve to determine 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 a set of payments based on the use of money as a means of payment is part of the payments that take place, any part of money circulation is 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 shown, first of all, that its implementation is determined by the fact that the current practice does not adequately meet the requirements of a modern market economy, and made it possible to determine that they consist mainly of:

- insufficient stability of payment turnover;
- violation of payment rates;
- there are cases of withdrawal from the economic basis of payments;
- the level of defaults is, on some dates, high;
- the role of the payment cycle in practice is underestimated;
- credit risks of commercial banks, in many respects, remain due to 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 insolvency and issues of restructuring of overdue accounts payable in the economy requires its solution;
- that 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, from the point of view 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 arrears is considered to be the main factor hindering this process becomes relevant.

As noted above, the growing trend in the volume of loans from commercial banks 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, deepens the problem of receivables and payables between enterprises.

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

Table 1

Dynamics of monetization indicators in the Republic of Uzbekistan¹

01.01.2022

| No | Years | GDP (trillion soums) | Money stock M2 (trillion soums) | Monetization Coefficients |
|----|-------|----------------------|---------------------------------|---------------------------|
| 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 |
| 6. | 2021 | 580,2 | 107, 6 | 18,5 |

¹ GDP is based on the data of the State Statistics Committee of the Republic of Uzbekistan-www.stat.uz.
Money supply M2 - based on data from the Central Bank of the Republic of Uzbekistan - www.cbu.uz.

The data shows that the dynamics of monetization in our country in 2016-2021 does not have a single trend. This situation, firstly, the low monetization ratio deepens the problem of mutual insolvency in the economy, secondly, weakens the cash flow of business entities, thirdly, prevents the stimulation of solvency and has a negative impact on the velocity of money.

We know that the problem of non-payments on October 1, 2019 was 93 trillion soums, receivables from enterprises increased by 16.5 times compared to the previous year. Because at present our economy is not provided with enough money to pay these receivables, we can see this from the data in the table above.

According to the results of 2021, the level of money supply of the economy of the Republic was 18.5%. However, according to World Bank experts, if the monetization ratio is below 40%, it will not solve the problem of insolvency in the economy. We now need to address the issue of non-payment first and foremost.

Second, we need to reduce interest rates on loans. Currently, both money supply channels 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 is higher than the profitability of enterprises, the problem of non-repayment of loans leading to an increase in the share of problem loans in the loan portfolio of banks.

It is known that the problem of defaults is formed not by general debts, but by overdue debts. As an indicator of defaults, usually used overdue accounts payable and the total indicator of overdue debts on the obligations of enterprises and organizations. This indicator includes overdue debts (ie, debts on accounts with suppliers and contractors, creditors for goods, works and services, including tangible assets; debts on "subsidiary" enterprises; debts on advances received; budget and debts on extra-budgetary funds; debts to workers and employees on wages, etc.) and overdue debts on bank loans and borrowings.

At the same time, it should not be forgotten 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 the settlements between enterprises "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 the business itself has changed dramatically. As in practice, in some cases, it is no secret that behind the official name is an entire financial group. It may not be an officially registered financial-industrial group, which can be seen only 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.). In fact, here the bulk of financial flows are separated from production and

economic activities and redistributed among other secret members of the group - various financial intermediaries, offshore, private individuals, and so on. Mutual accounting is also widely used in this process, i.e. in intra-group calculations. In such cases, insolvencies are mainly of a fictitious nature, they occur in the mutual settlements of participants within a group and serve the purpose of concealment of liquidity and tax evasion.

Conclusions and suggestions

In conclusion, no matter how drastic measures are taken to strengthen macroeconomic stability and maintain high economic growth, increase the competitiveness of the national economy, eliminate insolvency, establish healthy market relations, the intended goal cannot be achieved without stabilizing the economy and restoring the laws of the financial market and the real sector of the economy. At the same time, it is impossible to ensure their efficient operation without establishing healthy cash flows between business entities. Therefore, these problems must be solved in a complex and interconnected way.

In our opinion, one of the main reasons for the emergence of non-payments specific to the payment cycle is the separation of the financial market from the real sector of the economy. Indeed, the results of our research show that the financial market and the real sector of the economy can solve the problem of defaults without re-establishing organic interdependence and efficiency, without activating the interaction of banks and enterprises, without effectively acting as a financial intermediary in the financial and banking sector cannot be achieved. This is 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. Nevertheless, there are still a number of cases that have severely hampered this process. From the point of view of commercial banks, their structure, in our opinion, 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 indebtedness on previously issued loans;
- the mismatch between the profitability of operations in financial markets and lending to the manufacturing sector, which is characterized by low solvency of enterprises;
- Insufficient experience of credit management in the real sector of the economy (deficit);
- and others.

In our opinion, the obstacles to the above process by enterprises are:

- 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 of the projects involved in the loan;
- and others.

The above conclusions should be used when the main directions of overcoming the problem of insolvency and improving the situation in the payment turnover in our country are being developed.

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