



Business Financing Mechanisms to Increase the International Rating Indicators of the Republic of Uzbekistan

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Abstract: *The article analyzes the state of 10 indicators of the World Bank Doing Business and its assessment in the country. Improvement the practice of lending to business entities by commercial banks. Proposals and recommendations were developed to improve the effectiveness of the Doing Business rating.*

Keywords: *Doing Business, indicator, entrepreneurship, banking system, gross domestic product, financing, credit, innovation.*

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INTRODUCTION: On the basis of the fundamental reforms being implemented in the country's economy, the financing of business entities, their development, the creation of the necessary conditions for doing business, the protection of the rights and legitimate interests of private property in line with international requirements. However, in recent years, little has been learned about the formation of the middle class of business entities, increasing their share in the sustainable development of the country's economy, creating new jobs and thereby increasing the income of the population.

In his speech at the 75th session of the UN General Assembly, President of the Republic of Uzbekistan Shavkat Mirziyoyev (2020) said that "the eradication of poverty and the fight against poverty is one of the main topics of the next session of the UN General Assembly." And it is not without reason that he said, "The richer the people, the richer and more powerful the state." It can be

seen from world operations that the role of business entities in the development of the country's economy is great. This means that today there is a need for small businesses and private entrepreneurship to operate effectively and to protect their legal and legitimate interests, to create a new system that meets the requirements of international standards. However, the country has not developed sufficient economic mechanisms to assess the activities of business entities. For this reason, the activities of business entities have not been sufficiently studied.

References

Extensive information has been provided in the scientific work of a number of economists on the development of the participation of international rating agencies. For example, the Russian scientist A.A. In Fathullina's (2014) work, "Each region has its own characteristics, so the work of each of them is characterized by its own characteristics. In calculating the indices of business activity at the regional level, it is important to take into account its natural, geographical, historical, cultural and other characteristics.

Professor N.H. Jumaev (2020) "First of all, there is a natural question as to why the rating is needed. Ratings can be different, business rating, investment attractiveness rating and others. If any country participates in the rankings and is at the top, it shows the openness, transparency and economic potential of the country. Therefore, it is natural that the countries that are carrying out large-scale reforms to ensure economic development and are in the development stage, of course, strive to occupy a worthy place in the rankings. After all, in today's world, countries and organizations that want to establish cooperation should, of course, pay attention to the generally accepted ratings.

The scientific work of a number of economists also provides extensive information on the effective conduct, organization and management of business entities. For example, the Russian scientist V.G. In Basareva's (2013) scientific work, the issues of developing the state's territorial policy on support and strengthening of business entities were mentioned. The monograph "Etudes in the postmodern spirit" edited by BP Borisova, IV Kachubeya (2016) is based on the theoretical and methodological approaches of F. Kotler (2018) on the philosophy of starting a business.

Professors and teachers A.Norov, I.Toymukhamedov, A.Nurmuxammedov, N.Bazarova, S.Yuldasheva¹ Improvement of Bank Credits through the Point System "Model of Loaning Process" in his article entitled business financing mechanisms to increase the international rating indicators of the Republic of Uzbekistan in the direction of their proposals.

In the scientific work of Uzbek scientists Y.Abdullaev and F.Karimov (2010), the main attention is paid to the theoretical, organizational and economic aspects of small business and entrepreneurship. M.M. Abdurahmonov (2012) and U.V. Gafurov's (2016) work focuses on the issues of state regulation and support of small business and private entrepreneurship, their role in the country's economy, development dynamics and its characteristics. However, no attention was paid to the analysis of the conduct and evaluation of business at the level of the requirements of world experience.

Research methodology

According to the study, the positive effects of overcoming the financial problems of business entities through loans from commercial banks, including the positive impact on the growth of GDP,

¹A.Norov, I.Toymukhamedov, A.Nurmuxammedov, N.Bazarova, S.Yuldasheva "Improvement of Bank Credits through the Point System Model of Loaning Process" Academic Journal of Digital Economics and Stability. ISSN 2697-2212(online), Published under Volume 10 in October-2021. Copyright (c) 2021 Author (s). This is an open-access article distributed under the terms of Creative Commons Attribution License (CCBY). To view a copy of this license, visit <https://creativecommons.org/licenses/by/4.0/>. Volume 10, 2021, pp. 1-6.

income growth and employment. To do this, using the data of the State Statistics Committee for the last 10 years, the number of people employed by businesses operating in the country and the number of loans issued by commercial banks to business entities is the main business entity in the country's gross domestic product. According to the selective correlation coefficient, the share of the business entity in the GDP is high, the number of people employed in this field is high, $R = 0.9597$, and the share of the business entity in the GDP is equal to the share of the bank.

The subject of the article is aimed at raising the level of doing business in the country to the level of international rankings by financing business entities. The situation in the country of 10 indicators of the World Bank's business conduct and assessment was analyzed. In its analysis, the methods of comparative analysis, structural analysis and monograph analysis were used and practical suggestions were developed.

Analysis and discussion of results

We can cite the following information on the organization of doing business in the economy of Uzbekistan and the state support of business entities. In 2018 alone, the number of business entities (per 1,000 population, per unit) was 12.4 units, while in 2019 it was 13.2 units, which is 0.8 units higher than in 2018². In 2019, the share of entrepreneurship in GDP was 59.4%, while in 2018 it was 54.9%. Economic reforms in the country's economy show that the share of small business in GDP has increased by 4.5%³.

We know from world operations that the state of business in the countries is assessed on the basis of the requirements of the international rating "Doing Business" by the World Bank and the International Finance Corporation. At the same time, it is the result of measures taken by the International Bank for Reconstruction and Development (IBRD) to improve the regulatory framework and regulatory processes in the field of entrepreneurship in the countries, to create a favorable business environment and the country's positive image in the international arena.

In recent years, a number of measures have been taken in the Republic of Uzbekistan to raise the activities of business entities to the level of international rating requirements and to improve the business environment in the country. The World Bank's Doing Business 2018 report shows significant growth in 6 of the 10 indicators.

These 10 indicators include the state registration of business entities, obtaining construction permits, access to the electricity supply system, property registration, access to credit, protection of minority investors, international trade, taxation, contract enforcement, and contract enforcement. Significant growth was observed in These include:

- The system of state registration of business entities has risen to 11th place, surpassing the United States, Japan, France, Germany, Italy, Spain, Denmark and other developed countries;
- In terms of power supply, Uzbekistan has risen 56 places to 27th place in the ranking, surpassing the United States, the Netherlands, New Zealand, Spain, Latvia, Turkey, Kazakhstan, Canada and Israel;
- The number of construction permits has been reduced from 23 to 17 and the country's rating has been raised by 12 points;
- The number of tax returns has risen from 138th to 78th in terms of the transition to a fully electronic form of tax reporting, and the number of taxes collected has risen by 20 points, but in the United States, Australia, Germany, Sweden, Russia, Sweden, Sweden and other countries;
- Uzbekistan ranks 73rd in terms of property registration.

²www.stat.uz– According to the official website of the State Statistics Committee of the Republic of Uzbekistan.

³www.stat.uz– According to the official website of the State Statistics Committee of the Republic of Uzbekistan.

Uzbekistan has dropped two places from 74th to 76th place in the World Bank Group's Doing Business 2019 ranking to improve the business environment⁴.

According to Table 1, according to the new Doing Business 2019 rating, Uzbekistan has 12 points for "Registration of Enterprises", 35 points for "Connection to the Power Supply System", and 41 points for "Enforcement of Contracts". 60 for "borrowing", 64 for "protection of minority investors", 64 for "taxation", 71 for "property registration", 134 for "building permit" and 165 for international trade. it can be seen from the fact that the country has achieved positive dynamics on most indicators.

Table 1. Dynamics of Uzbekistan's Doing Business rating

№	Indicators	2017	2018	2019	The difference	
					2018 compared to 2019	2019 compared to 2020
1.	Registration of business enterprises	23	11	12	+12	-1
2.	Registration of private property	81	73	71	+8	+2
3.	Getting loans	42	55	60	-13	-5
4.	Taxation	139	78	64	+61	+14
5.	Enforcement of contracts	37	39	41	-2	-2
6.	Solve insolvency	72	87	91	-15	-4
7.	Protection of minority investors	78	62	64	+16	-2
8.	Connection to the power supply network	78	27	35	+51	-8
9.	Obtaining construction permits	147	135	134	+12	+1
10.	International trade	166	168	165	-2	+3
11.	Overall indicator	87	74	76	+13	-2

Source: Summarized by the author.

In particular, Uzbekistan has made great strides in cross-border trade, protection of minority investors and taxation. The Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 provides for the implementation of measures aimed at improving the country's position in the international ranking of "Doing Business". For example, in order to improve the position in the Doing Business Index, the Strategy for Innovative Development of the Republic of Uzbekistan for 2019-2021 was approved or clear mechanisms were created for the effective implementation of all indicators listed in the Doing Business International Rating.

According to the press service of the Ministry of Economy, the fact that Uzbekistan is among the top 10 reformers trying to improve the business environment is a positive result. Today, the country is working to improve the rating of the Republic of Uzbekistan by organizing business at the level of international standards, removing barriers to their effective operation, solving existing problems in the evaluation process. In the annual report of the President of the Republic of Uzbekistan Sh. Mirziyoyev dated February 5, 2019 "On additional measures to improve the rating of the Republic of Uzbekistan in the annual report" Doing Business "of the World Bank and International Finance

⁴Popular science manual dedicated to the study of Sh. Mirziyoyev's Address to the Oliy Majlis and its dissemination among the general public. Tashkent - Spirituality 2019.

Corporation" and the Decree of March 7, 2019 "On systematization of measures to improve the position of the Republic of Uzbekistan in international rankings and indices".

This indicates that we need to reconsider the approaches to supporting business development at the current stage of development of the country, the creation of a new system of protection of the rights and legitimate interests of business entities.

It will create an effective system of practical mechanisms to coordinate the sustainable operation and further development of market infrastructure, which will serve to more actively involve the population in entrepreneurship and start private business, as well as to quickly solve problems at all stages of business without unnecessary hassle and paperwork. Based on world practice, it can be said that New Zealand has taken the first place in the global ranking of doing business. The next places are occupied by Singapore, Denmark, China, Hong Kong, the Republic of Korea, Norway, the United Kingdom, the United States and Sweden.

The introduction of preferential taxes in Singapore alone, the absence of various bureaucratic barriers and the creation of similar opportunities create conditions for attracting high-tech businesses from around the world. This country is among the top 3 in the world in terms of ease of doing business. In addition, the BRIC countries - Brazil, the Russian Federation, India and China - have entered the stage of development in the field of electricity and cross-border trade, implementing 21 reforms to move to an efficient way of doing business.

Today, the Republic of Uzbekistan also works on the basis of the Roadmap for further improvement of the rating of the Republic of Uzbekistan in the annual report "Doing Business" of the World Bank and the International Finance Corporation, developed jointly with the World Bank and other international financial institutions. It is expected to reach 20th place.

Conclusions and suggestions

The study identified a number of issues that have a direct impact on improving the efficiency of the Doing Business rating in the country. These include:

- Although the 30-minute online business registration system was launched in the country on April 1, 2017, there are still a number of formalities, such as registration of business entities with the state tax service and state statistics;
- There are 17 procedures for issuing permits to work in the construction industry, which take an average of 246 days to obtain and reduce it to 120 days;
- reduce the number of existing processes for connection to the electricity system from 4 to 2 and transfer them from 88 to 33 days;
- to reduce the process of registration of private property from 9 to 3 processes, not within 46 days, but within 2 days;
- It would be expedient to take measures to increase the processing of documents on exports in international trade from 96 to 2 hours.

In addition, we believe that in order for the country to take a worthy place in the international ranking "Doing Business", it is necessary to pay special attention to the implementation of the following measures by commercial banks to finance and develop businesses:

1. It is necessary to introduce innovative online lending services in the banking practice of Uzbekistan. Lending practices are widely used online in banking practices in developed countries. In order to improve this type of service, it is necessary to improve the speed and quality of the Internet, increase the computer literacy of businesses. This is because innovative

online lending can be expressed by meeting the demand of businesses for lending practices without spending a lot of effort and time..

2. In order to eliminate cases of artificial credit dependence in the activities of economic entities in the credit practice of commercial banks, it is necessary to introduce "credit leave" for business entities.

We believe that the timing of the repayment of principal and interest on loans to businesses by commercial banks, based on the period of their production, would contribute to the development of its future activities.

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