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## Message

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**Dr. P. S. Bhadouria**

## THE IMPORTANCE OF LOGISTICS IN THE DEVELOPMENT OF TOURISM INDUSTRY AND DIRECTIONS OF ITS USE

Tairova Mavluda Mukhammedrizaevna<sup>1</sup>, Asadov Farmon Shukrulloevich<sup>2</sup>,  
Aminova Nigina Bakhritdinovna<sup>3</sup>

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### ABSTRACT

*This article examines the role of tourism in the national economy, its role and dynamics in the development of Uzbekistan's economy. In addition, it also demonstrates the objective necessity of using logistics and logistics systems in the tourism sector, the possibilities of introducing and effectively using logistics technologies.*

**Key words:** *tourism, logistics, logistics system, tourism product, manufacture, distribution, storage, marketing.*

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Today tourism is one of the strategically important sectors of the modern economy. Since tourism is one of the lucrative and fastest growing sectors, many countries are striving to further develop this sphere and upgrade the tourist infrastructure to international standards.

Tourism contributes to the intensification of economic processes, job creation, economic diversification and solution of other important socio-economic problems, further development of the regions, currency incomes, income and quality of life.

Uzbekistan is one of the countries with the greatest tourism potential in the world. The country has all the necessary resources for the development of modern tourism industry, has favorable natural-climatic conditions and rich historical cultural heritage.

Gradual measures are being taken to develop tourism as one of the strategic sectors to diversify the national economy, accelerate the development of the regions, create new jobs, increase incomes and living standards, and increase the investment attractiveness of the country. In particular, the Strategy of Actions for the five major areas of development of the Republic of Uzbekistan in 2017-2021 sets priorities for "accelerated development of tourism industry, increasing its role and share in the economy, diversification and quality of tourism services, expansion of tourism infrastructure". Decree of the President of the Republic of Uzbekistan № PD-4861 "On measures to ensure rapid development of the tourism industry of the Republic of Uzbekistan" of December 2, 2016, Resolution of the President of the Republic of Uzbekistan № PR-3509 "On measures for the development of Access Tourism" dated February 6, 2018 are serving as a base for development of world-class standards, giving tourism the status of strategic sector of the economy, and guidance on the rational use of the existing tourism potential.

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“In 2010-2017, exports of tourism service doubled, reaching \$ 546.9 million in 2017 and \$ 1,041 million in 2018. By 2016, the number of foreign visitors grew at an average annual rate of 8%, and reaching 7% in 2017, becoming over 2.69 million. At the end of 2018, 5.3 million foreign tourists visited the country. As a result of measures taken to support and protect the private sector, in 2015, the number of tourism organizations totaling 398 was 950 at the end of 2018, and the number of hotels grew from 661 to 900” [2].

The ancient and historic cities of Bukhara, Samarkand and Khiva have great tourist potential and attract many tourists to Uzbekistan. More than 200 historical monuments and sites in our country are included in the UNESCO Cultural Heritage List. The ancient and ever young city of Bukhara is known and famous in the world through its ancient and rich history. From year to year the number of tourist facilities in the city is increasing and the tourism infrastructure is also developing (Table 1).

**Table 1 : The main tourist resources of Bukhara region<sup>1</sup>**

	2016	2017	2018
Historical Sites and Monuments	659	660	678
Museums	17	18	18
Craft Workshops	520	657	846
Souvenir Shops	52	68	80
Amusement parks	7	7	10
Theme parks	2	2	3

In today's globalization and innovative development of the economy, logistics play an important role in enhancing the international competitiveness of tourism, qualitative improvement of tourism services and products, and reducing the economic risk between tourist enterprises. Logistics is the purposeful preparation, organization and management of the funds and services needed to achieve a particular goal. The purpose of logistics is to prepare a particular product or service at a least (minimum) cost at a given time, and logistics to the fullest extent of the consumer.

The concept of tourism development in the Republic of Uzbekistan for 2019-2025 envisages the development of transport logistics, expansion of external and internal routes, and improvement of transport services.

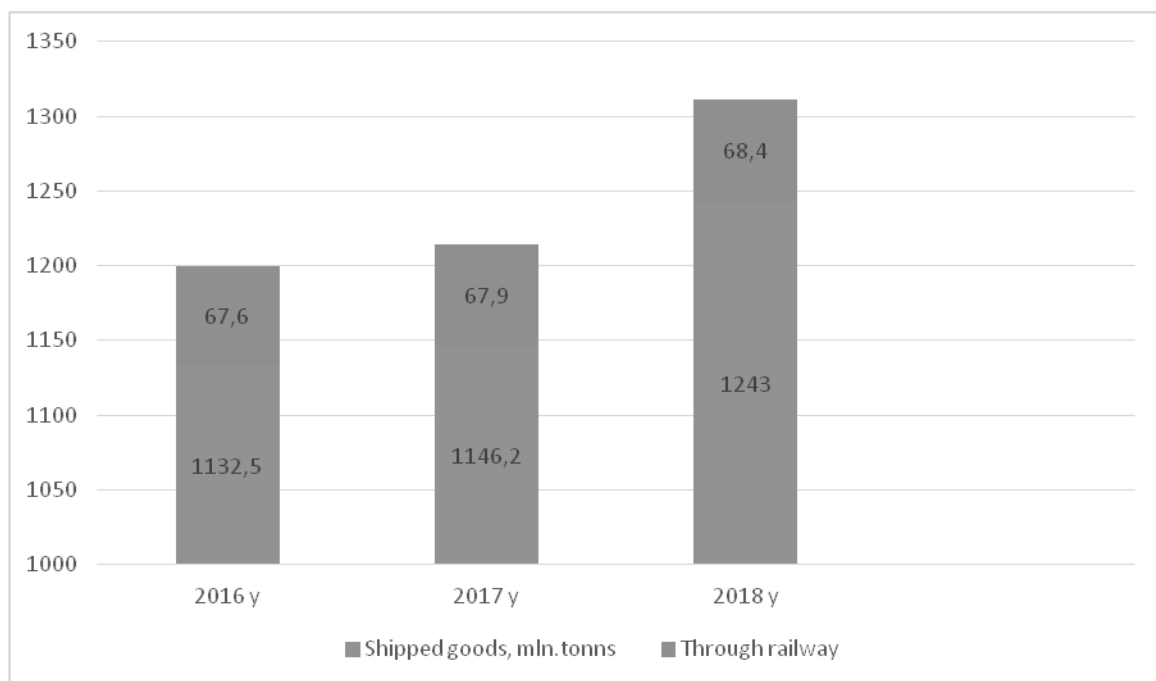
- Development of interstate agreements for the development of passenger traffic, including the establishment of regular transport routes, the creation of convenient junctions of various vehicles, the construction of new and renovated existing highways of national and regional importance, connecting tourist centers;
- Development and implementation of measures to optimize transport tariffs;
- Construction of new and improvement of existing railways, expansion of use of high-speed electric trains and others.

<sup>1</sup> Created based on data from the Department of Tourism Development of Bukhara region

Today, logistics has become one of the key business processes in developed countries. The logistics system accounts for 20-25% of GDP and a 1% loss in the system, results in a 10% reduction in production.

As logistics encompasses the entire structure of the enterprise, it also strengthens management and marketing relationships. World experience shows that logistics as a science is most commonly taught in the United States, most commonly used in Germany, and the highest in Japan.

International logistics centers, their role and importance in the international economic relations are on the rise with the development of foreign economic activity in Uzbekistan. Before the independence in the country, logistics was focused exclusively on the domestic market, but during the period of independence its structure was significantly expanded and improved. In a short period of time, the development of logistics infrastructure has also been developed. As a result of consistent measures transport and communication systems are developing steadily, increasing the volume of cargo transported through them (Picture 1).



**Pic. 1 Freight shipping and freight turnover<sup>1</sup>**

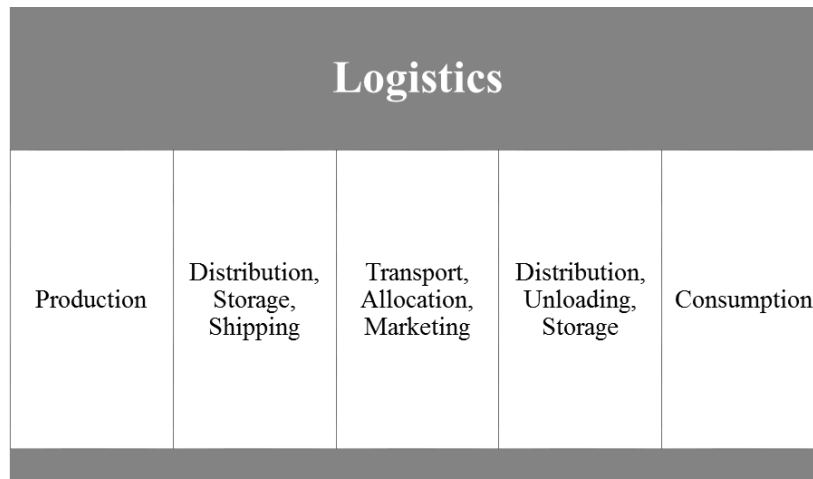
The volume of cargo shipped in our country in 2016 was 1,132.5 million tons, and we can witness that in 2018 this figure was 1,243 million tons. Rail freight was 67.6 million tons in 2016, in the following years reached 67.9 million and 68.4 million tons in 2017 and 2018, respectively.

Economic literature provides various definitions of logistics, including the definition of logistics as a “production infrastructure of the economy” [6].

For the uninterrupted operation of the enterprises, it is necessary to provide them with raw materials and to reach the consumers on time. The supply of raw materials to enterprises, the process of leaving the finished products and delivering them to consumers are carried out directly using logistics. In the picture

<sup>1</sup> Prepared based on data of [www.stat.uz](http://www.stat.uz)

above you can see that logistics is involved in the process of product development, maintenance, transportation, shipping, marketing and consumption.



**Picture 2. Structure of logistics system**

In the field of tourism, logistics is the planning, management and delivery of tourist-ready products to the consumer in accordance with their interests and needs, as well as the transfer, storage and processing of relevant information.

Managing a tourism business is a complex process that requires the development of logistics systems to optimize economic flows and has a significant impact on the company’s financial performance.

**Table 2 :Features of logistics routes in tourism<sup>1</sup>**

Directions of logistics	Tourism as part of the service sector
Procurement Logistics	<ul style="list-style-type: none"> <li>- Management of incoming flows of food raw materials, ensuring their minimum loss during transportation</li> <li>- Stock management of raw materials during catering (inventory optimization, minimizing their spoilage)</li> <li>- Management of flows of objects providing the interior of premises for tourists</li> </ul>
Production (conditional production) logistics	Resource management during the organization of catering services.

<sup>1</sup> Created by authors by summarizing information from scientific literature



Sales Logistics	<ul style="list-style-type: none"> <li>- Management of flows of tourism services consumers with the aim of rational consumption of natural and material resources by them</li> <li>- Management of the consumption of resources in the provision of related services (bath-laundries, hairdressers, etc.)</li> <li>- Waste management (management of the waste itself, i.e. its collection, processing and disposal, as well as consumers leaving the waste)</li> </ul>
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The logistics system of tourist enterprises consists of the following components:

- Information - tourist planning, reception and processing of orders, demand forecasting;
- Tourist transportation - choice of transport type and transport enterprise;
- Tourist service personnel;
- Service - logistics departments for the formation of types and customer service [4].

The information part of the logistics system envisages the implementation of the tourism planning process. This includes making orders, processing and analyzing existing demand, and forecasting potential demand. In the section of tourist transportation, the most appropriate type of transport will be served, and the transportation company that offers transportation services. Capacity, skills and experience of customer service personnel play an important role in the operation of logistics systems in tourism. The logistics system provides for the formation of types and the operation of logistics departments that provide various services to clients.

For the afore-cited tourist companies, there are several subsystems for logistics system components to operate. These are the tourism product subsystem, communications with transport organizations, hotel management subsystem, personnel management subsystem, information flow subsystem and financial subsystem.

In recent years, logistics is not only a material flow but also a service flow management activity. The flow of services in tourism includes transportation, lodging, tourist catering, excursion services, as well as translators and other services for travel purposes.

Operational analysis of logistics in tourism, analysis and management of the processes of formation, promotion and sale of tourist products, as well as strategic planning and forecasting of the tourist enterprises, rapid management of tourist products and other products, promotes competitiveness of the tourism industry.

In conclusion, the development of logistics activities in tourism will improve the quality of tourism services and the competitiveness of the tourism products produced. It is worth noting that widespread use of logistical technologies in tourism is a positive factor not only for tourism, but also for other sectors.

Introduction and effective use of logistics technologies in tourism will allow to:

- Creation of a unified system of control and accounting of the formation and movement of tourist products;
- Reducing the time spent on the formation, promotion and sale of tourism products;
- Automation of accounting and management of financial and information flows;
- Reducing travel time and improving customer service;
- Reducing the amount of documents circulating in the system and reducing the number of errors in accounting and reporting documents, etc.

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## THE ROLE OF USING INNOVATIONS IN IMPROVING THE COMPETITIVENESS OF GOODS

Tairova Masuma Muhammedrizaevna<sup>1</sup>, Urakova Makhsad Khakimovna<sup>2</sup>  
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### ABSTRACT

*This article outlines the objective need to improve the competitiveness of goods and provides a classification of the factors influencing the competitiveness of goods. The importance of innovation and its role in improving the competitiveness of goods is demonstrated.*

**Key words:** *innovation economics, competition, competitiveness, product, product competitiveness, price, product quality, innovation, marketing.*

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Today, the formation of an innovation economy, the growing globalization and integration processes make it an objective necessity to increase the competitiveness of the economy. The scientific literature indicates that the competitiveness of the economy can be in various forms and levels. These include regional, industry competitiveness, enterprise and product competitiveness. As market researcher M. Porter indicated, competitiveness is the feature of the subject of market relations in the market of similar goods, services, as well as competitors of market relations, which allows separately evaluate high, medium and low levels of competitiveness.

It should be noted that the competitiveness of the products manufactured by enterprises is of particular importance as this form of competitiveness is the basis for ensuring competitiveness at other levels.

Consistent reforms are being implemented in our country to ensure that the goods produced in the country meet the modern requirements, and are export-oriented and competitive. In particular, in the Strategy of Actions for Further Development of the Republic of Uzbekistan for 2017-2021, according to PD-4947 Decree of the President of the Republic of Uzbekistan dated February 7, 2017 "On the Strategy for Further Development of the Republic of Uzbekistan", such priorities are set for "mastering principally new types of products and technologies, and thus ensuring the competitiveness of national goods in domestic and foreign markets" [1].

The competitiveness of a product is evaluated by its ability to respond to market demand, to satisfy the consumer's demand for similar products on the market, and its key characteristics, quality and design.

Manufacturers' competitiveness of the product means not only the transfer of a particular product, but also the use of a particular pricing strategy, and also the revenue of the segment where the decision is

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made in the consumer market. It should be noted that competitiveness also reflects the overall quality of the product and its price.

The issue of producing competitive goods and increasing the competitiveness of goods is one of the main topics that have always been the focus of economists. There are different views on the competitiveness of the product and its features, the factors that affect its competitiveness.

In particular, the Russian scientist Garbatsevich determines the competitiveness of the goods by their competitiveness in the domestic and foreign markets through the effective use of all sources and the provision of relatively low-quality goods. Describes that it meets the specific needs of the consumer, ensures profitability, and improves the efficiency of the producer [2].

E.I. Mazilkina and G.G. Panichkina note that “the competitiveness of goods is a comparative and generalized description of the product, which is a measure of the difference in the cost of meeting the needs and the difference in profit from that of the competitor” [3].

In our opinion, the most successful definition of a product's competitiveness is the definition given by Plyasunkov. According to him, the competitiveness of products meets the quality requirements of a particular market (markets) during the production period, and is a sophisticated multidimensional feature that reflects the ability to adapt in terms of quality and cost [4].

The competitiveness of goods depends on many factors. At present there are many directions of classification of factors influencing the competitiveness of goods.

S. According to Garbatsevich's classification, factors affecting the competitiveness of the goods are divided into two groups: external and internal. However, A. Trubilin is of the opinion that the competitiveness of the goods is formed by external factors, quality indicators and economic indicators.

**Figure 1. Classification of factors affecting the competitiveness of goods [2], [5]**

<b>Garbatsevich S.</b>	<b>A.Trubilin</b>
<p><b>External factors:</b> institutional factors (political, economic and legal), as well as the determining factors, including the level of competition in the markets, forms and methods of state regulation of economic processes, parameters of the aggregate demand and gross supply ratio, especially production prices;</p> <p><b>internal factors:</b> determined by consumer demand: price, quality, construction time, warranty and after-sales service, etc.</p>	<p><b>External development factors:</b> tendencies of economic and market development, scientific and technological progress, changes in the structure of consumption, competitors' composition, reputation of the enterprise;</p> <p><b>product quality indicators:</b> indicators established by current standards, norms, recommendations; It also includes security guarantees, product security;</p> <p><b>economic indicators:</b> indicators that shape the value and cost of goods</p>

It should be noted that in this classification of the competitiveness of the goods one common feature can be distinguished, namely, their division into external and internal parts.

It is also believed that the competitiveness of goods is directly linked to various factors that affect production costs, labor productivity and labor intensity.

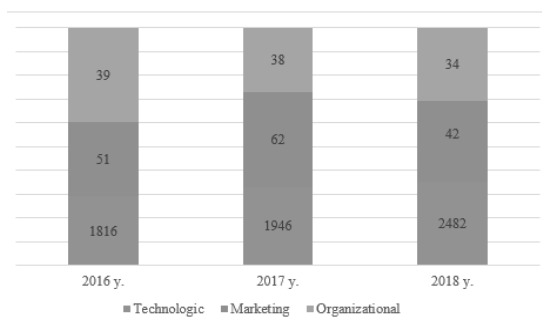
Today, non-price factors are at the forefront of global competitiveness, of which the quality of the product, its novelty, high technology and intellectual intensity of products are important. Therefore, most countries around the world provide products competitiveness by using innovation, applying innovative technologies, and producing products that cannot be created without the scientific and technological potential of production.

The introduction of innovation in productive activities gives businesses a competitive edge and determines success factors. In our opinion, an active entrepreneur who constantly introduces and implements innovations, innovations, new technologies, techniques, management and labor systems in their activities will always be in danger of falling into bankruptcy. After all, as Schumpeter noted: “exactly the innovative approach to economic activity determines the level of development of the economic system in each period. Also, the task of entrepreneurship is to reform and improve production by opening up new sources of raw materials or markets, using inventions to produce new goods or new products in a new way. The scientist predicted revolutionary changes in the economy through innovation and entrepreneurship” [6].

In the economically developed countries of the world up to 70-85% of GDP growth is accounted for by new knowledge, which is reflected in technology, equipment, personnel training and production organization.

In the new environment, it is the intellectual capital that makes up the bulk of its investment, its essential components are scientific-research experimental construction activities, patents and licenses, trademarks, scientific knowledge and skills of employees, corporate culture and so on, that is, objects acquired and valued in the market, and do not have material form.

It should be noted that in the knowledge-based economy, the share of labor associated with the production of products is significantly reduced. In its final value, a significant contribution will be made to the creation, testing and marketing of scientific research, product or service, as well as its delivery to the consumer and service throughout the life cycle. However, these stages use intellectual labor, which requires a high level of knowledge and intensity of use.



**Picture 1. Number of innovations (technological, marketing, organizational) implemented by enterprises and organizations in 2016-2018<sup>1</sup>**

<sup>1</sup> Created by authors based on the data from [www.stat.uz](http://www.stat.uz)

The picture above shows the increasing number of innovations that businesses and organizations have been implementing over the years. In particular, the number of technological innovations in 2016 was 1816, while in 2018 this number was 2,882, and we can witness the increasing number of organizational and marketing innovations.

Regardless of the area or form of innovation, the common aspects that reflect their innovation are united.

First, all products, services, processes that are being introduced into production or brought to market must be new (or significantly improved).

Secondly, the product must meet the needs of the production or individual consumption, while the innovations at the same time are reflected in a particular product, service or process.

Thirdly, the product must meet the market demand, justify its commercialization and, finally, meet the needs of manufacturers.

A favorable business and innovative environment should be created to introduce and effectively use innovation in manufacturing activities.

The enterprise organizes innovative activity with the rational and effective use of the existing business environment. To say in a word, the business environment combines all the necessary conditions for the creation of innovative entrepreneurship.

Favorable business environment allows innovative entrepreneurship to accelerate the implementation of innovation in the enterprise and launch existing resources, to implement innovative ideas at the enterprise and to enter into agreements with domestic and external partners to produce modern products.

The process of forming the innovative environment of an organization is the purposeful creation of favorable conditions for conducting innovative activities. Measures to create an innovative environment are necessary for any innovative organization, as they provide another strategic tool for managing the commercialization of innovations and, ultimately, the effectiveness of innovative activities.

The process of developing a strategy for creating an innovative environment for the organization is carried out in several stages. The first step is to gather the necessary information on the external (opportunities and threats) and internal (organizational strengths and weaknesses) factors of the innovation environment. The data collected is analyzed in terms of three strategic divisions: defining the goals and objectives of innovation; development of innovative projects; resource allocation between projects and organizational units. Once the goals, measures and sources of their development are identified, the strategy is studied in terms of extending the competitive advantage by building a loyal customer group.

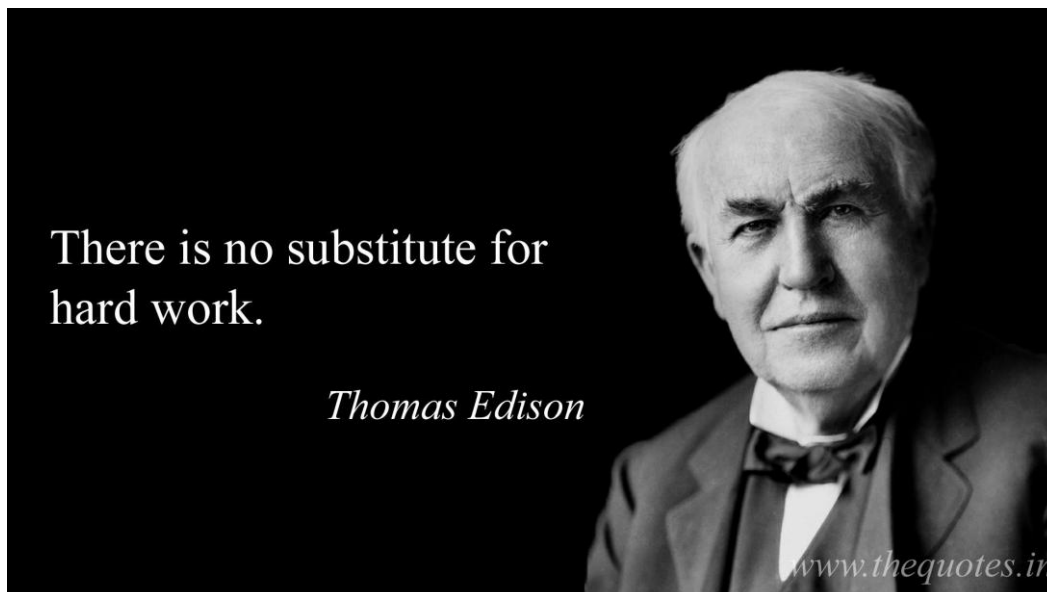
The next step involves the implementation of measures within the developed strategy for creating an innovative environment for the enterprise, and monitoring of the results, including the commercialization of innovation. Further, the effectiveness of creating an innovative environment will be assessed. Thus, the process of forming an innovative environment of the enterprise is cyclical and is characterized by the changing external and internal conditions for the implementation of innovative activities.

In conclusion we can say that the development of new technologies and the speed of selling new types of goods and services on their basis are changing the market situation and consumer needs. The consumer wants to buy what, where, how, and at what cost. In such cases, effective use of innovative activity in the

production of the enterprise is necessary. It will be the main tool for enhancing the competitiveness of products and services in national and international markets through the wide introduction of innovations in the manufacturing process.

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## DIRECTIONS OF USING MARKETING SECTOR IN PRODUCING INNOVATIVE PRODUCTS

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### ABSTRACT

*The article highlights the importance of using marketing in developing innovative products. Analyzes the success of innovative products, identifies the features and objectives of “innovative marketing” in the production and sale of new products. The article also represents the use of innovative marketing in the production and sale of innovative products is provided.*

**Key words:** *innovation, innovative economy, innovative product, marketing, innovative marketing, consumer, segment, traditional product, market, success factors.*

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In the context of globalization and innovative development of the economy, the importance of using modern scientific advances and innovations in production is growing. The reason stems from the fact that in modern conditions, innovation is a key factor in understanding the urgent problems, changes and opportunities that may arise.

At the current stage of social and economic development in Uzbekistan, innovation is a factor that will ensure sustainable economic growth and build a competitive economy.

In general, the key factor that determines the sustainable development of the innovative economy today is the formation and creation of innovative country environment related to the use of scientific research and formation of results to develop new types of products, the creation and implementation of modern production technologies and the implementation of products.

As mentioned by the President of the Republic of Uzbekistan Sh. Mirziyoyev: “Today we are moving towards innovative development aimed at radical renewal of all spheres of life of the state and society. For sure, it is not accidental. Who will win in this fast-paced world? A state based on new ideas, new mindsets, and innovation will win. Innovation is the future. If we start building our great future today, we must start with the same innovative ideas and innovative approaches” [1].

At present, the ongoing reforms in Uzbekistan pay particular attention to innovative development of the economy, support of innovative entrepreneurship, increase of production of innovative products.

In the Decree of the President of the Republic of Uzbekistan dated May 5, 2018 PD-3697 “On additional measures to create conditions for the development of active entrepreneurship and innovative activity”, which will increase the socio-economic potential of the regions and sustainable living standards of the population, all-round support and promotion of active entrepreneurship, the introduction of innovative ideas and technologies, such tasks as creating necessary conditions for the accelerated development of science and

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innovation, further, particular attention has been active market for the development of entrepreneurship, innovation and performance, as well as local and foreign promotion of innovative developments in the real sector of the economy in order to create a favorable legal and organizational conditions have been specified [2].

At the moment, the volume of innovation products produced in the country is increasing.

**Table1 : Volume of costs for innovation products and innovation for the period 2014-2018 [8]**

Figures	2014 y	2015 y	2016 y	2017 y	2018 y
Volume of produced innovative products (goods, jobs and services), in billion soums	7043	8023,6	10688,2	18543,3	28871,5
Expenditures on innovation, in billion soums	3757,4	5528,3	2571,4	4162,3	4707,2

According to the analysis in 2014, the volume of innovative products made up 7043 billion soums, in 2016 this figure was 10688.2 billion sums and in 2018 it increased by 4 times compared to 2014 and reached 28871.5 billion sums.

In the conditions of ever-increasing competition in international and national markets, there is an urgent need for innovative development of entrepreneurship and production of innovative products.

However, practical life shows that there is a high risk that innovative products will be marketed, in particular one-third of new products will not find their place in the market, and they will suffer losses. The peculiarities of introducing new products to the market are also related to the specifics of the products and the specifics of the market.

According to the scientific literature, 20-25% of industrial products, 30-35% of personal consumer goods, 27% of products and services created by expanding the range of products, 31% of brand innovations, and 46% of new products fail in markets. There are many reasons why innovative products fail. These factors include inadequate market analysis, existing product shortages, inadequate marketing efforts, excessive costs, competitors' actions, inadequate support for product promotion, and production problems.

Avoiding the failure of innovative products in the market is directly linked to modern marketing processes. Because the analysis of markets, in-depth study of competitors, the formation of different consumer segments, the improvement of product quality, and various market research are closely related to marketing activities.

Innovative products form a unique market for science and technology products. Compared to the conventional goods market, its features are diverse and affect all aspects of the relationship between sellers and buyers, and should therefore be reflected in the marketing policies of the enterprise.

Today, "innovative marketing" is a new trend in marketing, introducing manufacturing technologies in the development of innovative products and services and preparing this innovative idea for commercialization. Innovative marketing is the process of developing an innovative product, developing an innovative product growth strategy, pricing for a new product, identifying opportunities for success, and promoting a new product.

Bringing innovative, consumer-unknown products to the market is primarily associated with issues such as unpredictability and uncertainty of customer reaction. It is difficult for a new product to succeed in the market without first preparing consumers and developing a well-thought-out strategy for bringing this new product to the market. As mentioned above, the peculiarities of the innovation market determine the specifics of innovation marketing. Innovative marketing is a set of marketing technologies designed to create, expand and maintain new products or services.

The development of new techniques and technologies, as well as the speed of sales of new types of goods and services on the basis of this, are changing the market situation and the consumer needs. The consumer says what, where, how, and at what cost. In this case, it is advisable to use innovative marketing. That is why many manufacturers in the market have united the departments responsible for advertising, PR, direct sales, and inter-company relations into integrated communications services. The number of businesses using integrated marketing communications is growing.

**Table 2 : The success factors of new product<sup>1</sup>**

<b>Success Factor</b>	<b>%</b>
Product compliance with market requirements	8
Product compliance with enterprise capabilities	5
Technological advantages of the product	6
Support for new products by enterprise management	2
Using the evaluation process in selecting new models	5
Favorable competitive environment	2
Compliance with organizational structure for new product development tasks	4

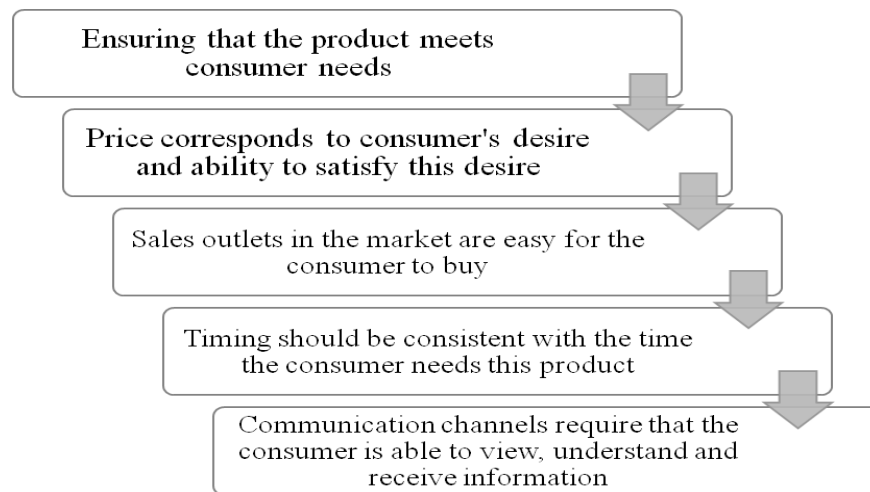
From the table data we can conclude that the main success factor is the product's adaptation to market requirements. This is the core competence of innovative marketing. Innovation marketing represents a systematic integration of the entire innovation cycle, from market research to innovation, business project design to innovation, promotion of innovation to the market, innovation diffusion and profit generation [3].

Marketing in the innovative products market should solve the following tasks:

- Identifying the real needs of real consumers for new products and services;
- Satisfy these needs by delivering products that meet consumer needs at the right price, at the right place and at the right time;
- Informing consumers about new products using the right advertising companies, using the right information channels for innovative products, etc.

<sup>1</sup>Ergashkhodjaeva SH.D. Innovation Marketing. – T: "Economics" 2014, p.26

Performance of the above tasks requires the manufacturer to follow the directions shown in the following figure.



**Figure 1. The main directions of marketing tasks in the market of innovative products<sup>1</sup>**

The innovative product manufactured must surely meet the needs of the consumer. This is because the more consumer the product is, the greater the need for it. The price is also at the optimum level, that is, that it is compatible with the consumer's desire and ability to meet that desire. The convenience of receiving a product that the consumer needs may help to increase the consumer's demand for the product. Therefore, both the location and the customer should be selected in a convenient and comfortable way. The production cycle of the product is also proportional to the consumer's demand period, which may create a stable demand for the product. Communication in the market of innovative products is very important, and communication channels should be consistent with the ability of consumers to see, understand and receive information, and to provide the right information.

Marketing research in the market of innovative products serves as a guide to achieving the desired results. Marketing research in the innovative products market is fundamentally different from traditional marketing research on existing products. This is primarily due to the fact that there are no actual consumers of innovative products, which makes it difficult to form a group for research.

Marketing research in the innovation market is focused on assessing the current demand for the product and forecasting future demand dynamics in specific market segments (within a group of consumers with designated segments). Once you get the necessary information about the market, you will need to identify the right consumers for the innovative product. The number of such consumers should be large enough to support business growth. Identifying potential customers is very important in marketing. As a result of identifying potential consumers, it helps to clarify the number of consumers who actually buy innovative products and whether it is worthwhile.

There may be no direct competitors in the innovation products market, but this does not mean that the market does not exist. In this case, the market is represented by potential consumers, in potential demand.

<sup>1</sup> Creation of the author based on data from scientific literature

Estimation of potential demand for products should be made taking into account the analysis of potential consumer problems.

One of the main objectives of innovation marketing is to know the criteria for making innovative purchasing decisions by potential and existing customers for each specific product. After all, customer relationship is one of the most prominent and important part of marketing activities. As mentioned above, an important step in developing a product marketing program is to identify the specific markets and categories of people that need coverage.

In summary, we can say that the use of marketing in creating innovative products and marketing processes has become a requirement of today. This is because modern marketing technologies are the primary factor in ensuring the success of the new product on the market. After all, effective marketing is based on market research of innovation, analysis of market trends, demand formation, consumer behavior, segmentation.

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## PARTICULAR QUALITIES USE OF SOCIAL MEDIA IN DIGITAL TOURISM

Khurramov Ortikjon Kayumovich<sup>1</sup>

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### ABSTRACT

*In the article the particular qualities use of social media in digital tourism. Tourism industry in the 21st century due to the revolutionary growth of information and communication technologies. One of such vivid manifestations in the processes of creating a tourism product and service in the hospitality industry was the introduction of a completely innovative direction, called digital tourism.*

*Today the nature and structure of tourism is rapidly changing, new technologies, in turn, make it possible to flexibly and segmentally organize leisure and recreation time, which competes with the traditional offer of specialized producers of tour products - tour operators. Social Media - this services, which are based on the concept of Web 2.0, which allows users to create content and share them with regard to their social ties.*

**Keywords:** *Internet, tourism, digital tourism, social media, informational technologies, communication systems*

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Tourism is one of the largest, highly profitable and most dynamic sectors of the global economy. The successful development of tourism has an impact on such key sectors of the economy as transport and communications, trade, construction, agriculture, the production of consumer goods, etc. The Internet has entered our daily lives by changing the traditional ways people communicate, presenting and collecting information about markets, companies, products and services.

Today, the Internet is an integral part of social space. With it, people not only communicate, but also make purchases, spend leisure time playing online games, watch movies, listen to music, and also place promotional offers, etc. On the Internet, there are always a large number of people and companies around the world that satisfy both personal and commercial interests and needs.

The Internet has revolutionized marketing. Consumers were given the opportunity to research products of interest, express their opinions on products and services without having to visit many retail outlets. Companies got the opportunity to use the Internet space as an information, advertising and commercial platform, more accurately orient their messages, individualize offers.

Web 2.0 technologies (forums, chats, blogs, etc.) have expanded the capabilities of consumers and companies. Due to the development of such services, social networks began to appear - sites aimed at forming Internet user communities. Consumers have become active creators of the Internet space, shaping the content of these sites. In social media, they not only discuss the characteristics of goods, manufacturers, sellers, but also share their consumption experiences, posting videos of their positive or negative experiences, which leads to increased influence of the so-called consumer information channel on the market by word of mouth. Companies began to search for their target consumer in social networks using targeted advertising.

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So, to reach an audience of 50 million people, it took 38 years for radio, 13 years for television, 4 years for the Internet, and social media is developing even more rapidly - Facebook has attracted 200 million users in less than a year.

Currently, the development of web technologies and Web 2.0 takes Internet communication of users to a whole new level. New services appear, expanding opportunities for communication and collaboration. It can be argued that for many users, such communication becomes an essential part of social life and daily communications. This is especially true for people in the active consumer phase of the life cycle.

The generation of young people (the Internet generation) has a higher level of technological training than previous generations, it uses the Internet more openly and more actively in its life. The new generation "lives" in social networks. Businesses cannot but take into account this tendency, especially when developing communication programs for consumers.

The above trends require a rethinking of the role of marketing in the new environment, changes and additions to the functions of marketers in companies. Today, the question is no longer whether to use social networks. The task is to effectively apply them when developing promotion programs. It is necessary to use the new capabilities of the Internet in order to both find your client and meet updated needs at a qualitatively new level, forming proposals in the language of the modern consumer, offering goods and services in the appropriate form and at the time when they will be seen by the largest number of representatives of the target audience.

The evolution of the Internet as a medium of communication is a two-way process. On the one hand, it is due to the level of technology development, and on the other hand, to the development of users' social needs in their new quality: not only consumer, but also content creator.

The ideological and technological base of Web 2.0 has allowed the development of several Internet applications - social media.

Social media is a service based on the concept of Web 2.0, which allows users to create content and share it based on their social connections.

In the literature, the concepts of "social media" and "new media" are often used as synonyms, although this is true only for a specific stage in the development of the information space. At each stage, the new media are various information and communication technologies. In the 1920s the new media was radio, in the 1950s. - television, in the 1990s. - The Internet, currently it is social media.

The active use of the Internet in everyday life of a person determines the creation of ever new opportunities and territories for communication. You can trace a certain evolution in the development of forms of Internet communication - from simple feedback collection tools to organizing interactive communication of a large number of interlocutors.

A forum is a more advanced, interactive form of communication. Organizing a forum requires its constant administration - creating topics for discussion, managing and moderating them - monitoring the behavior of forum participants. To participate in the forum, the visitor must register, after which he will be able to communicate on given topics or create his own communication branch. Forums vary in the degree of visitor involvement: from a simple discussion of asked questions to platforms for communication on interests that contribute to the development of social contacts. The latter option can be considered a prototype of social networks.

A blog is a form of electronic recording, an online diary. By registering for a specialized service, the visitor can create his own diary or a thematic magazine. The author has the ability to publish photos, videos. Blog entries are made available to all visitors who can communicate with the author through comments. In turn, the author can control the degree of openness of the records by regulating access to them, determine the range of his interests, communicate with other authors. This is how virtual "interest clubs" are created - communities.

Currently, you can find a large number of definitions of the concept of "social network". A social network refers to many actors (points, peaks, agents) who can interact with each other and whose connections are social, that is, represent friendship, collaboration, or information exchange.

Social network - an interactive multi-user site, the content of which is filled with visitors. This is a site with the ability to indicate any information about an individual person, through which other network members can find the user account.

A social network is a social structure consisting of groups of nodes, which are social groups, individuals, individuals. One of the characteristic features of social networks is the system of "friends" and "groups".

Social networks are user communities united by a common communication environment and the ability to establish direct connections with each other. Social network - an interactive multi-user site, the content of which is filled by the network participants themselves.

This is a site with the ability to specify information about yourself (date of birth, school, university, favorite activities, etc.), through which a user account becomes available for virtual friends and other visitors to the site.

According to a Pew Internet survey, in recent years the number of adult Internet users who have accounts on social networks has significantly increased in the United States. Thus, 35% of adult Americans said during the survey that they were registered on a social network, whereas in 2005 there were only 8%. At the same time, social networks are still more popular among young people - they are used by 75% of respondents aged 18 to 24 years, while among users 65 and older, only 7% prefer such services.

Network social services develop the following skills among users:

- Joint thinking, as cognitive, creative and educational activities initially have a network and collective character.
- Tolerance associated with expanding horizons of communication. This is facilitated by information technology, the use of which leads to a frequent clash of people from previously unfamiliar social cultures and layers.
- Mastering decentralized models of network interaction. Participants in joint activities are not required to have a simultaneous presence in the same place at the same time.
- Criticality of thinking: collective, joint activity promotes the activation of participants who are ready to criticize and modify hypotheses; it plays a decisive role in finding errors, testing hypotheses, and falsifying theories.
- With the help of online communities and services, you can gain knowledge and develop skills.

The popularity of social media and, in particular, social networks is largely due to the communication style inherent in this environment. In the virtual world, communication is much freer than in real life. This is facilitated by the fact that communication is most often conducted on behalf of a virtual character, which does not affect the appearance, age and social status of a person. Social networks in practice have proven to be a very effective way of not only communicating, but also ensuring site traffic. In addition, they gradually became one of the main sources of obtaining unique content.

As social networks evolve, researchers are increasingly including in the analysis the psychological characteristics of people's communication in such networks. Marketing integrates many technological processes, for example, technologies for forming customer loyalty include creating loyalty programs, a set of measures to promote these programs and conduct supporting campaigns. Knowledge of marketing tools does not yet achieve the goal, and knowledge of their optimal combination and application forms marketing technology.

Indirectly, traffic can affect the process of recognition and the formation of loyalty of consumers to the company or its products. To assess the effectiveness of achieving this goal, you should measure: site traffic; number of unique visitors; time spent on the site; contact depth (number of pages viewed); share (%) of returning visitors.

There is no single approach to determining loyalty, and in each product category, loyalty is understood as different manifestations of consumer attitudes. In SMM and in Internet marketing, brand loyalty is usually understood as consumer logic: "I like this brand, I will very likely consider the possibility of purchasing products of this particular brand; I sometimes follow brand news on my own."

To assess the effectiveness of the company's actions to build loyalty, the following indicators are used: the number of participants in groups and communities; active participation in brand communication; return / transition to the brand platform; tonality of communication; the number of "random representatives" or, conversely, the outflow of registered users.

Creating an official website for a company or brand is a necessary first step in Internet activity, which allows you to inform the target audience about a company or its products in accordance with a market positioning strategy. Given the differences in marketing purposes, there are food and thematic sites.

In practice, the concept of "promotion" is often used. This is a resource whose main task is to present the product, service, brand or company on the Internet. As a rule, promotion sites are used to attract attention during short-term advertising campaigns. Usually one promo site is dedicated to one product and maximally focuses on interaction with users. Promotional sites solve various problems: from the formation and maintenance of the image to the implementation of sales.

The easiest way to organize a site as possible is through online advertising. According to the principle of consumer impact, the following types of online advertising are distinguished: banner, contextual, targeted and mobile.

Banner advertising - text and graphic advertising materials posted on sites representing an advertising platform.

According to a number of signs, for example, information content, the presence of a text-graphic block, banner advertising is comparable to advertising in print media. The presence of a banner with a hyperlink,



the possibility of an animated image and a call to a mobile phone significantly expands the impact of such advertising.

Contextual advertising - online advertising, the placement of which is based on the content of the advertising material on the context of Internet countries buying or choosing from several competing products, that is, it is at the final stages of customer readiness.

Targeted advertising on social networks is an Internet advertisement placed depending on the geographical, socio-demographic, behavioral and psychographic characteristics of advertising consumers.

Most often used on social networks and allows you to reach users of fairly narrow segments. Targeting is carried out according to the information provided by users during registration.

Mobile advertising - an advertising message addressed to its user through a communication channel of a mobile phone. It can be placed as a banner or as a text message.

Today, mobile ads include not only banners placed on mobile phone browsers, but also ads in applications for mobile platforms. The main task of online advertising is to create awareness of the company's market offers, as well as provide traffic to the site. However, it is not an effective tool for building customer loyalty. An effective tool of Internet marketing to build customer loyalty is communication in social media.

Among the SMM tools that allow you to directly influence the information flow on the Internet about the company, its activities and products, it is customary to distinguish:

- Creation of formal communities;
- Work with informal communities dedicated to the company and its products;
- direct contact with consumers, that is, communication with each consumer of the company's products directly through social media;
- Creation of content for social media, that is, the production of video and audio clips, photo content, writing texts for posting on social media;
- Digital PR;
- Work with rumors (Word-of-Mouth);
- Work with opinion leaders.

The difference between the work of official communities and informal is the ability to control information from the company. So, in the official community, a company can have a complete impact on the frequency, quality and nature of the content being posted, while in informal communities organized, as a rule, by consumers, there is no possibility of a complete influence on the placement of information - the company is more likely to have a recommendatory nature of influence.

Direct contact with consumers includes establishing contact with them using technical tools of social media and conducting a dialogue directly with each person. This approach allows you to solve problems associated with the appearance on social media of complaints about the quality of a product or service, to quickly respond to messages of a negative or positive nature, which ultimately makes it possible to influence the formation of consumer relations.

Working with opinion leaders implies selecting among the core of the target audience the most active, loyal consumers who are ready to become the so-called random representatives of the target audience, that is, those who are ready to write reviews about social media on the company.

This tool allows you to increase the effectiveness of the company's marketing activities to enhance the brand presentation in social media, primarily due to better relevance in relation to the requests of the target audience.

Thus, working in social media allows us to provide feedback to consumers; at the same time, initiative is needed not only from the company, but also from the consumers of its goods. With the help of SMM, the task of forming and maintaining customer loyalty is also solved.

Sponsorship in Internet marketing is a method of stimulating an audience in order to engage it in interacting with a brand. Sponsorship in Internet marketing finds expression in the form of branding a thematic, news or other site or part thereof, conducting contests and services for visitors, and also uses other standard methods of engaging the audience in interacting with the brand.

Sponsorship is distinguished by an independent participant in communication, for example, the platform on which sponsorship advertising is placed.

Against the background of standard marketing campaigns in the form of advertising, publications, etc., special consumer attention will help to attract non-standard mechanics of interaction with the target audience in the form of a special project, often unique to the site and the distribution channel of information in general.

Special projects on the Internet are the integrated integration of the brand into web resources outside the usual advertising spots in order to engage the audience in long-term communication.

A special project is more an individual decision than a mass one, therefore its filling depends on specific conditions, but in general it is an activity to build loyalty and feedback, which can also help increase brand awareness and sales growth.

The success of a special project and other marketing tools on the Internet depends on effective promotion, that is, conveying the essence of the message to consumers. However, there are low-cost ways of disseminating information, because users themselves (viewers) distribute content to each other. Such methods are called viral.

The content is able to attract new recipients of information through a bright, creative, unusual idea or using a natural or confidential message.

Augmented reality is an integral part of mixed reality, which also includes augmented virtuality (when real objects are integrated into a virtual environment).

QR code is a matrix code capable of transmitting links, text, phone numbers. The main advantage of the QR code is its easy recognition by scanning equipment (including the camera of a mobile phone), which makes it possible to use it in trade, production, and logistics. In marketing, it can be used, for example, as a convenient way to go to the advertiser's website in outdoor, print or television advertising. The consumer must have a special program for reading QR.

A game is a program or a part of it that serves to organize the game process, communicate with partners in the game, or itself acts as a partner.

Service - a software system, including a site, with standardized interfaces that allows you to perform certain useful functions for the consumer, such as storing information.

Application - this concept is often used when defining software products for mobile platforms (for example, iOS, Android), that is, games and services for smartphones are applications.

Games, services, applications can provide not only interactive interaction with consumers, but also a long contact time of the target audience with the brand. In addition, a fun, useful and informative form of presenting information to the user increases his loyalty. There are categories of services, for example, electronic media, where in a similar way you can offer the user to try the service, even if virtually.

The considered marketing tools are aimed at customer-initiated interaction with the company. Users are also ready to independently initiate the dissemination of information or participate in the formation of the information flow, therefore, companies operating in the Internet space, taking into account the specifics of consumer behavior in social media, need to optimize the content for convenient and quick distribution by users.

Social Media Optimization (SMO) - activities to optimize the company's resources for working in social media.

The most commonly used are the so-called social buttons - I Like and Share, which are installed on the corporate website and help users to share materials from the website with their friends in social media. These buttons also allow you to receive feedback on the quality and relevance of content from the target audience.

The changed conditions and the emergence of a new social environment for the company to communicate with consumers and consumers among themselves necessitated a review of previously existing principles of organization and marketing management of the company. The changes concern not only the principles of personnel selection, the emergence of new positions, but also the emergence of new management techniques.

However, cardinal changes consist in the need to use a new system of communication with consumers: the outdated model of responses specially trained employees who receive the authority to carry out communication activities in relation to consumers is already ineffective. It is being replaced by a new communication model - each employee can act as a source of communication on behalf of the company, moreover, consumers also have the right to do this, receiving company encouragement.

In these conditions, it is necessary to change the personnel management system, information systems used in enterprises, as well as the approach to measuring the performance of a company.

New or existing staff working in social media should be endowed with new functions and encourage communication with consumers in any environment convenient for them: blogs, social networks, microblogging, etc. The manager for working in social networks is not "sole »The face of the company from the point of view of communication, it only directs the overall strategy of the company in the right direction. In these conditions, it is necessary to revise the motivation of employees. In addition to using your own resources, to solve problems within the framework of social media, you can attract third-party agencies that specialize in providing consulting SMM services.

The integration of existing CRM systems in social networks, as well as the integration of social networks in CRM, allows companies to increase the efficiency of work in new social conditions, as well as better study changes in consumer behavior. All business processes of the company with the competent organization of the integration of information systems can be carried out with a marked increase in efficiency. The effectiveness of the company in social media is an important and relevant issue, since the previously existing criteria for determining the effectiveness cannot be applied in new communication environments with consumers.

Thus, use of social media marketing in digital tourism, in which innovative proposals are currently appearing, is steadily popular. Tourism organizations like any service companies are active supporters of new technologies. Modern advances in telecommunications and electronic marketing create fundamentally new opportunities for the tourism business, significantly expanding its boundaries and influencing its models.

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## FAVORABLE INVESTMENT CLIMATE FORMATION ISSUES FOR ATTRACTING ACTIVE INVESTMENTS

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Primova Azima Azizovna<sup>3</sup>

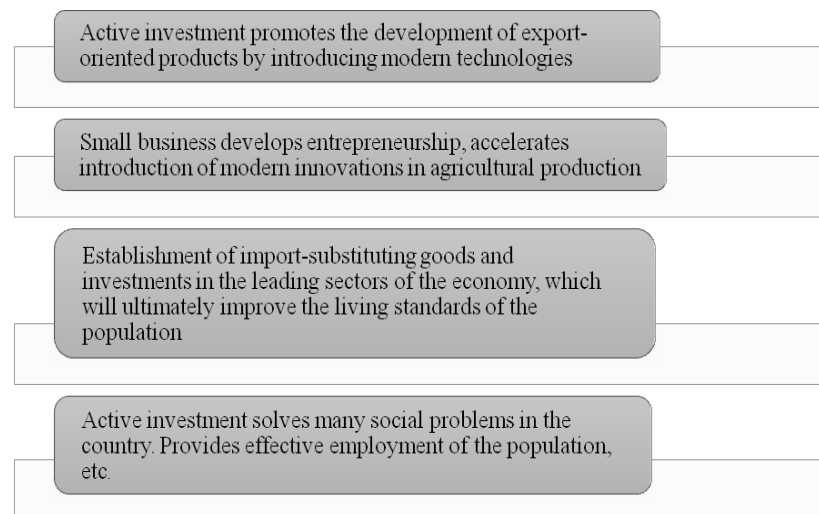
### ABSTRACT

The article highlights the objective necessity, advantages of active investment in ensuring economic growth in the country and the creation of a favorable investment climate for active investment. Factors influencing the creation of a favorable investment climate and priorities for attracting active investments are presented.

**Key words:** investment, innovation, innovative economy, favorable investment climate, infrastructure, free economic zone, investment attractiveness.

In the conditions of globalization and innovative development of the economy, attraction of investments into the economy has become an urgent task. The reason stems from the fact that in modern conditions active investment is important for ensuring competitiveness of the economy in the domestic and foreign markets, as well as achieving sustainable economic growth.

Increasing the volume of active investments into the economy of the country will accelerate the expansion of economic opportunities, ensures the use of existing capacities and resources in all spheres and leads to the introduction of new techniques and technologies, the development of export-oriented goods and their efficient production.



**Figure 1. Advantages of active investments in the development of national economy**

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Today Uzbekistan is a country which welcomes investment activities. Reforms in the country, peacekeeping, and positive macroeconomic indicators are all important factors for active investment. Uzbekistan maintains partnerships with foreign investors on the basis of equal economic relations. If foreign investment provides great opportunities for the country’s economy and development, such investments is being fully supported.

During the period of independent development, Uzbekistan has been implementing consistent measures to accelerate the investment climate, provide benefits and guarantees to national and foreign investors, and ensures the effectiveness of these processes as a key condition for radical restructuring of the economy, ensuring stable and high growth rates. Infrastructure was created on the basis of international requirements for the free access of foreign investments into the economy, and a solid legal basis was created.

As the President of the Republic of Uzbekistan Sh. Mirziyoyev noted: “For this reason, it is not an exaggeration to say that investment is the driver of the economy and, in uzbek words, it is the heart of the economy. With investments, new technologies, best practices, highly qualified specialists come into various industries and sectors, and entrepreneurship develops rapidly” [2].

In the Decree of the President of the Republic of Uzbekistan of February 7, 2017 “On the Strategy for Further Development of the Republic of Uzbekistan” based on PD-4947 “On five priorities for the Development of the Republic of Uzbekistan for 2017 - 2021”, the task of “Improvement of the investment climate, active attraction of foreign and, first of all, direct foreign investments into the sectors and regions of the economy” has been defined as a priority [1].

The level of modern economic development of each country is directly dependent on active investment, and the increase in investment attraction depends on the country's investment climate. World experience shows that countries in transition to a market economy cannot successfully integrate into the world economy without creating a favorable investment climate in the country and active attraction of foreign investments into the national economy. As a result of reforms carried out in the country, consistent measures to support and stimulate active investments into the national economy, the volume of investments is increasing.

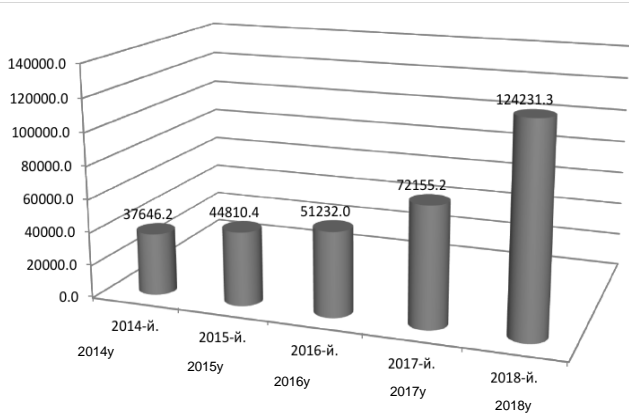


Figure 2. Investments for Fixed Assets, in billion soums<sup>1</sup>

<sup>1</sup> Based on the information from the website: [www.stat.uz](http://www.stat.uz)

The data presented in the figure above shows an increase in investment in fixed assets from year to year. The volume of investments into fixed assets in 2014 amounted to 37646.2 billion soums, and in 2016 - 51232 billion soums. In 2018, this figure increased 3 times compared to 2014 and amounted to 124,223.3 billion soums.

One of the main factors in attracting active investments into the country’s economy is the availability of a favorable investment climate and the attractiveness of the investment climate.

Creation of favorable investment climate is one of the most important conditions of the state investment policy. Favorable investment climate creates wide opportunities for addressing such important priorities as social and economic development of the country, modernization and diversification of production, increasing competitiveness of the national economy.

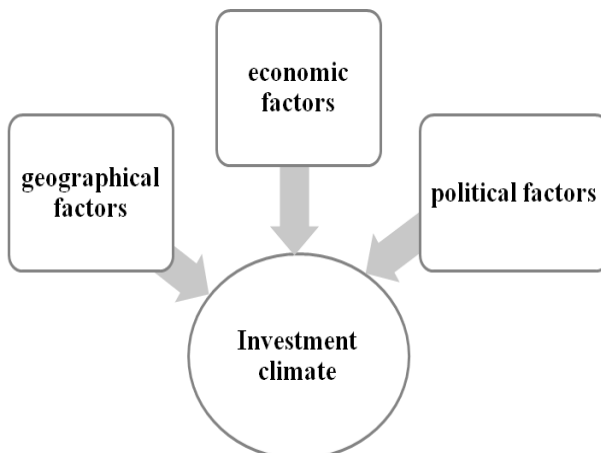
M. Brodsky and S. Kostenko described the investment climate as conditions for effective attraction and development of long or medium-term investments in various sectors of a particular country or region [3].

Uzbek economists A. Vakhobov, Sh. Khajibakiev, N. Muminov describe the investment climate as a set of economic, political, legal, and social factors that determine the degree of risk for foreign capital investments and their ability to effectively use them in the country, and stated that investment climate is a comprehensive, multidimensional notion and has national indicators, economic conditions, customs regime, currency policy, economic growth rates, inflation rates, exchange rate stability, and external debt levels [4].

Creating a favorable investment climate in the country is one of the main criteria for active investment in the economy. This is because the investor invests in a region where there are sufficient facilities and opportunities. Therefore, the creation of a favorable investment climate for active investment has become an objective issue.

In our opinion, the formation of a favorable investment climate in the country and increasing the investment attractiveness of the region are also important in ensuring macroeconomic stability in the country.

There are several factors that can contribute to the creation of a favorable investment climate and the attractiveness of the investment climate, and all factors influencing the investment climate can be divided into three groups.



**Figure 3. Factors for Investment climate**

The first group includes geographical factors:

- Geographical location of the country;
- Availability of natural resources. The high volume of natural resources in the country is a good incentive for foreign investment.
- Natural climatic features, which are especially important in investing in agriculture;

The second group consists of economic indicators:

- Per capita GDP is a primary factor. Existing domestic trade markets always have a positive impact on foreign investment inflows;
- Tax system in the country. The tax system is important for investors, in particular, the special tax regime for foreign investors in the free economic zones in the country;
- Labor costs and qualifications. The skill level of the workforce will save not only the financial costs but also the time invested by the investor;

The third group includes political factors:

- State policy and socio-economic reforms in the country;
- History of the country and the stability of the political system;

The political situation of the neighboring states, the history of their relations and the development of economic relations;

- Regional economic groups and features of their activities, etc.

One of the measures to improve the investment climate and increase the volume of investment is to introduce modern management systems at enterprises and to develop measures to increase investment attractiveness. It is advisable to involve foreign experts in the organization and management of production for these activities.

Taking into account the factors influencing the formation of a favorable investment climate in the country, one can conclude that the state investment policy is important for attracting active investment.

Based on the aforementioned theories and information, the following can be highlighted regarding the formation of a favorable investment climate in the Republic:

- Political stability;
- Establishment of a strong legal framework to protect private property;
- Existing competitive environment among manufacturing entities;
- Creation of infrastructure to support investment processes;
- Availability of highly qualified personnel, etc.

It is necessary to improve the regulatory framework related to investments, to increase the efficiency of the creation and functioning of free economic zones, to further develop the production infrastructure.



Particular attention is paid to the further increase of the attractiveness of the investment climate, the creation of activities of free economic zones with the attraction of foreign investments. Scientific literature also notes that one of the main objectives of the state to create free economic zones is to increase investment in the country. Danko T.P. and Okrut Z.M. have stated that the FEZ is “a mechanism, a stimulus for creating a favorable investment climate and stimulating production, trade, and scientific activity” [5].

In recent years, we have established direct access to high-tech manufacturing capacities in the country, more active involvement of the regions in the development of competitive and export-oriented industrial products, accelerated development of production, engineering and communication, road transport, social infrastructure and logistics. Systematic measures on the consistent development of free economic zones as an important factor in expanding the attraction of foreign investments is being implemented.

In summary, the country's investment activities and support are essential for maintaining sustainable economic growth. Promoting scientific and technical progress accelerates social production, and other social issues through active investment.

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## ATTITUDE OF INDIVIDUAL BUSINESS CLASS ASSESSEE TOWARDS TAX PLANNING IN SALEM DISTRICT

Dr.T.Venkatesan<sup>1</sup>

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### ABSTRACT

*Tax planning is an arrangement of one's financial affairs in such a manner that the tax planner may either reduce the incident of tax wholly or reduce it to maximum possible extent by using the exemption, deductions, rebates and relief available in the framework of the taxation laws. It does not amount to evasion of tax. It is an act of prudence and farsightedness on the part of the taxpayer who is entitle to reduce the burden of his tax liability to the maximum possible extent under the existing law. Attitude is the state of mind. One's attitude should definitely influences on all the decisions taken by an individual. This study focuses on the attitude of the Individual Business Class Assessee towards tax planning. The objective of the study is to analyze the attitude of the Business class towards tax planning. Both primary and secondary data were used for the study. The data collected in the consumer survey through a structured questionnaire constitute primary data. The sample size of the tax payers was 250. Convenience sampling method was followed in selecting these business class assessee. The data collected from these 250 individual business class assessee were tabulated and analysed by using %age analysis, Chi-square test.*

*This study analyses how different factors like Sex, Age, Marital status, Educational qualification, Nature of business, Level of turnover, Block of Fixed Assets, Operating expenses, Method of accounting, Valuation of stock, Number of earning members in the family, Number of dependents, Monthly income, and Monthly investment affect their attitude towards tax planning. Gender, level of education, level of turnover, Depreciation on Fixed Assets, Operating expenses have an effect on the attitude of the Business assessee towards tax planning. Whereas age, marital status, nature of Business, number of earning members in the family, number of dependents, monthly income, and monthly investment do not have any impact on the attitude of the individual business class towards tax planning. This analysis would help the government to work out various schemes, based on the findings of this study, to mobilize finance from the salaried class individual business class. The study bridges the gap found in the reviews.*

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### Tax Planning: An Introduction

Tax planning is an arrangement of one's financial affairs in such a manner that the tax planner may either reduce the incident of tax wholly or reduce it to maximum possible extent by using the exemption, deductions, rebates and relief available in the framework of the taxation laws. It does not amount to evasion of tax. It is an act of prudence and farsightedness on the part of the taxpayer who is entitle to reduce the burden of his tax liability to the maximum possible extent under the existing law. Tax planning ensures not only accruals of tax benefit with in the four corners of law, but it also ensures that the tax obligations are properly discharged to avoid penal provision.

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Attitudes are generally considered as judgements and these are results of either direct experience of the social environment or through observations. So attitude can be considered as a hypothetical construct, which represents degree of liking or disliking of an individual towards a particular object. Winning and losing are two opposite sides of a same coin and that coin is attitude. Attitude is composed of beliefs about the consequences of performing the behaviour and an evaluation of how the human will feel about those consequences. Attitude may be defined as an enduring organization of motivational, emotional, perceptual, and cognitive process with respect to some aspect of our environment. Whereas in the context of Individual Tax Payer attitudes, various attributes and benefits of the tax saving instruments affect the attitudes of the them towards tax planning.

On this basis, it can be analysed about the tax benefits enjoyed, the Return on investment made in tax saving schemes and also how far they can minimise their tax liability through investing in tax saving instruments. Hence, the tax payers should have sufficient knowledge on various tax saving instruments in order to minimise their tax incidence. Besides, various Socio-demographical and Business environments factors like Sex, Age, Marital status, Educational qualification, Nature of business, Level of turnover, Block of Fixed Assets, Operating expenses, Method of accounting, Valuation of stock, Number of earning members in the family, Number of dependents, Monthly income and Monthly investment also play vibrant role in the attitude of individual tax payers towards tax planning.

Hence, this study is concerned with evaluating the attitude of individual business class towards tax planning. The study will help the individual business class to plan savings and investments towards maximizing the returns and minimising the tax liability of them. The in-depth analysis of the behavioural pattern of the business people would help the government to work out various schemes to mobilize finance from the business people by introducing various tax saving schemes and also to reduce the tax evasion and tax avoidance. The study assumes significance in the light of the fact that very few research works are available on attitude of individual assessee in India in which were studied about the attitude of salaried class and no one studied about the attitude of business class particularly in Salem district. Hence, this study bridges the gap.

### **Review of Literature**

Ledereich and Siegel (1988) emphasized the role of factors like age, health, marital status, family status; objectives risk tolerance, investment preferences, liquidity, employment stability, and tax rate in personal financial planning.

Radha V in her study titled 'A study of Investment behaviour of investors of Corporate Securities' (1995) has examined the investment plan of corporate security individual business class in TamilNadu.

An All-India Survey, titled "Household Investors' Problems, needs and Attitudes", conducted by the Society for Capital Market Research and Development revealed the fact that majority of the retail investors lost confidence in various agencies like SEBI, credit rating agencies etc.

A survey was conducted by the Ananda Vikatan (a Tamil weekly magazine) during January 1999. Public were interviewed on the aspect of savings and their saving habits.

Gnana Desigan C in his study titled "Investors' Perception towards Equity Share Investment – An Empirical Study" (2003) has examined the investment pattern of the equity investors and the problems of

equity share investors in primary and secondary market. The analysis revealed the attitude and perception of the investors equity share investment.

The attributes and attitudes of individual investors have been studied by Ronald Lease et. al. (1974). Krishnamoorthi.C in his study titled, "Investment Patterns and Tax Planning in the Nilgiri District", (2008) has examined the attitude of the investors in Nilgiri District. The Analysis reveals that there is no significant relationship between Sex, Age, Marital Status, Educational Qualification, Monthly Income and Monthly Investment with Attitude on Tax Planning.

L. Pandiyan, and T. Aranganathan, studied the savings and investments attitude of salaried class in Cuddalore District.

### Objectives of the study

The study is undertaken with the following objectives:

- To study the conceptual background of the individual business class towards investment and tax planning.
- To analyse the attitude of the individual business class towards tax planning.
- To suggest optimum tax planning for individual business class.

### Research Methodology

The present study is based on convenience-cum-stratified sampling. The Business Class Assesseees have been taken as a sample and six sub-occupations have been identified from the Business people based on their operation as shown in table No. 1.

**Table 1- Sample Unit:**

Heads	Nature	Sample
Non-Speculation	Manufacturing	20
	Whole sale	45
	Retail	80
	Services	45
	Works Contract	20
Speculation	Speculators	40
	Total	250

Sources: Primary data

The persons include in this study are of different age groups under the Business Class. The area of the study covers Salem District. While selecting respondents enough care has been taken to see that the sample represents the whole universe.

The study is basically an analytical study based on primary research also related to the analysis of the attitude of Individual Business Class towards Tax planning. In order to conduct this study, 250 Individual

business class assessee from various business activities such as Manufacturer, Whole-saler, Retailer, Works Contractor and Speculator in Salem District have been selected by sampling method and mainly questionnaire has been used for collecting the data. All the data required for this analytical study has been obtained mainly from primary sources, but at times, secondary sources of data have also been considered.

The questionnaire was divided into two parts, the first part asks about the socio – economic profile of the respondent, which includes gender, age, marital status, nature of business, level of turnover, monthly income, investment in tax saving schemes and level of awareness on tax laws and the second part shows the attitudes and attitudinal factors of the respondent.

The data collected from these 250 individual business class assessee were tabulated and analysed by using percentage analysis, Chi-square test.

The following hypotheses have been taken to study the attitude of individual business class assessee towards tax planning.

- There is no relationship between gender and the attitude of individual business class towards tax planning.
- There is no relationship between age and the attitude of individual business class towards tax planning
- There is no relationship between marital status and the attitude of individual business class towards tax planning
- There is no relationship between educational qualification and the attitude of individual business class towards tax planning
- There is no relationship between nature of business and the attitude of individual business class towards tax planning
- There is no relationship between number of earning members and the attitude of individual business class towards tax planning.
- There is no relationship between monthly income and the attitude of individual business class towards tax planning.

### **Analysis and Interpretation of Data**

To measure the attitude of the Individual Business Class towards tax planning, Rensis Likert's summated a scaling technique. Based on this technique, the various responses are assigned scale values. In this study 5,4,3,2, and 1 scale values were used to measure individual business class' attitude on tax planning. The rating 5 or 4 or 3 or 2 or 1 indicates whether the statement is strongly agreed or agreed or neutral or disagreed or strongly disagreed respectively. A total score for each respondent from all the 20 statements was calculated using the above scoring procedure. The twenty statements and their scores are given in Table 2.

**Table 2: Attitude of individual business class towards Tax Planning:**

S. No	Factors		Strongly Agreed	Agreed	Neutral	Disagreed	Strongly Disagreed	Total
1	Tax planning is a key part of financial planning	No	182	16	21	17	14	250
		%	72.8	6.4	8.4	6.8	5.6	100
2	Tax rate affects the return on investment in tax saving schemes	No	177	21	17	20	15	250
		%	70.8	8.4	6.8	8	6	100
3	Instead of paying fines and penalties, may pay the fair tax	No	106	55	44	22	23	250
		%	42.4	22	17.6	8.8	9.2	100
4	Minimize tax incidence and maximize the savings through tax saving schemes.	No	191	49	10	0	0	250
		%	76.4	19.6	4	0	0	100
5	Tax planning is an important part of investment planning	No	163	43	33	11	0	250
		%	65.2	17.2	13.2	4.4	0	100
6	Save tax and earn more; be a prudent investor	No	178	34	22	10	6	250
		%	71.2	13.6	8.8	4	2.4	100
7	Save income tax and cover your medical expenses with a smile	No	105	62	49	23	11	250
		%	42	24.8	19.6	9.2	4.4	100
8	Using the Non-trading expenses as tax saving instruments (Tuition fees, Donation etc.)	No	97	56	69	21	7	250
		%	38.8	22	28	8.4	2.8	100
9	Increase the wealth and reduce the tax liability( Repayment of Housing Loan)	No	65	77	42	38	28	250
		%	26	30.8	17	15	11.2	100
10	Tax laws are easy to understand	No	45	33	57	75	40	250
		%	18	13	23	30	16	100

11	Tax evasion leads to heavy fines & Penalties	No	56	109	44	27	14	250
		%	22.4	44	18	11	5.6	100
12	Tax system affects the production & distribution of wealth seriously	No	33	69	41	78	29	250
		%	13.2	27.6	16.4	31.2	11.6	100
13	Fear of tax audits and prosecution	No	46	72	50	63	19	250
		%	18.4	29	20	25	7.6	100
14	Exaggerating business expenses to reduce the tax liability	No	0	0	76	82	92	250
		%	0	0	30.4	32.8	36.8	100
15	Business Friends are reporting and paying tax honestly	No	45	68	54	71	12	250
		%	18	27.2	21.6	28.4	4.8	100
16	Tax is an obligation and say no to tax evasion	No	110	72	59	9	0	250
		%	44	28.8	23.6	3.6	0	100
17	Tax avoidance is a key for tax planning	No	122	64	40	24	0	250
		%	48.8	25.6	16	9.6	0	100
18	No sufficient awareness about tax saving schemes	No	162	44	39	5	0	250
		%	64.8	17.6	15.6	2	0	100
19	Many people report all of their income to Revenue.	No	21	60	45	71	53	250
		%	8.4	24	18	28.4	21.2	100
20	It is every taxpayer's civic responsibility to pay his or her correct taxes.	No	135	44	110	24	12	250
		%	54	17.6	44	9.6	4.8	100

Sources: Primary data

The scores of 250 sample individual business class were calculated. An individual is the mere summation of the scores secured from the 20 statements. The scores of the respondents range from 20 to 100. The average score is 60. The respondents were grouped into two on the basis of average score, in the first group, those who have scored above 60 and in the second group, and those who have score below 60. Further, for the purpose of in depth analysis, the respondents are grouped into three groups, viz., Low level of attitude towards tax planning, Moderate level of attitude towards tax planning, and High level of attitude

towards tax planning. Those who score between 20 and 50 are low, those who score between 51 and 60 are moderate, and those who score above 60 are high. The data collected are presented in Table 3.

**Table 3: Attitude of the Individual Business Class towards tax planning:**

S.No	Level of Attitude	No. of Respondents	Percentage
1	Low ( $\leq 50$ )	56	22.4
2	Moderate (51-60)	102	40.8
3	High ( $>60$ )	92	36.8
	Total	250	100

Sources: Primary data

The above table reveals that out of the 250 sample individual business class, 22.4 % have low level of attitude, 40.8 % have moderate level of attitude, and 36.8 % have high level of attitude towards tax planning. There are several factors which determine the attitude of the sample individual business class are analysed as follows:

**Table 4: Gender and the Attitude of individual business class towards Tax Planning:**

S.No	Gender	Attitude towards tax planning			Total
		Low	Moderate	High	
1	Male	36	72	77	185
2	Female	20	30	15	65
	Total	56	102	92	250

Sources: Primary data

It is observed that among the male sample assessee, 19.46% have low level of attitude towards tax planning, 38.92% have moderate level of attitude towards tax planning, 41.62% have high level of attitude towards tax planning, whereas 30.77% of the female sample individual business class have low level, 46.15% have moderate level, 23.08% have high level of attitude towards tax planning.

**Hypothesis: There is no significant relationship between gender and the attitude of individual business class towards tax planning.**

**Result:** The table-4 explains the relationship between gender and attitude towards the tax planning. The calculated value of chi-square 7.86 which is greater than tabulated value of chi-square 5.991 at 5% level of significance. Hence it is highly significant and the null hypothesis is rejected at 5% level of significance. Hence there is association between gender and the attitude towards mutual funds.

**Table 5: Age and the Attitude of individual business class towards Tax Planning:**

S.No	Age	Attitude towards tax planning			Total
		Low	Moderate	High	
1	21-30	16	10	9	35



2	31-40	14	38	18	70
3	41-50	15	31	29	75
4	51-60	11	23	36	70
	Total	56	102	92	250

Sources: Primary data

From the data collected, it is observed that among the sample individual business class in the age group 21-30 years, 45.71 % have low, 28.57 % have moderate, and 25.72 % have high levels of attitude towards tax planning. In the age group of 31-40 years, 14.29 % have low, 54.29% have moderate, and 31.42 % have high levels of attitude towards tax planning. In the age group of 41-50 years, 20 % have low, 41.33 % have moderate, and 38.67 % have high levels of attitude. In the age group of 51-60 years, 20 % have low, 33.33 % have moderate, and 46.67 % have high levels of attitude towards tax planning. In the age group of above 60, 8 % have low, 32 % have moderate, and 60 % have high levels of attitude.

**Hypothesis: There is no relationship between age and the attitude of individual business class towards tax planning.**

**Result:** Chi-square test was applied to find out whether there is any significant association between the age of the individual business class and their attitude towards tax planning. The calculated value of chi-square is 23.40 which is greater than the table value of 12.6 at 5% level of significance. Since the calculated value is greater than the table value, it is inferred that there is significant association between the age of the individual business class and their attitude towards tax planning. Hence, the hypothesis is rejected.

**Table 6: Marital Status and the attitude of individual business class towards Tax Planning:**

S.No	Marital Status	Attitude towards tax planning			Total
		Low	Moderate	High	
1	Married	21	76	78	175
2	Unmarried	35	26	14	75
	Total	56	102	92	250

Sources: Primary data

It is inferred from the above table, in the married sample individual business class, 12 % have low, 43.43 % have moderate, and 44.57 % have high levels of attitude towards tax planning. In the unmarried sample individual business class, 46.67 % have low, 34.67% have moderate, and 18.67% have high levels of attitude towards tax planning.

**Hypothesis: There is no relationship between marital status and the attitude of individual business class towards tax planning.**

**Result:** Chi-square test was applied to find out whether there is any significant association between the marital status of the individual business class and their attitude towards tax planning. The calculated value of chi-square is 38.72 which is greater than the table value of 5.99 at 5% level of significance. Since the calculated value is greater than the table value, it is inferred that there is significant association between the

marital status of the individual business class and their attitude towards tax planning. Hence, the hypothesis is rejected.

**Table 7: Educational Qualification and the Attitude of Individual business class towards Tax Planning:**

S.No	Educational Qualification	Attitude towards tax planning			Total
		Low	Moderate	High	
1	Higher Sec	13	19	8	40
2	UG	29	41	20	90
3	PG	19	30	47	85
4	Professional	6	12	17	35
	Total	56	102	92	250

Sources: Primary data

From the data obtained, it is ascertained that among the sample individual business class with Higher Secondary level of education, 32.5 % of individual business class have low, 47.50 % have moderate, and 20 % have high levels of attitude towards tax planning. In degree holders' level, 20 % have low, 45.56 % have moderate, and 34.44 % have high levels of attitude towards tax planning. In post- graduates' level, 22.35% have low, 35.29% have moderate, and 42.35% have high levels of attitude. In professional degree level, 17.14% have low, 34.29% have moderate, and 48.57% have high levels of attitude.

**Hypothesis: There is no significant association between the educational qualification and the attitude of individual business class towards tax planning.**

**Result:** Chi-square test was applied to find out whether there is any significant association between educational qualification and their attitude towards tax planning. The calculated value of chi-square is 9.65 which is less than the table value of 15.5 at 5% level of significance. Since the calculated value is less than the table value, it is inferred that there is no significant association between educational qualification and the attitude of individual business class towards tax planning. Hence, the hypothesis is accepted.

**Table 8: Nature of Business and the Attitude of Individual business class towards Tax Planning:**

S.No	Nature of Business	Attitude towards tax planning			Total
		Low	Moderate	High	
1	Manufacturing	3	10	5	20
2	Whole sale	11	16	18	45
3	Retail	13	37	20	80
4	Services	11	17	17	45
5	Works Contract	10	8	4	20

6	Speculators	8	14	28	40
	Total	56	102	92	250

Sources: Primary data

The analysis of the data regarding the nature of work of the sample individual business class and their level of attitude towards tax planning reveals that among the manufacturer sample, 15% have low, 50% have moderate, and 35% have high levels of attitude towards tax planning. In whole seller, 24.44 % have low, 35.56% have moderate, and 40% have high levels of attitude towards tax planning. In Retailer, 16.25% have low, 46.25% have moderate, and 37.50 have high levels of attitude towards tax planning. In service providers, 24.44 % have low, 37.78% have moderate, and 37.78% have high levels of attitude towards tax planning. In works contractors, 50% have low, 40% have moderate, and 10% have high levels of attitude towards tax planning. In speculators, 20% have low, 35% have moderate, and 45% have high levels of attitude towards tax planning.

**Hypothesis: There is no significant association between the nature of business and the attitude of individual business class towards tax planning.**

**Result:** Chi-square test was applied to find out whether there is any significant association between the nature of work of and the attitude of individual business class towards tax planning. The calculated value of chi-square is 16.83 which is less than the table value of 18.31 at 5% level of significance. Since the calculated value is less than the table value, it is inferred that there is no significant association between the nature of work and the attitude of individual business class towards tax planning. Hence, the hypothesis is accepted.

**Table 9: Number of Earning Members and the Attitude of Individual business class towards Tax Planning:**

S.No	Earning Members	Attitude towards tax planning			Total
		Low	Moderate	High	
1	One	38	41	36	115
2	Two	12	45	28	85
3	Three and above	6	16	28	50
	Total	56	102	92	250

Sources: Primary data

It is inferred from the above table, among the sample individual business class with one earning member, 33.04% have low, 35.65% have moderate, and 31.30% have high levels of attitude towards tax planning. In two earning members' level, 14.12% have low, 52.94% have moderate, and 32.94% have high levels of attitude towards tax planning. In three or more earning members' level, 12% have low, 32% have moderate, and 56% have high levels of attitude towards tax planning.

**Hypothesis: There is no relationship between number of earning members and the attitude of individual business class towards tax planning.**

**Result:** Chi-square test was applied to find out whether there is any significant association between the number of earning members in the individual business class' families and their attitude towards tax planning. The calculated value of chi-square is 21.90 which is greater than the table value of 9.49 at 5% level of significance. Since the calculated value is greater than the table value, it is inferred that there is significant association between the number of earning members in the individual business class families and their attitude towards tax planning. Hence, the hypothesis is rejected.

**Table 10: Monthly Income and the Attitude of Individual business towards Tax Planning:**

S.No	Monthly Income	Attitude towards tax planning			Total
		Low	Moderate	High	
1	Up to 20000	20	17	8	45
2	20000-30000	10	29	21	60
3	30000-40000	17	33	30	80
4	40000-50000	5	11	19	35
5	Above 50000	4	12	14	30
	Total	56	102	92	250

Sources: Primary data

From the above table, it is inferred that the sample individual business class with up to 20000 income level, 44.44% have low, 37.78% have moderate, and 17.78% have high levels of attitude towards tax planning. In 20000-30000 income level, 16.67% have low, 48.33% have moderate, and 35% have high levels of attitude towards tax planning. In 30000-40000 income level, 21.25% have low, 41.25% have moderate, and 37.50% have high levels of attitude towards tax planning. In 40000-50000 income level, 14.29% have low, 31.43% have moderate, and 54.29% have high levels of attitude towards tax planning. In above 50000 income level, 13.33% have low, 40% have moderate, and 46.67% have high levels of attitude towards tax planning.

**Hypothesis: There is no significant association between the monthly income and the attitude of the individual business class towards tax planning.**

**Result:** Chi-square test was applied to find out whether there is any significant association between the monthly income of the individual business class and individual business class' attitude towards tax planning. The calculated value of chi-square is 22.71 which is greater than the table value of 15.5 at 5% level of significance. Since the calculated value is greater than the table value, it is inferred that there is significant association between the monthly income of the individual business class and their attitude towards tax planning. Hence, the hypothesis is rejected.

## Findings of the Study

There is much difference in the attitude of the male and female sample individual business class towards tax planning. The tax planning of the respondents are affected in respect of their age level. The respondents' attitude towards tax planning are influenced in respect of their marital status. The sample shows that there is much difference in educational qualification of the individual business class and their attitude towards tax planning. There is much difference in the individual business class with different natures of business in their levels of attitude. How many members be there in the family to earn, the attitude towards tax planning does change. It is clear from the study that the attitude of the individual business class towards tax planning are affected in respect of their monthly income.

## Conclusion

This study disclosed the individual business class assessee's attitude towards tax planning. As the business people contribute a significant part of the financial resources for the government by means various taxes, it has to be the concern of the government to offer them various tax saving schemes which will help the business class individuals to save their money by investing in it. It may facilitate them to minimise their tax liability and reduce tax evasion.

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## PROBLEMS RELATED TO THE FORMATION OF THE MIDDLE CLASS

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### ABSTRACT

*This article analyzes the main criteria of the "middle class", considers the contradictions between Western and post-Soviet views in the formulation of the term, the problems of economic thinking of the middle class. Socio-economic factors in the functioning of the middle class are analyzed.*

**Key words:** *middle class, income, quality of life, lifestyle, social group, income, expenditure, economic thinking*

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Today, in the process of formation of a society with a socially oriented market economy, the state directs its worldview towards increasing the role of the middle class. Since the history of social and economic life shows that the middle strata of the population are the backbone of any society. Because the middle class is characterized by higher social stability<sup>2</sup> in any economic system. The middle class also has a decisive voice in the formation of strategic issues at the central level of public policy<sup>3</sup>.

From an economic point of view, the middle class is a social group of people with stable incomes sufficient to meet a wide range of material and social needs. It is believed that the well-being of the middle class is sufficient to ensure a "decent" quality of life. As a result, the middle class is more socially sustainable<sup>4</sup> than other segments of the population.

In the economy, the middle class is characterized as a stabilizing element of the social structure with broad prospects. From the point of view of the functional approach, the middle class has four main features:

- Serves as an intermediary between rich and poor; its representatives are both owners and workers;
- It has the function of social stabilizer of society development, since the middle class has personal economic independence;
- The middle class is the leading agent of social progress; it is characterized by high professionalism and civic engagement;
- It has the function of a cultural integrator and is a carrier of the national culture.

Scientific and public discussions on the quantitative and qualitative indicators of the middle class are still going on in the economic community. Thus, there are several approaches to the issue of the middle class in scientific practice, both Western and Russian scientists. Differences in the concept and views of Western and Russian scientists about the middle class can be seen through: the income of the population of a particular state; its lifestyle and economic outlook (thinking).

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<sup>3</sup> S.SH. Saidov. The issue of the "middle class" in Uzbekistan. Journal of Economy and Business, vol.2. p.61

<sup>4</sup> A.N. Zubets, A.S. Sazvnakova. Estimation of the number of the middle class in Russia at the end of 2013 // Finance Magazine. -2014. -№7.-c.72-73

So, for example, in Europe and the USA for getting into this layer it is usually necessary to have a constant monthly income for each family member of 2-2,5 thousand dollars, not less than 40 meters of the total area and 2-3 cars per family. The middle class in these countries spends their income on buying not only domestic but also imported goods of high quality, travels internationally, and has access to international services, including higher education<sup>1</sup>. And by Russian standards, the middle class is a group of people who have 13,000 rubles of monthly income and 21 square meters of total floor space, as well as half a car<sup>2</sup>.

Below is a table that looks at our view of the economic thinking of the middle class in the West and the post-Soviet space (1 table).

**Table 1 : Separate economic thinking in the West and in the post-Soviet space**

Main criteria	Western view	Post-Soviet
Incomes	Income should be enough for everything you need for life and rest	Income is above average, it should be enough for living
Expenses	You have to spend it on what brings you income in the future	Feeding costs for the family
Property	You need to have active property	Home, furniture, car and equipment

The table shows large differences between the economic thinking of the West and the post-Soviet space. Because the economic view or way of life of both is very different. This difference is that while the West represents professionals in the middle class and pays them enough, the post-Soviet space, as Uzbekistan, for example, pays only for a month's stay of the family. Thus, the average monthly nominal salary of teachers is 1.396 million Uzbek soums<sup>3</sup>. If he has three room apartments, 406,800 of which are Uzbek sums spent on utilities (electricity, gas, garbage disposal, heat, hot and cold water, payment for housing and communal services) and 400,000 Uzbek sums on average on food<sup>4</sup>, this is more than half of the salary.

These differences between the two views are due to the timing of market conditions, lifestyle and governance. Russian scientist Vilen Yurievich Istomin in his dissertation "A way of life of the middle class in the conditions of modernization of the Russian society" describes the way of life as "established, typical for historically specific social relations forms of individual and group life, manifested in their communication, behavior and thinking, in the areas of labor, socio-political activity, life and leisure"<sup>5</sup>. Of course, economic thinking is a system of human views on the laws of economic development (in our example, Western and post-Soviet), the essence of economic processes and their emergence. The determining factor in the content of economic thinking is the nature of existing relations in the West and the post-Soviet space, the place of man in the social division of labor, the level of its education.

<sup>1</sup>[https://ru.wikipedia.org/wiki/Middle\\_class](https://ru.wikipedia.org/wiki/Middle_class)

<sup>2</sup> [http://tvoidengy.ru/anatomia/anatomia\\_middleclass.html](http://tvoidengy.ru/anatomia/anatomia_middleclass.html)

<sup>3</sup><https://www.gazeta.uz/ru/2019/01/19/salaries/>

<sup>4</sup> Author's calculation of utility and food purchases in the city of Tashkent

<sup>5</sup> Istomin, Vilen Yurievich. Lifestyle of the middle class in the modernization of Russian society: dissertation ... Candidate of Sociological Sciences: 22.00.04 / [Place of defense: Volgograd State University].- Volgograd, 2011.- 171 p.: il. RGHB OD, 61 11-22/293

If we look at the level of education, then in the west the middle class includes lawyers, doctors, architects, teachers. They have an average income of 100 thousand dollars a year. If we move these professions to Uzbekistan, it will be quite the opposite, or so to speak, the low cost of living and lack of money for additional social needs, such as tourism, buying something valuable. In our study of the economic thinking of the employee, we have developed questionnaires on the subject of "Dignity and social status of teachers". The survey was attended by 265 people. Out of these, 63 were men and 202 were women. The survey participants were representatives of schools, makhallas, trade unions and the justice system in Tashkent.

Analysis of the assessment of the teacher's honor, dignity and social status showed the following: despite the fact that the teacher's profession is chosen according to his own wishes, various aspects of his profession, including: low salaries (this was confirmed by 151 people) are reflected in the result as a low visit to resorts and cultural institutions (this was confirmed by 167 people). Thus, the low income and lack of economic benefits of the employee led to the reduction of secondary economic needs and, moreover, led to the failure to meet the needs.

In general, empirical studies on the comprehensive analysis of the economic thinking of workers showed that their economic thinking is closely related not only to internal factors (such as wages or other income), but also to economic thinking (spending, acquisitions for secondary consumption as a source of satisfaction). The conclusion was as follows: work is a necessary condition for personal development because it creates material and spiritual blessings necessary for life, but the average statistical person not only has to spend income, but also has to take advantage of it.

Of course, problems with its development and eradication always occur in every society and state. Their solution leads to the adoption of a number of measures to improve life, income growth and development of the state. But we can also add that it improves the initiative of the population in improving secondary needs such as higher education and cultural institutions.

Richard Florida<sup>1</sup> wrote a lot about the role and place of the middle class, as the most creative, in the development of the economy. In Florida's opinion, these people are usually proactive and are engaged in solving complex problems, which requires an independent mentality, a fairly high level of education, and a civic position. In the conditions of acceleration of globalization processes and development of post-industrial economy the majority of researches are concentrated on studying of "new middle class" under which it is understood the social and economic group forming an intellectual core of middle class.<sup>2</sup> It is characterized by the desire to modernize the economy, development and deepening of innovation processes in the country. Today's middle class is ready to invest in human, intellectual, social capital and is the main carrier of innovative and creative potential. This group is characterized by the involvement in the system of continuous education and improvement of professional competence, wide use of information and telecommunication technologies in education and self-education.

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<sup>1</sup>Florida R. Creative class: people who are changing the future: Moscow: Classica XXI Publishing House, 2007. -- c.401

<sup>2</sup>Malgin V.A. Middle class as the most important condition for modernization of the Russian economy. "Actual problems of economics and law". 2011. № 4



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## ISLAMIC DEVELOPMENT BANK AND THE REPUBLIC OF UZBEKISTAN: FOREIGN INVESTMENTS AND SOCIO-ECONOMIC DEVELOPMENT

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### ABSTRACT

*The research paper studies the investment cooperation between Islamic development bank and the Republic of Uzbekistan. There was carried out comprehensive analysis of financial aids of Islamic development bank (hereinafter- IsDB) to the Republic of Uzbekistan and also reviewed business model of the above mentioned financial institution. In accordance with the results of analysis, there was given comprehensive summary on the cotemporary role of financial activity of IsDB in the Republic of Uzbekistan.*

**Key words.** *Gross domestic product, gross domestic product per capita, investment, international economic development, investment project, foreign investment.*

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### Introduction.

Initially investment is the key factor for economic development of any country in the world. Furthermore investment is essential part of the modern world economy. Obviously, it is true that without investments, will be hard enough to push real sectors of economy and gain growth rates. Investment itself leads to improvement of all sectors of industry, infrastructure, creates workplaces, increases product items, and also finally increases assessments to budget.

Particularly, mutually beneficial cooperation of the Republic of Uzbekistan with the International financial institutions as IsDB plays significant role in the economic potential of the country and it began from September, 2003. Originally, IsDB is a multilateral development bank, whose mission is improving the lives by promoting social and economic development in member countries.

### Literature review.

Firstly, in order to have clear view of foreign investments impact in economic growth, there been studied concept of growth-oriented adjustment. It can be found in works of scientists as Bacha and Edwards (1988), Blejer and Chu (1989), and Corbo, Goldstein, and Khan (1987).<sup>2</sup> Later the model was developed by Khan and Montiel (1989)<sup>3</sup>. On the other hand, Anderson (1990) studied the role of investment in economic growth. Blomstorm (1996) analysed fixed investment and economic growth. Chow (1993) made a research of the capital formation role in economy of PRC. Khan and Reinhart (1990) with a simple growth model studied the effects of private and public investments and their influence in economic growth. Also can point that, Borro (1991) found several factors influenced economic growth which is connected with the ratio of investments.

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<sup>2</sup> Staff papers. International monetary fund, Vol. 37 (March 1990), pp.168-82.

<sup>3</sup> Doug Addison. The World Bank Revised Minimum Standard Model: Concepts and Issues. Washington DC.: The World Bank, 1989. Working Paper No. 231, May 2, 1989

Secondly, there also studied research works on islamic finance systems. It can be seen in the works of Vlaclovas Lakis and Daiva Baltusyte (2017), Badri Raba and Boujelbene Younes (2016), Ljerka Cerovic (2017), Zahid Iqbal (2017), Vasileios Pappas (2016) and others.

### Methodology.

In this article main scientific-theoretical regularities are based on scientific-research methodologies as analysis, synthesis and comparison. Also the study conducted using data from main sources as data analyses and questionnaire from the Representative office of IsDB in Tashkent.

### Main part.

The main part includes IsDB's statistical data of the bank's investment presence in the Republic of Uzbekistan. It also studies the linkage between investments and the socio-development rates of the Republic of Uzbekistan. Firstly, there conducted analysis of investments of IsDB beginning from 2004 till 2017. As Uzbekistan became a member of IsDB in September, 2003, the inflow of early investments from the financial institution above started from 2004.

Herein is given comprehensive analyses of IsDB's investment features in the Republic of Uzbekistan. IsDB in 2017 approved financial aids in the amount of 9.8 bln. usd between member countries. Among them financial aid to the Republic of Uzbekistan made totaling 158 mln. usd.<sup>1</sup>

**Table-1. Approved financial aid of IsDB to Uzbekistan in 2017 (unit in mln. usd)<sup>2</sup>**

Country	Financing by funds				
	IDB-OCR <sup>3</sup>	ICD <sup>4</sup>	ITFC <sup>5</sup>	Others	Total
<b>Uzbekistan</b>	113.0	45.0	0.0	0.0	158.0

Table-1 represents approved financial aids to Uzbekistan for the year of 2017. It is seen that OCR and ICD loans pointed with 71.5% and 28.5% from total respectively.

**Table-2. Cumulative financial aids by modes. (in mln. usd)<sup>6</sup>**

Country	Project financing	Technical support	Trade financing	Special support	Total
<b>Uzbekistan</b>	1488.5	1.1	311.6	1.9	1803.0

<sup>1</sup>Partnership for Sustainable Development. Annual report 2017.Islamic Development Bank. ISSN 0466-1319.-Jeddah, KSA:IDB, 2018-20 p.

<sup>2</sup>Partnership for Sustainable Development. Annual report 2017.Islamic Development Bank. ISSN 0466-1319.-Jeddah, KSA:IDB, 2018-107 p.

<sup>3</sup> IDB-OCR.-Ordinary Capital Resources.

<sup>4</sup>ICD- Islamic corporation for development of private sector

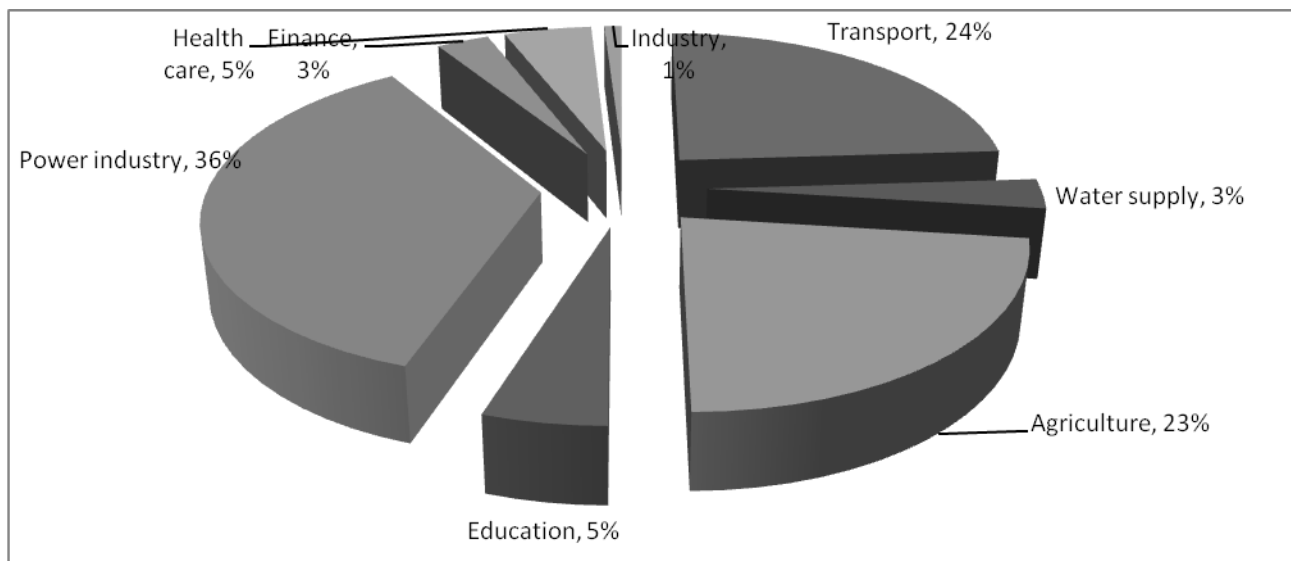
<sup>5</sup>ITFC-International Islamic Trade Finance Corporation

<sup>6</sup> Partnership for Sustainable Development. Annual report 2017.Islamic Development Bank. ISSN 0466-1319.-Jeddah, KSA:IDB, 2018-108 p.

**Data is due to 31.12.2017**

According to the table below it is seen that project financing and trade financing modes pointed with 82.5% and 17.2% respectively from total investing.

**Chart-3. IsDB’s financial aids to Uzbekistan in spheres breakdown.<sup>1</sup>**



Due to the pie chart it is obvious, that power industry, transport and agriculture spheres are pointed with 36%, 24% and 23% respectively from total investing. Next places are divided between education, health care, finance and water supply spheres with 5%, 5%, 3% and 3% respectively.

**Table-4. Investment cooperation with Uzbekistan for the 2018-2021 years<sup>2</sup>**

Agriculture	300 mln. usd
Development of infrastructure	475 mln. usd
Social development	140 mln. usd
Private sector development	85 mln. usd
Trade financing	300 mln. usd
<b>Total</b>	<b>1.3 bln. usd</b>

<sup>1</sup> Islamic development bank group. IDB in Uzbekistan. Sectoral approvals. Data as per documents submitted by the Representative office of Islamic development bank in the Republic of Uzbekistan. Data is due to 2018.12.31.

<sup>2</sup> Uzbekistan member country partnership strategy. Supporting growth and inclusiveness (2018-2021). Data as per documents submitted by the Representative office of Islamic development bank in the Republic of Uzbekistan.

Table-4 illustrates schemed investment projects of IsDB in Uzbekistan for the years of 2018-2021. This investment projects approved with Country Partnership Strategy (hereinafter- CPS) 2018-2021 for the Republic of Uzbekistan during the official visit of IsDB's president Mr. Bandar Al Hajjar to Uzbekistan in September, 2019. Regarding CPS, investment amounts for agriculture, development of infrastructure and social development spheres pointed with 300 mln. usd, 475 mln. usd and 150 mln. usd respectively. Nevertheless, sectors as private sector development and trade financing pointed with 85 mln. usd and 300 mln. usd respectively. The total investment amounts according to CPS make 1.3 bln. usd.<sup>1</sup> Also, there is planned the membership to International Islamic Trade Finance Corporation (ISTFC).

**Table-5. Relationship between investments of IsDB and socio-economic development of Uzbekistan.**

Year	Investment s IsDB in mln. usd <sup>2</sup>	Employe d labour force in mln. <sup>3</sup>	GDP current in usd bln. <sup>4</sup>	GDP per capita current in USD <sup>5</sup>	Average currency USD/UZS <sup>6</sup>	Life expectanc y at birth in years <sup>7</sup>	Urbanization rate in % <sup>8</sup>
2000	-	8983,00	13.761	558,23	237,76	67,15	46,13
2001	-	9136,00	11.401	456,71	430,00	67,37	46,61
2002	-	9333,00	9.688	383,34	774,00	67,59	47,09
2003	-	9589,00	10.134	396,38	975,00	67,84	47,57
2004	96,45	9911,00	12.03	465,12	1020,00	68,09	48,05
2005	10,29	10196,30	14.308	546,78	1164,00	68,37	48,54
2006	-	10467,00	17.331	654,28	1219,00	68,66	49,02
2007	26,81	10735,40	22.311	830,41	1285,00	68,98	49,51
2008	109,65	11035,40	29.549	1 082,29	1319,47	69,32	49,99
2009	35,37	11328,10	33.689	1 213,27	1465,98	69,67	50,47
2010	178,94	11628,40	39.333	1 377,08	1587,75	70,01	50,96
2011	100,00	11919,10	45.915	1 564,97	1715,04	70,32	51,15
2012	227,41	12223,80	51.822	1 740,47	1889,68	70,60	51,05
2013	436,00	12523,30	57.69	1 907,55	2095,47	70,84	50,95

<sup>1</sup> Islamic development bank group unveils 1.3 bln. USD partnership strategy for the Republic of Uzbekistan. [Electornic recources]. URL: <https://www.isdb.org/announcement/islamic-development-bank-group-unviels-13bn-partnership-strategy-for-the-republic-of-uzbekistan>

<sup>2</sup> Data as per documents submitted by the Representative office of Islamic development bank in the Republic of Uzbekistan.

<sup>3</sup> Key indicators Uzbekistan. URL: <https://data.adb.org/sites/default/files/uzbekistan-key-indicators-2017.xlsx>

<sup>4</sup> The World Bank data. URL: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=UZ>

<sup>5</sup> The World Bank data. URL: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=UZ>

<sup>6</sup> Central Bank of RUZ rates. URL: <http://cbu.uz/uzc/arkhiv-kurov-valyut/>

<sup>7</sup> The World bank data. URL: <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?locations=UZ>

<sup>8</sup> The World Bank data. URI: <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=UZ>

<b>2014</b>	251,47	12818,40	63.067	2 050,45	2311,45	71,04	50,85
<b>2015</b>	57,50	13058,30	66.904	2 137,58	2568,63	71,19	50,75
<b>2016</b>	-	13298,40	67.446	2 117,74	2965,98	71,31	50,65
<b>2017</b>	300,00	13520,30	49. 677	1 533,85	5121,18		50,55

Table-5 illustrates Uzbekistan's socio-development rates (200-2017) and investment amounts from IsDB (2004-2017). It is obvious seen that key economic rates of Uzbekistan, gained growth year by year. For example, GDP per capita in 2000-2017 years has up growing tendency with a little fluctuate between 2015-2017 years. Also, employment rate, GDP current usd, life expectance at birth and urbanization rates are all shows steady growth tendency.

### Summary.

The above given study shows the investment activity of IsDB bank in the Republic of Uzbekistan and to show the linkage of investments in the socio-economic growth rates.

Financial lending to Uzbekistan lead to:

- Development of economy's real sectors (infrastructure, power industry, finance etc)
- Increase of private investment and push to encourage foreign direct investments flow to country
- Increase of foreign trade and positive tendency in external balance.

As conclusion, this study showed the role of IFI in the economy development of countries in context of Uzbekistan and IsDB. Financial aids with low interest rate is beneficial for develop infrastructure of any country in the world. Main features of increasing the flow of international government guaranteed investments is rational allocation of these investment funds.

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## YELLOW JOURNALISM IN INDIA

Dr.Praveen Srivastava<sup>1</sup>, Dr.Nidhi Agarwal<sup>2</sup>, Swati Yadav<sup>3</sup>

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### ABSTRACT

*In India, the right to privacy is not a specific fundamental right but has gained constitutional recognition. Unfortunately the right to privacy is not one of the reasonable restrictions. In India right to privacy has derived itself from- common law of torts and the Constitutional law. In common law, a private action for damages for unlawful invasion of privacy is maintainable. Under the constitutional law, the right to privacy is implicit in the fundamental rights to life and liberty guaranteed by Article 21 of the Constitution. Various case laws in the past are evidences, which prove the infringement of privacy by journalists. In Kaleidoscope (India) (P) Ltd. v. Phoolan Devi, the trial Judge restrained the exhibition of the controversial film Bandit Queen both in India and abroad. The trial court reached a prima facie view that the film infringed the right to privacy of Phoolan Devi, notwithstanding that she had assigned her copyright in her writings to the film producers. This was upheld by the Division Bench. The Court observed that even assuming that Phoolan Devi was a public figure whose private life was exposed to the media; the question was to what extent private matters relating to rape or the alleged murders committed by her could be commercially exploited, and not just as news items or matters of public interest. Thus, justice was rendered by preventing by intrusion of privacy into the life of the one and only Bandit Queen.*

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### Introduction

Journalism is the activity of gathering, assessing, creating, and presenting news and information. It is also the product of these activities. Journalism can be distinguished from other activities and products by certain identifiable characteristics and practices. These elements not only separate journalism from other forms of communication, they are what make it indispensable to democratic societies. History reveals that the more democratic a society, the more news and information it tends to have. The world, and especially the online world, is awash in communication. The vast majority of this communication, however, is not news and especially not journalism. Almost 70 percent of email traffic is spam, according to web security company Symantec. In s2012, there was an average of 175 million tweets each day. But almost all – 99% — consisted of “pointless babble,” according to researchers at Carnegie Mellon University. while journalism occupies a much smaller space than the talk, entertainment, opinion, assertion, advertising and propaganda that dominate the media universe, it is nevertheless perceived as being more valuable than most of the “stuff out there.” That value flows from its purpose, to provide people with verified information they can use to make better decisions, and its practices, the most important of which is a systematic process – a discipline of verification – that journalists use to find not just the facts, but also the “truth about the facts.” “The purpose of journalism,” write Bill Kovach and Tom Rosenstien in *The Elements of Journalism*, “is not defined by technology, or by journalists or the techniques they employ.” Rather, “the principles and purpose of journalism are defined by something more basic: the function news plays in the lives of people.”

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## **Journalism's obligation is to the truth**

Good decision-making depends on people having reliable, accurate facts put in a meaningful context. Journalism does not pursue truth in an absolute or philosophical sense, but in a capacity that is more down to earth. "All truths – even the laws of science – are subject to revision, but we operate by them in the meantime because they are necessary and they work," Kovach and Rosenstien write in the book. Journalism, they continue, thus seeks "a practical and functional form of truth." It is not the truth in the absolute or philosophical or scientific sense but rather a pursuit of "the truths by which we can operate on a day-to-day basis." This "journalistic truth" is a process that begins with the professional discipline of assembling and verifying facts. Then journalists try to convey a fair and reliable account of their meaning, subject to further investigation. Journalists should be as transparent as possible about sources and methods so audiences can make their own assessment of the information. Even in a world of expanding voices, "getting it right" is the foundation upon which everything else is built – context, interpretation, comment, criticism, analysis and debate. The larger truth, over time, emerges from this forum. As citizens encounter an ever-greater flow of data, they have more need – not less – for suppliers of information dedicated to finding and verifying the news and putting it in context.

## **Legal Provision**

The freedom of speech and expression provided to the press is for the press is for it to function fearlessly and effectively for public interest. But freedom without sense of responsibility is dangerous and so the Press must, therefore, stick to certain code of conduct and accepted norms of journalistic ethics and maintain high standards of professional conduct to be to do its duties properly and responsibly. The Press Council of India was first constituted on 4<sup>th</sup> July, 1966 Press Council Act, 1978 is an Act to establish a Press Council for the purpose of preserving the freedom of the press and of maintaining and improving the standards of newspapers and news agencies in India. It extends to the whole of India. The important functions of the Council are: To help newspapers and news agencies to maintain their independence, To build up a code of conduct for newspapers, news agencies and journalists, To keep under review any development likely to restrict supply and dissemination of news of public interest and importance. To concern itself with the developments such as concentration of or other aspects of ownership of newspapers and news agencies which may affect the independence of the press?

## **Citizens, too, have rights and responsibilities when it comes to the news**

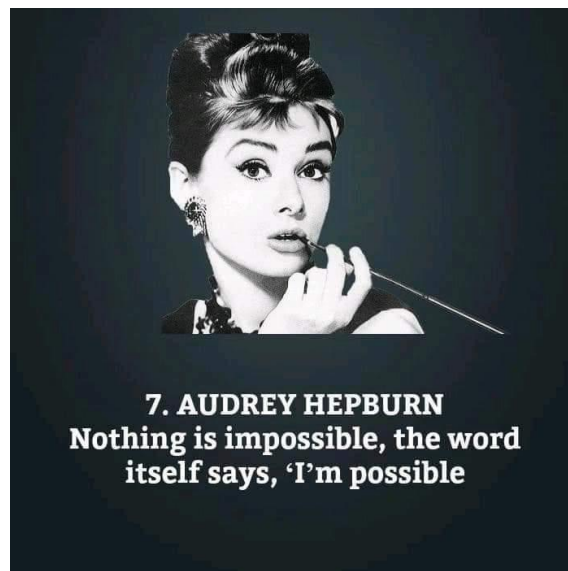
The average person now, more than ever, works like a journalist. Writing a blog entry, commenting on a social media site, sending a tweet, or "liking" a picture or post, likely involves a shorthand version of the journalistic process. One comes across information, decides whether or not it's believable, assesses its strength and weaknesses, determines if it has value to others, decides what to ignore and what to pass on, chooses the best way to share it, and then hits the "send" button. Though this process may take only a few moments, it's essentially what reporters do. Two things, however, separate this journalistic-like process from an end product that is "journalism." The first is motive and intent. The purpose of journalism is to give people the information they need to make better decisions about their lives and society. The second difference is that journalism involves the conscious, systematic application of a discipline of verification to produce a "functional truth," as opposed to something that is merely interesting or informative. Yet while the process is critical, it's the end product – the "story" – by which journalism is ultimately judged. Today, when the world is awash in information and news is available any time everywhere, a new relationship is being formed between the suppliers of journalism and the people who consume it. The new journalist is no longer a



gatekeeper who decides what the public should and should not know. The individual is now his or her own circulation manager and editor. To be relevant, journalists must now verify information the consumer already has or is likely to find and then help them make sense of what it means and how they might use it. Thus, write Kovach and Rosenstiel, "The first task of the new journalist/sense maker is to verify what information is reliable and then order it so people can grasp it efficiently." A part of this new journalistic responsibility is "to provide citizens with the tools they need to extract knowledge for themselves from the differentiated flood or rumor, propaganda, gossip, fact, assertion, and allegation the communications system now produces."

## Conclusion

In recent years several examples of misconduct and bad journalistic practice have been exposed and, arguably, have contributed to a decline in public trust in journalism. Academic understanding of journalistic malpractice and the social control of journalists is surprisingly sparse. The conventional view of news work – based on the findings of one of the earliest newsroom studies - is that journalists tend to conform to the policies of their employing organizations. While the evidence for this is persuasive, the related but perhaps over-generalized conclusion that journalistic deviance is rare appears to have deflected scholarly attention away from the less seemly journalistic practices that are apparently so damaging to public perceptions. More recent research shows that deception in journalism is routine and is in fact a defining characteristic of the occupation, but whether this betrays a tendency to dishonesty of a more general sort is so far unclear. A potentially fruitful way of improving our understanding of journalistic deviance is to examine research on workplace deviance in other occupations. This research shows that rule-breaking is common, helps employees keep control over their work, and is accepted by employers. Given the benefits that breaking rules at work brings, we can expect to find evidence of it in most occupations. In occupations where group loyalty and professional norms, autonomy and discretion are strong, problems and errors are often covered up. Newsroom research has shown that group loyalty is strong among journalists, that they resist regulation and are protective of their autonomy. This suggests that similar attitudes to errors and problems in work found among members of other occupations might be found among journalists



## IMPROVING THE OLD-AGE PENSION SYSTEM OF REPUBLIC OF UZBEKISTAN

Xamdamov Shavkat Komilovich<sup>1</sup>

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### ABSTRACT

*The article reflects the author's opinions and recommendations regarding the significance of the pension scheme, the main directions of reforms of the pension system of the Republic of Uzbekistan, as well as the improvement of the old-age pension scheme. In particular, the article outlines the main directions of the concept of state pension reform for 2019-2030 and the expected results from them.*

**Key words:** *pension, social security, social protection, social benefit's reform, financial provision*

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Social protection of citizens, in particular, the provision of pensions, is also mentioned in the Universal Declaration of Human Rights adopted by the United Nations General Assembly. Article 24 of the Declaration states that "Every person shall have the necessary standard of living for the health and well-being of himself and his family, including clothing, food, medical care and essential social services, and unemployment, sickness, disability, and in cases of old age or other circumstances beyond the means of subsistence."<sup>2</sup>

All the work being performed in the Republic of Uzbekistan in the field of social protection of the population, including the elderly, is aimed at the realization of the right to social security and social protection guaranteed by the Constitution. For example, Article 39 of the Constitution of the Republic of Uzbekistan states that "Everyone shall have the right to social security in old age, in the event of disability and loss of the bread-winner, as well as in some other cases specified by law. The size of pensions, allowances and other types of social assistance may not be less than the officially fixed minimum subsistence wage."<sup>3</sup> According to these documents, ensuring the life of the elderly at the level of minimum social guarantees is a social task of the state, regardless of the level of development of countries.

Great attention is paid to pension provision, which is an important part of the social sphere in the Republic of Uzbekistan, will be shown by means of gradual increase of pensions and social benefits. In the Address of the President of the Republic of Uzbekistan to the Oliy Majlis about the most important priorities of development of Uzbekistan in 2019 was mentioned the following; it is necessary to reconsider the order of appointment and payment of pensions and benefits and to radically reform the pension system for further development of the social sphere.<sup>4</sup>

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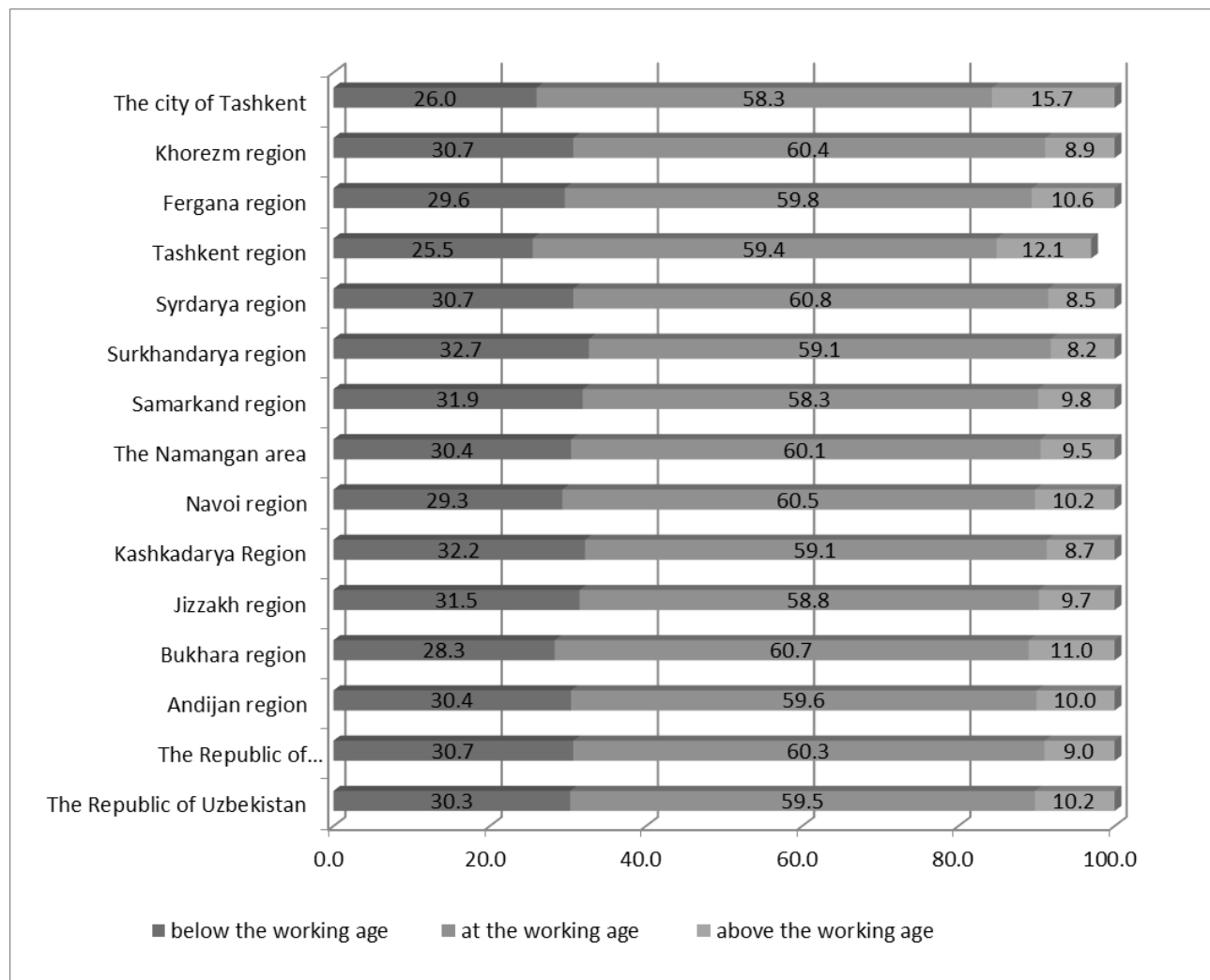
<sup>2</sup> Universal Declaration of Human Rights. Adopted and published at the request of the General Assembly of the United Nations on 10 December 1948 // [www.insonhuquqlari.uz](http://www.insonhuquqlari.uz).

<sup>3</sup> Constitution of the Republic of Uzbekistan (adopted on December 8, 1992). Collection of Laws of the Republic of Uzbekistan, 2014, № 16, Art.

<sup>4</sup> The Address by the President of the Republic of Uzbekistan Shavkat Mirziyoev to the Oliy Majlis T. 28.12.2018 ([www.uza.uz](http://www.uza.uz))

Nowadays countries are pursuing solutions to solve pressing issues such as the provision of pensions for citizens of the country, the formation of the system on the principles of social justice, the financial sustainability of pension funds in connection with the growth of pensioners in the world.

As of January 1, 2019 the population of the Republic of Uzbekistan was 33254100 people, an increase of 597400 or 1.8% compared to the previous year.<sup>1</sup> 30.3% the total permanent population of the Republic of Uzbekistan are those below the working age, 59.5% at the working age and 10.2% above the working age population (Figure 1).



**Figure 1. Distribution of permanent population in the republic of Uzbekistan by major age groups.<sup>2</sup>**

As can be seen from Figure 1, as of January 1, 2019, the percentage of retirement age people is 10.2% of the permanent population.

<sup>1</sup> According to the official website of the State Statistics Committee of the Republic of Uzbekistan [www.stat.uz](http://www.stat.uz)

<sup>2</sup> According to the official website of the State Statistics Committee of the Republic of Uzbekistan [www.stat.uz](http://www.stat.uz)

As of January 1, 2019, citizens receiving pension and social benefits registered with the off-budget Pension Fund under the Ministry of Finance of the Republic of Uzbekistan were 3 485 869 people, of whom 90.7% or 3 163 051 are pensioners (Table 1). The population of the Republic of Uzbekistan as of January 1, 2019 was 33254100, of which 31,63051 are pensioners, which is 9.5% of the total population. Of these, 2 618 503 are citizens who get retirement age pension, which is 7.9% of the total population.

According to the decision of the Cabinet of Ministers of the Republic of Uzbekistan № 107 dated April 7, 2011, it is possible to provide social benefits to persons with disabilities from childhood and HIV infection under the age of eighteen, elderly people who do not have the necessary length of service (Article 8 of the Law of the Republic of Uzbekistan “On State Pension Provision of Citizens” provides that citizens should have at least 7 years of experience in assigning state pensions to citizens) to provide pensions, disabled citizens, to mothers with children with disabilities from childhood.

As of January 1, 2019, the total number of eligible recipients of social benefits were 322,818 and made up 9.3% of the total pensioners and recipients of benefits, or 1.0% of the total population.

**Table 1 : The number of recipients of pensions and social benefits, registered in the off-budget Pension Fund under the Ministry of Finance of the Republic of Uzbekistan, and the average pension and social benefits<sup>1</sup>**

	Category of citizens receiving pensions and social benefits	Pensioners and recipients of social benefits (As of January 1, 2019)		Newly-appointed Pensions and Social benefits for January-December of 2018	Average pension and social benefits As of January 1, 2019
		Number	Percentage in total contingent (%)		
<b>1</b>	<b>Citizens receiving pensions and social benefits - total</b>	<b>3 485 869</b>	<b>100,0</b>	<b>330 466</b>	<b>588 349,88</b>
<b>1.1</b>	<b>Total pensioners</b>	<b>3 163 051</b>	<b>90,7</b>	<b>277 366</b>	<b>612 146,76</b>
-	By retirement age pension	2 618 503	75,1	226 156	627 884,21
-	By disability pension	370 626	10,6	30 450	597 925,29
-	Loss of the breadwinner (family)	173 922	5,0	20 760	404 743,70
<b>1.2</b>	<b>Total citizens receiving social benefits</b>	<b>322 818</b>	<b>9,3</b>	<b>53 100</b>	<b>355 597,99</b>
-	By age (old age)	19 845	0,6	7 170	243 300,00

<sup>1</sup> Compiled by the author based on data from the off-budget Pension Fund under the Ministry of Finance of the Republic of Uzbekistan.

-	By category of citizens with disabilities (without necessary length of service)	22 694	0,7	10 544	243 300,00
-	Loss of the breadwinner (family)	27 858	0,8	4 479	156 974,99
-	For those 16 years old and older	150 233	4,3	10 694	396 500,00
-	By children under age 16 with disabilities	102 188	2,9	20 213	396 500,00

Over the past years in the Republic of Uzbekistan, the burden on social contributions to the economically active population has been increasing. According to demographic estimates, the share of the retirement age population (by 1.2 million people) is expected to increase in 2018-2025, which in turn will result in a proportionate increase in the costs of the Pension Fund. Thus, starting from 2016, there is an increase in the number of applications for pensions in the Republic of Uzbekistan (average annual increase is 16,000) and is expected to increase to 300,000 by 2025. The main increase in applications for retirement age is related to the total retirement age of citizens born during the high birth rate ("Baby-boom" in the 50-60s).<sup>1</sup>

The aging population of the country shows that the population of retirement age tends to grow. According to statistics, by 2025 it will reach 11% of the total population of Uzbekistan.

In recent years a number of measures have been implemented in the state pension system of the Republic of Uzbekistan for its modernization and implementation of generally accepted principles of the pension system. At the same time, there are still some problems with ensuring adequate pensions in the pension sector, which requires additional measures to revise the approaches of the social security system. Measures are being taken to introducing modern incentives for citizens, constant participation in the social insurance system, increasing the level of extra-budgetary pension funds under the Ministry of Finance of the Republic of Uzbekistan, reforming the state pension system for 2019-2030 with specialists from international financial institutions and ministries and agencies. In particular, in order to ensure implementation of the priorities identified in the Strategy of Action for the five priority areas of development of the Republic of Uzbekistan in 2017-2021, the extra-budgetary Pension Fund has carried out the following activities to ensure social justice principles:<sup>2</sup>

- Financial sources, for indexation of pensions and benefits at the level not below inflation have been identified, in particular, pensions and social benefits were increased by 15% in 2017 and 17% in 2018;
- The late payment of pensions and social benefits has been eliminated;

<sup>1</sup> Based on the information at [www.pfru.uz](http://www.pfru.uz)

<sup>2</sup> Based on data from the off-budget Pension Fund under the Ministry of Finance of the Republic of Uzbekistan

- Monitoring of the proper assignment and calculation of pensions and social benefits have been improved, and in accordance with Presidential decrees, the amount of arrears on certain overpaid pensions for social benefits of citizens was abolished;
- Since January 1, 2019, government resolutions and decrees have been adopted to provide full pension of all working pensioners;
- Starting from January 1, 2019, the average salary to calculate the pension will be increased from 8 to 10 times the minimum wage as of the date of the pension appointment.

On May 21, 2019 the President of the Republic of Uzbekistan adopted a resolution "On improving the procedure for determining the amount of labor compensation, pensions and other payments". According to it, starting from September 1, 2019, the minimum wage was replaced by:

- The minimum wage in the amount of 634 880 soums;
- Basic calculation amount in the amount of 223 000 soum;
- It is planned to introduce the basic amount of pension calculation in the amount of 223 000 soums.

According to the decree, the basic size of the pension is used to cover pensions, social benefits, surcharges and compensations in the field of pension provision, as well as compensation for the damage caused by labor injury, occupational disease or other damage to their health.

At the same time, it should be noted that in our country there are some problems that are still waiting for the solution of the pension provision:

1. As of January 1, 2019, 14.4 million people of the Republic of Uzbekistan are economically active population, of whom 4.8 million are paying insurance payments, 33.3% of the economically active population. According to the requirements of the International Labor Organization, the ratio of payers to pensioners for sustainable development of the pension system should be 4: 1. However, today this indicator in Uzbekistan is 1.5: 1. This is the result of the lack of payment and retirement benefits due to the fact that migrant workers and people in the informal sector of the economy can be paid on a preferential basis.

2. The relationship between the size of pensions and employee contributions has also been weakened, the burden of retirement payment has increased, and in the near future imbalances in the income and expenses of the Pension Fund are expected to negatively affect pension and other social benefits.

3. Demographic changes in recent years also have an impact on the pension system. Forecasting indicators of demographic changes show that the number of citizens reaching retirement age is increasing year by year. By 2022, the number of pensioners is expected to grow by 11.2% compared to January 1, 2019, and by 2035 it is expected to increase by 1.5 times. By 2022, the number of retired citizens will reach 3.3 million and by 2035 to 7.2 million. By 2022, the average provision duration with pension for women is projected to be 25 years, and by 2035 - 27 years. For men, this figure is projected to be 18 years by 2022 and 22 years by 2035.

4. Significant part of the Pension Fund will be spent on financing of preferential pensions. The share of pensions granted on preferential terms makes up 19.5% of the total number of pensions, of which the age pensions make 23.7%.

In order to address the aforementioned issues, a number of activities are currently underway in the country in cooperation with the Pension Fund under the Ministry of Finance of the Republic of Uzbekistan, higher education institutions, international organizations and others to develop the concept of reforming the state pension system for 2019-2030. The Concept will improve the legal framework for pension provision, develop an optimal pension formula, ensure a close link between seniority and pensions, promote social justice in pension provision, and introduce mechanisms to encourage citizens' participation in the pension insurance system.

It is well-known that in Uzbekistan, the right to retirement age is granted to men at the age of 60 and at least 25 years of work experience, and of women at the age of 55 and at least 20 years of work experience. In Central Asia, for example, in Kazakhstan, Kyrgyzstan and Tajikistan, the retirement age is 63 years for men and 58 years for women. In Kazakhstan, the retirement age for women is 63 years, with the gradual increase of the retirement age by 6 months each year. In Turkmenistan, the retirement age is 62 years for men and 57 years for women. It is worth noting that in order to ensure the sustainability of the pension system, many countries are taking measures to equalize the retirement age for women and men, or to increase their retirement age. In Uzbekistan, the six-year option is to increase men's retirement age by 63 years by 2025, and women's retirement age by 58 years, but since the project is not approved, discussions are underway to revise the age of citizens and their work experience (Table 2).

**Table 2 : Proposals to revise the age requirements of citizens and their length of service<sup>1</sup>**

<b>For men</b>	<b>59 years old</b>	<b>60 years old</b>	<b>61 years old</b>	<b>62 years old</b>	<b>63 years old</b>	<b>64 years old</b>	<b>65 years old</b>
<b>Required length of service</b>	30 years	25 years	23 years	20 years	15 years	10 years	without work experience
<b>For women</b>	<b>54 years old</b>	<b>55 years old</b>	<b>56 years old</b>	<b>57 years old</b>	<b>58 years old</b>	<b>59 years old</b>	<b>60 years old</b>
<b>Required length of service</b>	25 years	20 years	17 years	14 years	12 years	10 years	without work experience

In recent years, in order to stimulate certain categories of citizens in our country, it is possible to purchase one year of work experience. In particular, individuals engaged in entrepreneurial activities in the amount of base calculation per month, 0.5 basic calculation per month for hired individual entrepreneurs, 4.5 basic calculation per year for hired citizens which work abroad, for members of farming 1 base calculation per year, 2.5 base calculations for crafts, and 1 base count per year for breeders of cattle and silk products in private farm. The opportunity has been established and set for the current year, which does not involve

<sup>1</sup> Based on data from the off-budget Pension Fund under the Ministry of Finance of the Republic of Uzbekistan

the purchase of years of service for past or future. In the future, the opportunity for all citizens to purchase up to 5 years of work experience will be created based on the concept of public pension system reform in 2019-2030. We hope that the following will have a positive effect on the pension provision of citizens:

1. First, the system of pension provision of citizens in the Republic of Uzbekistan consists of the state pension provision and accumulative pension provision. It is well known that in the world, the system of pension provision consists of state pensions, accumulative pension and non-state pension. It is expedient to develop pension savings and non-state pensions, as well as to develop a system of mixed pension provision in the country.
2. Secondly, it is necessary to ensure that citizens have access to information about the pension system of the country, in particular, the importance of pensions, the basics of pensions and connection between social benefits and social insurance payments, the existing mechanisms for calculating pensions, and pension legislation. At the same time, it is advisable to use social media advertising, various quizzes and contests among young people aimed to improve knowledge of citizens about the pension system.
3. Thirdly, it is necessary to regulate the existing legal acts on pension provision. As we know, over the past decade, a number of regulatory documents on pension provision have been adopted, and these regulations should be united and regulated in their essence. In particular, it is expedient to adopt a Social Security code which consists of all necessary acts.
4. Fourthly, it is necessary to develop full-fledged employment programs, and to promote the development of economic sectors and economic growth in the country along with the promotion of formal employment and incentive mechanisms.
5. Fifth, it is desirable to make optimal calculations of the minimum living standards, considering the age of the citizens, and to establish the pension for citizens at the level not less than these norms.
6. Sixth, to provide active implementation of modern information and communication technologies in the sphere of pension provision and to introduce the mechanisms of digital economy in it.

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# ACTUAL PROBLEMS OF ACCOUNTING OF ENTERPRISE MODERNIZATION PROCESSES

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## ABSTRACT

*This article explores the current problems of accounting of modernization processes occurring in the subjects of various industries and sectors of the economy of our republic, and also substantiates ways to solve them.*

**Keywords:** *modernization, modernization processes, directions of modernization, sources of financing of modernization, investment, accounting, reporting*

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## Introduction

In accordance with the adopted Strategy of Action and state programs approved in the republic, large-scale modernization of all sectors and spheres of economy is underway. Naturally, modernization cannot be accomplished without proper investment. After all, the President of the Republic Sh. In his address to the Parliament on his key priorities for 2019, Mirziyoev described investment as "the driver of the economy, in the words, the heart of the economy", regarding the implementation of the 2018 "Year of active entrepreneurship, innovative ideas and technologies support". in the state program to make 2019 the Year of Active Investment and Social Development.

Wide-scale modernization processes, large investments in the republic are directed, first of all, to increase, renewal, modernization and further increase of the fixed assets (capital) that constitute the economic potential of enterprises. This also applies directly to the agricultural sector, which plays an important role in the economy of our country. The subjects of this sector differ from other sectors of the economy by the type and composition of their fixed assets (capital). In particular, the presence of special biological assets in the fixed assets (capital) of agricultural sector entities, as well as their importance and importance in the structure of fixed assets (capital) of the sector, is a clear evidence of this.

It is worth noting that despite the presence of biological assets in space and time, and large capital investments, the concepts of "biological assets" and "investment in biological assets" are still not widely used in our national accounting system. These types of assets are reflected in our accounting and reporting systems as a type of fixed and current assets, and the capital investments made in them are a type of total capital investment. In the doctrine and practice of international accounting the term "biological assets" is widely used. In particular, the main objective of the International Financial Reporting Standard No. 41, "Agriculture," is to disclose, recognize, evaluate, measure and record the contents of biological assets as accounting and reporting facilities.

So what are biological assets? What are their assets? What are the characteristics of biological assets? How are they recognized, evaluated, measured? How should biological assets and capital investments be accounted for? How and in what order are biological assets recorded in our republic? What are the

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differences between our national accounting and reporting systems for international accounting and reporting, and how can we overcome them?

### **Theoretical background**

The term 'biological assets' refers to the fact that an entity has the means or the type of property that should be known as an object of accounting, an element of financial reporting, as the name implies. Biological assets as assets or assets fully comply with the requirements of the Republic's "Conceptual Framework for the Preparation and Presentation of Financial Statements" element of the financial statements called "Assets". property that arises and brings economic benefit to the user as a result of the sale. In addition to other assets, they are additionally biological. Biological features include birth, birth, reproduction, growth, growth, growth, depletion, death (death) and many other characteristics. Consequently, biological assets are assets of economic entities with certain biological characteristics.

Biological assets have different definitions and descriptions in various sources as accounting and reporting facilities. Specifically, biological assets are described as "biological assets - living animals or plants" in IFRS 41 Agriculture.

A similar definition is given in some national standards. For example, the Russian Charter of Accounting for Biological Assets and Agricultural Products describes biological assets as follows: "biological assets are animals and plants in a biotransformation state."

More detailed definition of biological assets in the Ukrainian accounting standard 30 (BHS): "Biological assets are the ability to transfer agricultural produce and / or additional biological assets during biological processes, which can bring economic benefits in other ways. animals or plants ».

More specific definition of biological assets is described in paragraph 6 of the Accounting Standards of Agricultural Enterprises of the Republic of Moldova: animals and plants undergoing quantitative and qualitative changes ”.

Professor V.F.Pali describes the biological assets as: "biological assets are plants and animals used for agricultural activities, that is, for the purpose of obtaining and selling agricultural produce now and in the future."

The following conclusions can be drawn from the above definitions and descriptions.

First, biological assets are a type of property owned by agricultural entities, as well as other entities engaged in these activities.

Secondly, biological assets are the assets that produce additional biological assets as a result of their maintenance, as well as the provision of agricultural products that can be directly consumed and processed. For example, a cow calves and gives milk. Born calf is a new biological asset, cow milk is an agricultural product derived from a biological asset. Meat and skin derived from the slaughter of cows and calves are also biological products. Agricultural products, derived from biological assets, allow the production of new products as a result of their processing. For example, milk obtained from bioactive cows produces a variety of dairy products, such as cream, sour cream, cheese, kefir, and succulents. Such benefits resulting from processing are called finished products. The same features apply to perennial and annual fruit and fruit trees.

Consequently, biological assets are livelihoods that provide live agricultural products that allow them to create new finished products.

The above features require the reflection of accounting and reporting of biological assets, as well as agricultural products and their finished products.

In our national accounting system, assets called "biological assets" are not specifically reflected in this particular accounting and financial statements of that name. However, this does not mean that there are no biological assets in our country. They are, of course, available to us. Consequently, they are more numerous in our country than in other countries.

The procedures for the recognition, evaluation, measurement, and accounting of animals and plants recognized as "biological assets" in the country are set forth in various regulatory and legal documents (see Table 1).

**Table 1 : Normative-legal acts aimed at regulation of accounting of biological assets in the Republic of Uzbekistan**

<b>№</b>	<b>Regulatory document</b>	<b>What aspects of biological assets are identified?</b>
1	"Conceptual Framework for Preparation and Submission of Financial Statements"	The definition of the assets of the enterprises, the principles of their recognition, evaluation, measurement and accounting apply to both animals and perennials that are recognized as biological assets.
2	IAS 1 Accounting Policy and Financial Reporting (Registered by the Central Bank on August 14, 1998 No. 474)	The definition of enterprise assets, procedures for the recognition, evaluation, measurement and accounting of enterprise assets are established, which also relate to fields and perennials that are recognized as biological assets.
3	No 4 IPS "Inventories" (reg. No. 1595 of 17.07.2006)	Definitions, procedures for recognizing, evaluating, measuring and recording inventories of enterprises are established, which relate directly to agricultural products derived from biological assets and the finished products obtained from their processing.
4		Definitions, procedures for the recognition, evaluation, measurement and accounting of fixed assets of the enterprises, which are directly related to biological assets, include "Working and Productive Animals" and "Perennial Plants."
5	No. 5 BCC "FixedAssets"	Procedures for the accounting of operations on the lease of the enterprise's property, including the relations of the lease of labor and productive animals and perennial plants, which are directly biological assets, are established.
6		There is a procedure for inventory of all types of property of enterprises, including inventory of "Working and productive animals" and "Perennial plants", which are directly

		biological assets.
7	No. 6 BCC "Rent Account" (Registered by the Central Bank on April 24, 2009 No. 1946)	List of special accounts for the systematic accounting of assets, liabilities, equity, income, expenses, profits and losses of enterprises and the procedure for maintaining them, specifying 0170 "Working and Productive Animals" for direct biological assets, 0180 There are special counters 0840 "Establishment of the main herd", 1110 "Breeding animals", 1120 "Cattle animals" and rules for their maintenance

Of course, the requirements and objectives to bring our national accounting system in line with international standards make it an objective necessity to adopt a holistic standard for biological assets. Therefore, in our opinion, it is advisable to adopt a set of biological standards in our national standards, as a whole, in the status of the National Standard.

### Analyses

The role of the agrarian sector in the economic development of the Republic, the modernization of this sector, the high demand for foreign investment, the presence of interested foreign investors, the mutual economic benefit of these investments for us and foreign investors, as well as many other factors can be addressed. indicates its expediency.

In our opinion, it is desirable for us to define the following definition of biological assets and capital investments in biological assets:

- Biological assets are workers and productive animals and perennial plants that have their own biological characteristics that are managed by the enterprises to obtain economic benefits through the acquisition, exchange, lease of new biological assets and agricultural products. ”
- Capital investments in biological assets - a set of funds directed at the creation of the main herd of enterprises, procurement of working and productive animals and perennial plants, through various sources of funding for improving and improving the quality of the offspring.

This proposed definition, in our opinion, sufficiently reflects the essence and significance of biological assets and capital investments as assets, assets, and, in short, economic resources, as their accounting facilities and financial reporting elements. Working and productive animals, young animals in breeding and breeding, as well as perennial plants, which are biological assets, are currently owned by many farms and dekhkan farms, family businesses, joint stock companies, limited liability companies and other organizational and legal entities. Their numbers and numbers are growing.

In our opinion, the National Standards on Biological Assets should specify the specific groups and the composition of these groups, taking into account their species present in the country. In our view, the composition of biological assets in IFRS 41 "Agriculture" is incomplete. The composition of the biological assets presented in the standard does not fully reveal the species of biosphere in all regions of our planet, including our country. For this reason, we believe it is advisable to define biological assets and agricultural products and ready-to-use products in the national standard based on IFRS 41 "Agriculture" (Table 2).

**Table 2 : Biological assets, agricultural products products and these agricultural products finished products from processing**

<b>№</b>	<b>Biological</b>	<b>Agriculturalproducts (yield)</b>	<b>Ready product from agricultural processing</b>
<b>1. In the field of animal husbandry</b>			
1	Cattle	Meat, milk, wool, hair, fur, leather	Canned goods, geese, sausages, milk, sour cream, sausage, cheese, yarn, carpet, coat, carp, dumplings
2	Sheep		
3	Goat		
4	Horse		
5	Camel		
6	Pig	Pork, skin	Canned, sausage
6	Poultry	Meat, Eggs, Pat, Pori	Canned, sausage, egg powder, pillow
7	Fish	Fishmeat, salmon	Canned, fishoil
8	Cocoonworm	Cocoon	Silk, silk, satin
9	Rabbit	Meat, leather	Cans, pancakes, collar
10	Bees	honey	Honeysyrup
<b>2. In the field of plant growing</b>			
1	Fruittrees	Apple, quince, cherry, apricot, fig, pear, lemon, mulberry, walnut, pomegranate, pistachio, almond, walnut and more	Juice, jam, jam, pavidlo
2	Vineyards	Grapes, raisins	Juice, jam, jam, pavidlo
3	Forests	Cut birch, juniper, walnut, poplar shrubs	Clamp, flooring, rack, plywood
4	Perennialplantationsandplants	Flowers, leaves, grass, grass, medicinal herbs	Dried tea, herbs and herbs

In our opinion, it is advisable to make the following changes to current account tools to bring our national accounting system in line with international standards.

First of all, it is necessary to include in the balance sheet the items "Long-term biological assets" and "short-term biological assets", which are especially relevant in the structure of long and current assets. Accordingly, the "Long-term Biological Assets" includes a comprehensive procedure for incorporating

livestock and perennial plants that bring economic benefits for more than one year, and for short-term biological assets that bring economic benefits for more than one year. should be specified.

Second, we also need to revise the composition of biological assets and capital investments in IAS 21, "Accounting and Reporting Plan for the Financial and Economic Activities of Entities". In particular, in our opinion, it is advisable to make changes to the system of accounting for biological assets and capital investments (see Table 3).

**Table 3 : System of accounting for accounting of biological assets and capital investments**

№	According to the current No. 21 ISMS		Recommendation	
1	0170	Workingandproductiveanimals	0171	Workinganimals
			0172	Productiveanimals
			0173	Livestockherds
2	0180	Perennials	0181	PerennialGardens
			0182	Perennial gardens acquired under a finance lease agreement
3	0800	Accounts receivable for capital investments	0800	Capital investments in long-term assets
4	0840	Organizationofthemainherd	0840	Capital investments in the main herd
			0841	Capital investments in perennial gardens
			0842	Procurementofworkinganimals
			0843	Procurementofproductiveanimals
			0844	The transfer of young cows on the herd for long-term care
			0845	Purchaseperennialgardens
5	1100	Accounting for breeding and breeding animals	1100	Growing (feeding)
5.1	1110	Breedinganimals	1110	
5.2	1120	Feralanimals	1120	
5.3	-	-	1130	Younganimalsinbreeding

We believe that each of the accounts recommended for accounting for biological assets and capital investments will provide both quantitative and quantitative representation of assets currently available to agricultural and other entities and their investments. For example, at present many young intensive gardens

at the disposal of many enterprises and their capital investments are included in the total incomplete capital investments (0800 schemas).

## Results

In practice, the acquisition of perennial gardens on a financial lease agreement is also developing. These important processes should also be reflected in the accounts and reports separately from the relevant accounts and articles.

In our opinion, the above suggestions and recommendations will further improve the accounting of biological assets and capital investments in the country, as well as bring our national accounting and reporting system into line with international standards.

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## WOMEN EMPOWERMENT THROUGH SELF HELP GROUPS

Dr.R.Lilambeswara Singh<sup>1</sup>

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### ABSTRACT

*This paper depicts about an evaluation of Women's Self Help Groups. The widening social consciousness across the globe has brought a number of issues to the fore among which gender equality and empowerment of women are very significant.*

*Favouritism against women in the structure of male – female differentiation encompasses the core of the gender – based system. The education is the biggest beneficial force and in the rise in the levels of education which encourages progressive outlook and the advent of industrialisation and modernisation has affected a sea change in the attitudes and thinking pattern of the people. The empowerment is not fundamentally political alone in fact, political empowerment will not flourish in the absence of economic empowerment. The programme of micro financing through Self Help Groups (SHGs) has transferred the real economic power in the hands of women and has greatly reduced their dependence on men. This has aided in empowerment of women and building self confidence, but lack of education frequently comes in the way and many a times they had to seek help from their husbands for day-to-day work like bank accounts and so many. The distance education assigns an opportunity to these women to improve their skills. The extended level of learning will help them to learn skill and vocations and play an effective role in the management of SHGs.*

**Key words:** *Self Help Groups, Social Capital, Community Development, Women Empowerment.*

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### INTRODUCTION:

In recent years, the group model has become one of the most extensively adopted way for alleviating rural poverty in India and many other developing countries. Groups are used as a conduit for both individual and society development through people's self – endeavor and self – reliance. Micro credit groups and Self Help Groups are illustrations of the group based models for society and women's progress. Groups have been found predominantly pertinent for poor women in the rural areas where they are created and cherish to empower them both economically and socially. Women in India are fatality of a multiple socio – economic and cultural factors. They are a primary part of each economy. All encompassing growth and harmonious development of a nation would be achievable only when women are considered as equal partners in advancement with men. Liberation of women is a requirement for nation's economic expansion and social growth. Poverty is the core impediment for the growth of the women. The responsibility of women and the necessity to empower them are vital to human advancement programs including poverty mitigation. In spite of diverse plans relating to poverty mitigation has been in progress, it was observed that woman in rural

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areas, particularly from the poor families may possibly be benefited. Rapid development in SHG development has now turned into an empowerment movement among women across the country. Economic empowerment effects in women's capability to influence or make decision, amplified self confidence, enhanced status and role in household and so on. The formation of SHGs is not eventually a micro credit project but an empowerment process. The empowerment of women through SHGs would offer assistance not only to the individual women but also for the family and community as a complete through communal action for growth.

This paper enlightens women empowerment through

- Self Help Groups
- Gender Bias
- Micro Finance

### **STRATEGY OF WOMEN EMPOWERMENT:**

In scrutiny of low literacy rate of women and the massive assignment of educating rural women an appropriate strategy will have to be designed. The key responsibility is to spot the areas where these groups in actuality, are facing troubles because only at this stage, the method of problem solving adult learning will attract these rural poor to advance their working and income. The triumph of any strategy of women empowerment depends upon the following features like intensity of education, communal custom, family planning, health, cleanliness, and surroundings.

A variety of case studies illustrate that there is a positive correlation between credit accessibility and empowerment of women. At first glance, Distance education emerges by itself as 'women friendly' form of attaining education and proper qualifications. There are two uniqueness which are normally seen to render this mode of learning particularly suitable for women, by making distance education attuned with other sphere of life, there is no attendance needed, second, at the same time, and there is a high level of flexibility in learning programs and time management. These features have three diverse and undoubted merits for the distant student. Since, the distance education curriculum is planned for independent study if can fine fit with family obligations and living at home. Learning material is sent to the women at their home and the SHGs may offer them the needed training wherever they desire. Rural women can learn at their own speed on the basis of time available to them. Technology aids them round the clock admittance on student support services. In rural India where women are not exposed to regular education, distance education is the only alternative for learning. The members of SHGs are generally illiterate and do not possess any formal education. In a study it was accounted that the members of the Groups were not fully literate and were not capable to read and write. Many are now talented to affix their signatures possibly an outcome of the Government sponsored literacy programme and the obligation to affix signature on several circumstances as members of SHGs. The handicap of literacy would be a stumbling block for attaining many desired results. For instance, they will be incapable to follow the accounts maintained by the group and therefore stay behind ignorant about the amount pooled individually and in the group, and would be unable to write an application to represent their case. Hence it is vital to offer them education through especially designed modules through distance education that are directly helpful as a member of SHG. At this phase they do not require school or university certificate, Diploma or degrees. They need enhancement in their professional abilities and solving their day-to-day troubles in the functioning and performing of SHGs. They should be clarified about the benefit of group based strategies in poverty mitigation like significance of savings and opening bank account, selling of products, timely reimbursement and replicate loaning. It is essential to put

in plain words that she is not alone and that such hindrances are being faced universally. Only by Self Help they may struggle against their hardship and progress upon the destiny of their family and children.

All these problems, opportunities and chances can be elucidated that women through short duration training section distributed at their doorstep or work place. At the initial stage we may face convinced problems and confrontation from the participants if we demand some extra time and money. It is therefore recommended that the benefits should be associated with the distance education units and subsidies should be in the form of distance education and not cash. There are cases where cash subsidies were taken away vigorously by male, members in the family for liquor consumption and gambling and made no noteworthy impact in the society. But education is such a sort of financial assistance that cannot be deprived by male members in the family. Secondly, educated mother will further teach her children and thus will help in reducing the blight of illiteracy and poverty from the society.

### **EMPOWERMENT OF WOMEN THROUGH EDUCATION:**

It is also pragmatic that open education at present is essentially catering to the needs of elites in the urban areas and it has to make inroads in rural areas where India lives. In rural areas women are entirely dependent on men, as they do not have economic supremacy to spend. The chronological relationships with their husbands can be seen as influenced by historical factors that outline the social arrangements of how they are subordinated. It has been noticed that women do experience a double day, as they return to study shared with their domestic roles. The policy planners must consider incorporating the economic benefits with education. Thus the SHGs should in reality also be transformed into Self Help Study Groups that will give them not only better income but also superior esteem and self confidence to do something meaningful for the society as a whole. They should comprehend that they are not the secluded unproductive but vital wheel for the smooth running of the society.

### **I.SELF HELP GROUPS:**

The model of SHG is based on the following principles:

- Self help enhancement with mutual help can be a commanding vehicle for the poor in their socioeconomic development.
- Participative financial services management is more approachable and efficient.
- Poor can accumulate and are bankable and SHGs as clients, results in wider outreach, lower operational cost and much lower risk costs for the banks.
- Construction of a common fund by contributing small savings on a normal basis.
- Flexible independent system of working.
- Loaning is done primarily on belief with a exposed documentation and without any security.
- Amounts financed are small, frequent and for short duration.
- Failure to pay are rare generally due to group pressure; and
- Intermittent meetings.

### **II.GENDER BIAS:**

The socially strong-minded ideas and practices which define what roles and activities are deemed suitable for women and men. Even as the gender division of labour is inclined to be seen as ordinary and immutable, in fact, these ideas and practices are communally constructed. This results in context-specific models of who does what by gender and how this is valued. Gender divisions of labour are not necessarily

strictly defined in terms of men's and women's roles, as is sometimes assumed. They are characterised by collaboration in joint activities, as well as by separation. Often, the conventional standard regarding gender divisions changes from the actual practice. However, roles typically selected as female are almost invariably less respected than those designated as male. Women are generally predictable to fulfill the reproductive responsibility of bearing and raising children, compassionate for the other family members, and household administration tasks, as well as home based production. Men tend to be more connected with prolific roles, particularly paid work, and market production. In the labour market, although women's overall contribution rates are rising, they tend to be restricted to a relatively contracted range of occupations or intense in lower grades than men, usually earning less.

Anciently, women's creative functions have been ignored or under-valued, mainly in the familiar sector and subsistence agriculture. This has led to misconceived expansion projects; for example the services of additional agents and agricultural inputs being targeted at men. Because women's labour is underestimated, it is often unspecified by mainstream development strategy to be infinitely elastic. For example, policy makers anticipate that women can take on roles formerly fulfilled by public services, such as care for the sick and elderly, when curtails are made. The formal credentials and recognition of women's roles and the related time load is essential for gender-sensitive growth interventions. Recently, international organisations have begun to determine all forms of economic movement by gender. International definitions of economic movement have also been enlarging to include survival farming, food processing and home working 'in expectation of profit'. Time budget reviews are also being applied in some places to determine women's input into reproductive work.

Gender and growth policies and programmes can challenge and change women have socially set roles, in hunt of gender equity. For example, women have been successfully qualified and employed as water technicians or builders in societies where these were job previously a male domain. However, programmes intended to increase women's contribution in fields beyond the household must ensure that they are appropriately paid. They should also be escorted by deliberation of how men, or public provision, can shrink women's responsibilities in the home.

### **III.MICRO FINANCING:**

Studies have shown that many essentials contribute to make it more complicated for women empowerment through micro businesses. These essentials are:

- Lack of awareness of the market and potential profitability, thus making the alternative of business difficult.
- Unsatisfactory book keeping.
- Employment of too many relations which increases social stress to allocate benefits.
- Locale prices randomly.
- Scarcity of funds.
- Huge interest rates.
- Inventory and inflation accounting is on no account calculated.
- Credit policies that can slowly damage their business.

For micro finance programme to be cost effectual in obtaining about the empowerment of women, it would necessitate

- Giving business training,

- Contribute in women's general education and literacy,
- Providing direction in balancing family and work responsibilities,
- Providing a discussion for dialogue on social and political issues, such as, women's rights and society problems,
- Giving women skill in decision making,
- Endorsing women's ownership, control and participatory supremacy in their micro finance programmes.

Micro finance programmes, thus, has been very flourishing in attaining women. This gives micro finance organisation an extra ordinary chance to act deliberately to empower poor women and to curtail the potentially negative impacts which was experienced by few women.

### **CONCLUSION:**

It is apparent that gender approaches in micro finance need to look away from just increasing women's access to savings and credit and organising Self Help Groups to appear strategically at how programmes can actively endorse gender equality and women's empowerment. Moreover the focal point should be on mounting a diversified micro finance sector where different type of organisations, NGOs and formal sector banks all ought to have gender policies tailored to the needs of their particular target groups institutional roles and capabilities and collaborate and work together to make a major contribution to gender equality and pro-poor development.

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## IMPROVEMENT OF FINANCIAL STATEMENTS FOR FINANCIAL ASSETS IN THE REPUBLIC OF UZBEKISTAN

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### ABSTRACT

Today, Uzbekistan conducts economic reforms, introduces market mechanisms and tools to the economy. International Financial Reporting Standards (IFRS) are being implemented in the field of accounting. The draft resolution of the President of the Republic of Uzbekistan was submitted for consideration. Therefore, the recognition and implementation of IFRS is very important. The article highlights the disclosure of financial asset information in the financial statements in accordance with IFRS, and compliance with national accounting standards. Financial assets are the main component of financial instruments. The concept of financial assets is not included in the current balance sheet. The methodology for their recognition, evaluation and reflection in financial statements is not developed. The article proposes to include financial assets in the balance sheet in accordance with the requirements of IFRS. It is proposed that the statement of financial results be presented in the statement of profit or loss and other comprehensive income and should include the results related to the use of financial assets. These recommendations will improve the quality of financial asset reporting in our country.

**Key words:** Financial assets, financial statements, statement of financial position, profit and loss and other comprehensive income statement, national financial reporting standards, international financial reporting standards

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### I. Introduction

Deepening globalization and integration processes around the world have led to increased requirements for the transition to and adherence to generally accepted international norms and standards.

Special attention is paid to the unification of financial reporting in the context of economic integration in the world, harmonization of national accounting standards with international standards to improve the investment climate in developing countries, improving the methodology for classifying, recognizing, evaluating and reporting financial reporting elements. To date, not all IFRS have been fully implemented, and the application of IFRS involves the peculiarities of each country.

In our country, extensive work has been carried out to achieve compliance with IFRS and consolidate its legal and regulatory framework. On December 13, 2019, the Presidential Decree "On Additional Measures for Transition to International Financial Reporting Standards" was discussed. In accordance with this resolution, all joint stock companies, banks, insurance companies, business entities with a state share in the authorized capital and legal entities included into the category of large taxpayers will begin to compile financial statements in accordance with international standards.

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### The purpose of introduction of IFRS in Uzbekistan:

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achieving the highest quality and objective, timely and timely information by applying internationally recognized rules and principles that have proven, well thought out and anticipated effects in the preparation and submission of financial statements;

- To create an effective management mechanism by improving the content and reporting content of the reports to the needs of information users, improving the quality of management decisions;
- Creation of favorable investment climate for access to international stock exchanges, currency exchanges, capital markets and other world markets, attraction of foreign investments into the country;
- Expansion of export and import operations, creation of conditions, opportunities and reserves for development of companies;
- Reducing costs and increasing the competitiveness and economic efficiency of the company.

To date, Uzbekistan has established a system of national accounting standards [2]. However, they must be aligned with the requirements of the IFRS. Some important standards, such as IAS 12 Income Taxes, IAS 33 Profit per share, IAS 36 Impairment of Assets, IAS 32 Financial Instruments: Presentation Instruments: Disclosures No national standards have been developed. As the topic of the study focuses on financial assets, the current state of accounting for financial instruments in Uzbekistan and the issue of reflecting financial assets in the financial statements is crucial to the transition to IFRS. This, in turn, requires research on the state of IFRS implementation, their intensification and the resolution of existing problems.

## II. Literature analysis

S.A. Isakova Assessment of Financial Assets under IFRS and Application of National Standards [3]; KPMG's guidance [4] provides a procedure for reflecting financial assets at fair value and not classified at fair value, as well as comparative analysis of IFRS and Russian Accounting Statements, and the results are in book done; PwC [6] also carried out an analysis of compliance and differences between IFRS on financial instruments and Russian regulations; On the vashkaznachey.ru site [7] in the classification, evaluation and reporting of investments in accordance with IFRS; The IAS site [8] reveals key differences in accounting for financial instruments in accordance with Russian standards and IFRS; D. Weinstein [9] illustrates the recognition and evaluation of financial instruments in accordance with international standards in the case of Russian practice; S.N. Grushkina [10] conducted a comparative analysis of accounting procedures for financial instruments in accordance with IFRS and Russian standards; T.Yu.Rujilovskaya analyzed the IFRS on financial instruments in their work and studied the application of them in the Russian economy. Initial and ongoing assessments and calculations are carried out, and the theoretical and methodological issues of financial reporting are studied in a research paper by R.Dusmuratov and U. Tulaev [13]. S.N. Tashnazarov [14] in his work, has developed financial reporting formats that meet the requirements of the IFRS and has proposed proposals for the reflection of financial assets. In the case of SH.U. Haydarov [15], the key areas of accounting reform in Uzbekistan include measures to ensure active participation in trends in harmonization of international standards. However, these issues have not been sufficiently explored in the Uzbek economy to reflect financial assets in the national financial

reporting system. National Accounting Standards of the Republic of Uzbekistan have not been compared with the provisions of IFRS, their main differences have not been revealed, and insufficient proposals have been developed to apply the provisions of international standards. In particular, KPMG and other international auditing organizations have not published a book on comparative analysis of IFRS and NAS in Uzbekistan, and there are no sites that publish results of comparative analysis with NAS of Uzbekistan.

#### IV. Methods.

The study used the method of comparing the rules with the National Accounting Standards of the Republic of Uzbekistan with IFRS, logical analysis, analysis and synthesis.

A complete set of "Financial statements is presented" in accordance with paragraph 10 of the International Accounting Standards (IAS) [16]. Compare the contents of the key components of our financial statements in our national standards with those of the IAS (Table 1):

**Table 1 : Components of financial statements**

<b>According to the National Accounting Standards of the Republic of Uzbekistan</b>	<b>By International Financial Reporting Standards</b>
12.1. BalanceSheet - Form 1	1. Statementoffinancialposition
12.2. Statement of Financial Results - Form 2	2. Statement of profit or loss and other comprehensive income
	3. StatementofCashFlows
12.4. Statement of Cash Flows - Figure 4	4. Statement of changes in equity
12.5. EquityReport - Form 5	5. Notes, Summary of Accounting Policies and Other Explanations (Notes, comprising a summary of important accounting policies and other explanatory information)
	6. Financial statement at the beginning of the period; Statement of Profit and Loss for the past period and other comprehensive income
	7. Statement of financial position for the previous reporting period (if the entity makes retrospective adjustments to the accounting policies of the first application of IFRSs or reclassifies financial statements)

This comparison shows that the national accounting standards differ by name and content. Balance Sheet International Financial Reporting is called "Statement of Financial Conduct" and Financial Statements - "Profit and Loss and Other Income Statement". It is important to note that a summary of accounting policies in international standards is also included in the financial statements, because the provision of accounting policies can help users understand the information reflected in the financial statements and influence their decisions. In addition, it is advisable to present a statement of financial position at the beginning of the period and a statement of profit or loss and other comprehensive income for the previous period, as well as

the financial statements of past periods required under IFRS 1 is considered appropriate. The standards do not specify forms. Therefore, the word "forms" in our national standard should be removed. Because accounting standards are the only regulatory and regulatory system, it does not cite other legal acts. If we omit the word "forms" in the standard, it will be based on "Financial Reporting Forms and the Rules for their Filing" that does not meet the purpose of the Standards. We believe that these aspects of international standards should also be reflected in national standards.

The components of the financial statements that are contained in international standards reflect the condition of financial assets through interconnected items, the change in their value as a result of continued valuation of financial assets, and their effects on retained earnings and retained earnings. We provide the classification of information on financial assets by types of report in Table 2:

**Table 2 : A description of the information presented on the financial assets in the components of the financial statements**

<b>Componentsoffinancialstatements</b>	<b>Descriptionofinformation</b>
1. Statementoffinancialposition	Status of financial assets including investments, trade and other receivables, cash and cash equivalents and other financial assets at the beginning and end of the period
2. Statement of profit or loss and other comprehensive income (Statement of profit or loss and other comprehensive income)	Income from investment, revaluation of financial assets, gains / losses resulting from their reclassification, cash results
3. StatementofCashFlows	Cash balances at the beginning of the period, its movement as a result of operating, investing and financing activities and cash balances at the end of the period
4. Statement of changes in equity	Recognition of accumulated gains and losses in the measurement of financial assets at amortized cost and fair value
5. Notes, Summary of Accounting Policies and Other Explanations (Notes, comprising a summary of important accounting policies and other explanatory information)	The financial statements disclosed in the statement of financial position and the resulting gains / losses are required to be disclosed.

Paragraph 77 of IFRS 1 Accounting Policies and Financial Accounting sets out the line of information that should be reflected in the balance sheet. We compare this line with the rules set out in IAS 1, "Presentation of Financial Statements" (Table 3).



**Table 3 : Information on financial assets that should be reported directly in the statement of financial position**

In accordance with IAS 1 Accounting Policies and Financial Statements	In accordance with IFRS 1 “Presentation of Financial Statements”
77.3. Financial assets	54. (d) financial assets (excluding amounts referred to in paragraphs (e), (h) and (i)) (Financial assets (excluding amounts under (e), (h), and (i))
	(e) Investments accounted for using the equity method
77.5. Accounts receivable;	(h) Trade and other receivables
77.6. Cash and cash equivalents;	(i) Cash and cash equivalents

From this table, we can conclude that paragraphs 77.5 and 77.6 refer to our national financial assets. “77.3. Financial Assets ”is referred to as “ 77.3 financial assets (except for items 77.5 and 77.6) ”, including the accounting for purchased securities, including stocks and bonds, and the “ Share-based Investment ”.

In order to bring the financial statements directly reflected in the statement of financial position into line with international standards, we recommend naming financial assets in paragraph 77 of IAS 1 Accounting Policies and Financial Statements:

77.4. Financial assets (except 77.5, 77.7 and 77.8)

77.5. Equity-based investments

77.7. Trade and other receivables

77.8. Cash and cash equivalents

#### IV. Results

Based on our proposals to include items of financial assets into our national standards in accordance with international standards, we consider it appropriate to include the portion of the current balance sheet that includes financial assets (Table 4):

**Table 4 : Structure of financial assets in the balance sheet of “Kattakurgan Yog’moy” Joint Stock Company as of June 1, 2019**

		(thous. soums)	
In the current account balance sheet	Sum	Will be offered	Sum
<b>I. Long-term assets</b>		<b>I. Long-term assets</b>	
Long-term investments, total	3142711	Long-term investments, total	3496856

Stocks (0610)	5481	Securities	5481
Investmentsinsubsidiaries (0620)	148074	Investments based on equity method	
Investmentsindependentcompanies (0630)	2989156	From this, investments with a significant impact	
Investments in enterprises with foreign capital (0640)		Investments in related parties (subsidiaries, affiliates and other)	3137230
OtherLongTermInvestments (0690)		Otherlong-terminvestments	
Long-termaccountsreceivable	481636	Long-term trade and other receivables	354145
<b>II. Current assets</b>		<b>II. Current assets</b>	
Receivables, total (line.220 + 240 + 250 + 260 + 270 + 280 + 290 + 300 + 310)	9478754	Receivables, total	8135939
From: expired		-	
Customer and Customer Debt (4,000 to 4900)	111482	Trade receivables with customers and customers, total	92415
Debt of divisions (4110)		Including: debts of related parties (divisions, subsidiaries and affiliates)	
Debts of affiliated and dependent business societies (4120)	13005	Debt to buyer and long-term assets with customer	13005
Employees pay (4200)	8352	Advances paid to employees	8352
Advances paid to suppliers and contractors (4300)	7220310	Advances paid to suppliers and contractors	7220310
		Debt related to financial activity (dividends, interest, financial lease, loan)	1450
Ходимларнинг бошқа операциялар бўйича қарзи (4700)	31987		31987
Бошқа дебиторлик қарзлари (4800)	869136	Other accounts receivable	768420
		Reserves on doubtful debts	150940
		Net receivables	7984999
<b>Amount of funds including (сатр.330+340+350+360):</b>	<b>3216891</b>	<b>Amount of funds including:</b>	<b>3216891</b>
Money in cash (5000)		Money in national currency	2813209
Money in account (5100)	159439		
Foreign currency funds (5200)	403682	Foreign currency funds	403682
Other money and money equivalents	2653770		
Short-term investments (5800)	2500000	Short-term investments	2500000

The proposed structure of this balance has several advantages. These can include:

**First**, long-term investments are invested in equity securities and equity-based investments in affiliated (affiliated, dependent and other) parties. Significant impact on investments based on equity participation is

highlighted. This, in turn, is consistent with the purpose of the investment, allowing an analysis of the extent to which other companies and organizations have a significant impact on the formation of the statutory funds and the amount of investments made to related (subsidiary, affiliated and other) parties. **Secondly**, it is proposed to move to the method of reflecting long-term receivables with trade receivables and other long-term receivables. Based on this proposed method, a cash flow statement can be used to calculate the amount of cash generated from the sale of goods (goods, works and services) from buyers based on changes in trade receivables. Trade accounts receivable is the debt arising from the sale of products (goods, works and services) that are the result of the enterprise's principal operations. Considering the fact that long-term receivables have been created for more than one year, we believe it is advisable to reflect these in the balance sheet based on their present value using discounting ratios. **Third**, current accounts receivable is also allocated to trade and other receivables, as we mentioned above. In addition, it is desirable to allocate receivables from related parties, including subsidiaries, affiliates and other divisions, as this is the most important information for adjusting the parent company's consolidated statements. It is advisable to separate accounts receivable on long-term assets sales and financial activities (dividends, interest, loans, financial leases) of the enterprise in order to ensure the transformation of reporting. **Fourthly**, it is proposed to allocate a separate line of provisions for doubtful debts in the existing procedure. This will allow users to obtain information about the amount of the reserve and to calculate net receivables. **Fifth**, we think that money should, in our opinion, be allocated in national and foreign currencies. After all, whether cash, cash or other accounts, they are equally important in terms of property and valuation of the enterprise.

The method of valuing financial assets at their depreciable cost and their fair value through profit or loss or other comprehensive income is proposed above. Therefore, it is important to develop a methodology for reflecting the results of the revaluation of financial assets in the statement of profit or loss and other comprehensive income (Table 5).

**Table 5 : Reflection of the results of valuation of financial assets of “Kattakurgan Yog’moy”  
Joint Stock Company for the reporting year (thousand soums)**

The "report" on financial results	Sum	In the proposed “Profit and Loss and Consolidated Income” report	Sum
		<b>In the profit and loss section</b>	
Income from financial activities, including total	1065889	Income from financial activities, incl	1065889
Dividend income		Dividend income	
Interest income	567527	Interest income	567527
Income from long-term lease (leasing)		Income from long-term lease (leasing)	
Income on exchange rate differences	497246		
Other income from financial activities	1116	Profit earned on fair value of financial assets	1116
		Profit from the disposal and	

		reclassification of financial assets	
Financial activity costs, total, including:	4950237	Financial activity costs, total, including:	287003
Expenses in the form of interest	287003	Expenses in the form of interest	287003
Interest costs on long-term renting		Interest costs on long-term renting	
Loss from the exchange rate difference	4663234		
Other financial expenses			
		Impairment losses on the fair value of financial assets	
		Loss on disposal and reclassification of financial assets	
		<b>The other set is in the revenue section</b>	
		Profit from the fair value of financial assets	
		Impairment losses on the fair value of financial assets	

Changes to the financial statements based on this table have the following advantages: **First**, in the current reporting form, income related to financial assets is limited to dividends, interest, rental income, exchange rate income, as well as interest costs, long-term lease payments, and exchange rate losses. In our opinion, the exchange rate difference should not be considered as a result of an entity's financial performance, as the exchange rate does not depend on the effective financial performance of the enterprise. In addition, we believe that it is necessary to allocate investment income from the equity method. **Secondly**, we consider it appropriate to allocate a separate line to the "Profit and Loss" section for "Profit or Loss from the disposal and reclassification of financial assets", "Profit or loss in the fair value of financial assets". **Third**, it is necessary to allocate a separate line for the item "Profit or loss from the fair value of financial assets" in the section "Other comprehensive income" on the basis of the requirement to reflect the fair value of financial assets through profit or loss or other comprehensive income.

Amendments to the financial statements in the above order will increase its transparency and investment attractiveness.

## V. Discussion and conclusions

Analysis of the current accounting balance and financial statement formats was analyzed and main directions for their improvement were developed, including:

1. The need to bring the long-term investment classification into account in accordance with international standards in the balance sheet, the uncertainty of the line with other long-term investments, the revision of the elements of financial assets, including "equity method", "equity instruments", It is expedient to use the term "related parties", "receipts". In addition, international

practice includes the allocation of accounts receivable from customers to accounts receivable, related party loans, prepayments and other. In this regard, it is necessary to improve the reflection of the receipts in the balance sheet.

2. We are required to report the financial results in two parts according to the requirements of international standards: the first is the profit and loss and the other the collected income. These parts require that the gains or losses arising from the reclassification or reclassification of financial assets and the gain or loss on the fair value of equity instruments are recognized.
3. The need to adopt a national accounting standard called "Financial Instruments" for the purpose of accounting for financial instruments at the time when international financial reporting standards are widely recognized and implemented.
4. It is advisable to include the term financial assets in the existing balance sheet, develop their components in accordance with international standards, that is, to reconstruct the current balance sheet as a statement of financial position and to adjust it to modern requirements.
5. The consolidated income statement, which consists of two parts, shall be moved from the current financial statements. The first part of this report should be called the "Profit and Loss Statement" and the second part "Other Income Statement". At the same time, the inclusion of the item "Profit or loss from revaluation of financial assets" in these reports contributes to the harmonization of reports with international standards.

Proposed recommendations, methodological procedures for the recognition, evaluation and reflection of financial assets mentioned above will contribute to the fair valuation of financial assets, enhancing their transparency and increasing the investment attractiveness of companies.

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# SOCIAL WELFARE OF THE POPULATION IN DYNAMICALLY DEVELOPING CONDITIONS

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## ABSTRACT

*This paper makes analyses of the social welfare of the population. Therefore, dynamic development of the population in developing conditions were analyzed as the whole. Finally, social security, vulnerable community and other points of the research were discussed as a final point as the whole.*

**Keywords** : Social welfare, Population, Dynamic Development, Conditions, Research, Development Conditions

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## Introduction

The theory of social welfare has developed in several directions, namely, in the livelihood sector of an individual, social security of groups, welfare of the vulnerable community and the like. All these redound upon stable development of social welfare.

Nowadays, there is no uniform standpoint on determining the essence of stability of the economic phenomena that impede the formulation of the comprehensive program on prevention of the negative development issuing from the global financial crisis.

Realisation of the market-oriented transformations within the frame of modern ideation aimed at providing social stability features the present stage of development of economy of Uzbekistan.

In the modern theory social welfare ranks last; so-called stability of social development, which essence is that the business entity has the huge potential for social improvement of the population.

Stability of social welfare expansion and adoption of an innovation as a key factor of social growth and a uniform source of ensuring social development are considered by the modern economic theory.

What does stability of social security mean? - Currently there are two main prevailing approaches to answer the question. According to the first approach, stability growth, in its broader sense, is identified with decrease in fluctuation of its security. In accordance with the second one, to which we also adhere, the essence of stability contacts target orientation of means of social security to satisfaction of a certain set of specific needs at the minimum costs, proceeding from cash resources and real opportunities of the population and their effective use (Zhou, Y., Chow, N., Xu, Y. (2001)).

In dynamically developing conditions to meet the requirements of the population, observance of certain proportions in financing is necessary, and this proportionality has to be continuous and alter in accordance to the structure of public demands. In that case stability of social security has to be considered as capability of a social system to gradually maintain the good proportionality of financial provision of social needs of the population at various levels.

Stability of social security assumes not only increase, but also reduction of the amounts of financing of social needs if it coincides with scope change and structures of social security of the population. It is important to consider that continuous increase of the amount of funds of social security cannot be considered stable if financing increases hereat up-tempo.

**Table 1 : Cash of Off-budgetary Pension fund under the Ministry of Finance of the Republic of Uzbekistan and their ratio to GDP**

Indicators	2012 year	2013 year	2014 Year	2015 year	2017 year	2018 Year	2019 year (plan)
GDP (face value) billion sums	97929,3	118987	144868	171369	249130	407514,5	424100
Cash of Pension fund billion sums	8065,4	10302,1	13013,7	16557	19505.1	23240,1	23656,6
Share of funds Pension Fund in GDP,%	8,2	8,7	9,0	9,7	7,8	5,7	5,6

The data in table 1 show that in 2018, GDP increased 4 times compared to 2012. However, the share of the Pension Fund in GDP has been declining in recent years. According to forecasts for 2019, it is 5.6%.

In dealing with increasing stability it is necessary to consider the damage to the enterprise in the course of business activities and on growth of living standards of the population. Thus, we understand it as stable social security of providing which assumes satisfaction of the increasing reasonable needs of the population at the expense of social security taking into account observance of requirements of interests of the population and their security for the benefit of present and future generations. Influence of the market relations on stability of social security should be considered thoroughly. It is connected with the fact that the market changes the content of the concept "stability". If in subsistence economy the volume satisfies current demands and creates prerequisite for further satisfaction of needs of the population, then the last is considered stable.

With the advent of the market between the bulk of the allocated funds and population requirements satisfaction, there is a stability separation from process of financing in its key indicators. Stability in market conditions acts on a surface of the phenomena as social stability and is defined by the movement of cost proportions of process of financing of social security.

In this regard the situation can develop in such a way that stability will be provided at the level of budget financing, at the same time payments of means from social security will be unstable and vice versa. And that is natural, for in conditions of the market relations the requirements concerning the expense of social security act in the form of solvent demand of the population, are incentive motive of production and provide the distorted picture of the requirements. Disproportions of social security are regarded as a result that visually confirmed both financial and economic crises, and also the state of the economy at present.

So, the current differentiation of the population on the level of income whereas, the bulk of a cash income is concentrated in hands of the small percentage of the population, eroded creditworthy demand so that the country first felt the shortage of budgetary funds to cover social needs of the population, and then de-escalation of the budget financing even under the condition of budget deficits.

And still the fact remains that financing of social needs of the population and the need of social security assets creates the illusion of stability of social security, at least an objective factor is the discrepancy between forming of means and actual volume of payment. And, with stratification of society the gap between



resources and requirements expands, thereby enhancing the actual instability of disbursement from social security. This situation is aggravated not only in dynamically developing conditions but also in the conditions of the exclusive market. The discrepancy in stability of forming of social security assets and stability of payment is connected with the fact that resources, which can be involved on payments, are limited. The nature of their distribution depends on availability of financial resources of social pension funds and at subjects of managing. At the same time the interests of separate subjects or their groups often do not coincide with the interests of recipients of social security facilities in the form of pension, benefits, financial support, etc.

**Table 2 : The structure of income of the Pension Fund in 2013-2018 years, billion sums**

<b>№</b>	<b>Indicators</b>	<b>2013 y</b>	<b>2014 y</b>	<b>2015 y</b>	<b>2016 y</b>	<b>2017 y</b>	<b>2018 y</b>
1.	Balance at the beginning of the year	785,7	1472,4	2564,4	2118,7	2310,7	3007,5
2.	Deductions from a single social payment	5957,4	7338,6	7611,3	8774,7	1028,5	11808,0
3.	Insurance premiums	1599,1	2036,2	2595,6	3121,5	3940,6	4466,3
4.	Mandatory deductions from the sale of goods (services)	1436,4	1505,8	1197,4	1354,7	1804,9	2059,9
5.	Other income	748,9	902,1	1130	1421	1681,4	1898,4
<b>Total funds</b>		<b>10527,5</b>	<b>13255</b>	<b>15098,7</b>	<b>16790,7</b>	<b>20018,1</b>	<b>23240,1</b>

In the structure of the income of an Off-budget Pension Fund, deductions from a single social contribution and compulsory insurance of employees are very important. These revenues have income management properties. The same can be said about the state of the funds, the receipt of the year.

What constrains development of social security in the dynamic developing conditions? Among the number of factors the following should be noted:

- imperfection of a regulatory framework within social security;
- imperfection of the state system of financing of social security;
- backwardness of a system of information support of social environment and financing of social security
- lack of an effective system of specialists training for social sphere.
- Among the financial factors it should be noted:
- lack of available crediting by commercial banks of both social and vulnerable communities, and pensioners;
- imperfection of a system of taxation on the relation of vulnerable community and of the individuals of retirement age;

- the backwardness of a system of leasing and a mortgage provided to vulnerable national groups and the population of a retirement age
- backwardness of a system of a direct financial support from the states and regional authorities of vulnerable national groups and the population of a retirement age.

In the West countries they issue essential funds for rendering a direct financial support not only for representatives of vulnerable national groups and pensioners, but also for the children from wealthy families in the form of a grant, irrevocable to a subsidy, zero interest and soft loans (Antolin P., F.Stewart. (2009), Bikker J.A., Broeders D.W.(2012); Borsch-Supan A., F. Koke J.Winter (2005)).

In spite of the fact that for the recent years in our republic there has been accepted a number of the legislative regulations contributing to the dynamic development of social security of the population, there is the whole system of objects of stability of the budgets subordinated to a certain hierarchy of separate social funds. In this system the enterprise is also primary link where conditions for satisfaction of social needs of personnel and current personal needs of the specific worker and prospects are created. Besides social protection on the enterprise scales finally depends on the organization of work upon the specified direction at each enterprise. Therefore stable development of primary link is a prerequisite for creation of a stable system of social protection in scales all farms of a concrete system (Crosseley T., Jametti M. (2013), Frank E., Charleen G., Mauricio S. (2012)).

The satisfaction of social requirements assumes availability of relevant amount of appropriate resources especially – financial, as financial stability in market conditions predetermines stability of the formed and used resources of social security.

Therefore, the formation of financial resources and also their efficient application has to become the primary orientation in the practice of any off-budget special fund.

The main instrument of self-financing, social needs of the groups and criterion of efficiency of use is profit, which in the course of distribution and use carries out a number of tasks:

- Provides for assets of an action, connected with satisfaction of social needs of groups;
- Creates social incentives for efficient use of the funds allocated for social needs of the group;
- Is the major budgetary resource, increasing thereby financial stability of social security in scales of all society.

The funds will also be used to finance state pensions and certain social benefits. In particular, the table below shows that pensions are mainly paid for working and unemployed pensioners.

**Table 3 : The Structure of expenses of the Pension Fund in 2013-2018 years, billion sums**

No	Indicators	2013 y	2014 y	2015 y	2016 y	2017 y	2018 y
1.	Unemployed pensioners	8749,7	10334,4	12470,6	13894,6	15970,8	19586,9
2.	Working pensioners	278,9	316,9	387,3	430,4	486,7	616,6

3.	Benefits for senior and disabled citizens, funeral benefits and other payments	22,4	31,2	120,4	152,6	174,6	237,7
4.	Other expenses	4,2	4,3	5,6	2,2	1,2	34,0
<b>Total funds</b>		<b>9055,2</b>	<b>10686,8</b>	<b>12984</b>	<b>14479,8</b>	<b>16633,3</b>	<b>20475,2</b>

It follows therefrom that stability of social security is so called condition of financial resources of off-budget social funds, their distribution and use that provides social protection of the population on the basis of growth while preserving their capability to perform financing in the conditions of the acceptable level of costs. In this determination such moments as, satisfaction of optimal social requirements of vulnerable national groups is also considered (Barro R.J. 2001.; Becker G. 1964.; Bloom D., Canning D. 2004.; Curtker D., Lleras-Muney A. 2010.; Currais. L. 1999.; Goldin C. and Katz L. 2009.; Walker I., Zhu Y. 2011.)

Therefore the financial mechanism providing for both general and financial stability of special off-budget funds at any level has to be developed in such a way that it could combine benefits of social payment with non-commodity forms of social protection so as financing of social entities, imposing progressive tax and subsidized policy etc.

## Results

Receiving the assets from off-budget social funds and ensuring their stability should not end in itself, but act to meet the demands, that is to reach stable development of a livelihood sector. We could argue the statement, in our opinion; such determination answers the purpose of creation of social orientation of economy in Uzbekistan; that has been stated on the ministerial level.

Therefore the analysis of financing of social security with use of traditional indicators – net ratio of absolute security, intermediate and general payout ratio, independence coefficient, a ratio of total amount of assets of off-budget special funds and means and payments, etc. - is necessary to supplement with compilation of in-kind social payments, to quantitatively evaluate a contribution of the enterprise in satisfaction of social needs of workers.

## Conclusion

The special role in delivering the assets of social security to the population, and thus to meet the demands, is figured by a consumer basket regarded as social criterion of measurement of the amount of social payment. It raises a high claim on increase in the general stability of social security.

On the one hand, the state provided neither financial privileges, nor a direct financial support of off-budget special funds that significantly complicates effective activity of social funds and accomplishment of a social mission. On the other hand, in off-budget special funds there is a specific source of forming of financial resources, charitable means of the population and the enterprises for service, i.e. the population and the enterprises which could develop the effective mechanism of attraction of these social significant resources, successfully overcome crisis state of low-paid national groups, increase the solvency, and provide final increase in level of satisfaction of personal need.

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## ROLE OF THE STATE IN DEVELOPMENT AND FINANCE TOURISM ACTIVITIES

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### ABSTRACT

*This article discusses the role and activities of the state in the field of tourism, as well as the problems that are obstacles to its development. The proposals are given, the implementation of which would contribute to the solution of existing problems.*

**Keywords:** *tourism, financing, lending, tourist entity, own funds, cash, borrowed funds, investments, accumulation of funds*

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### Introduction

*The increase in tourists arriving in our beautiful land is the result of measures taken in this direction. More than 2 million people from different parts of the world visit Uzbekistan annually. The geography of foreign guests is wide. Our country enjoys special popularity among citizens of Russia, the Republic of Korea, Germany, India, France, Italy, Malaysia, Japan, China, as well as the nearest Republics of Tajikistan, Kazakhstan, etc.*

*From the first years of independence, Uzbekistan has been actively building up cooperation with international organizations, regularly comes up with initiatives to deepen cooperation in this promising direction.*

*Today, the country pursues a consistent policy for the development of tourism in the future, which helps to solve problems, such as ensuring diversification of the economy, the inflow of foreign exchange earnings, creating new jobs, improving the quality of life of the population and increasing incomes, accelerated development of regions, improving the image and investment attractiveness countries.*

*This year, the state adopted significant documents in this area, such as Decree of the President of the Republic of Uzbekistan No. UP-5781 "On measures for the further development of the tourism sector in the Republic of Uzbekistan" [4. Decree Republic of Uzbekistan. No. UP-5871], Decree of the President of the Republic of Uzbekistan No. UP-5611 "On Additional Measures for the Accelerated Development of Tourism in the Republic of Uzbekistan" [5. Decree Republic of Uzbekistan. No. UP-5611], as well as the Decree of the President of the Republic of Uzbekistan No. PP-4095 "On measures for the accelerated development of the tourism industry" [6. Decree Republic of Uzbekistan. No. UP-5611],*

*In order to create favorable conditions for the development of this sphere in the Republic, the Concept of development of the tourism sector for 2019-2025 was approved [7. Decree of the Avenue of the Republic of Uzbekistan No. UP-5611], many measures were implemented such as:*

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**1. Improving the regulatory framework:**

**a) an important tourist document - the "Law on Tourism" has been improved [2.Law. Res. Uzb. No. 3PY – 549];**

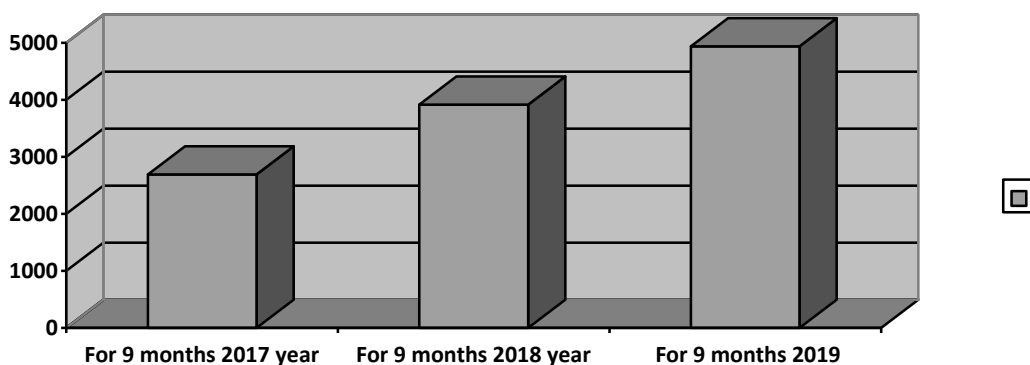
**b) the visa regime has been simplified (currently 86 countries have access to a visa-free regime);**

**Thanks to the improvement of the regulatory framework, the results of 9 months of 2018 and 2019 show an increase in the number of foreign tourists visiting the country. (1 tab.).**

1 tab. The number of foreign tourists entering the Republic of Uzbekistan by month (thousand people) [11.Stat. Depart data. fin.]

	<b>Month</b>	<b>for 9 months. 2018 year</b>	<b>for 9 month 2019 year</b>	<b>2019 year + / -</b>
1	January	266,2	437,2	171
2	February	264,9	393,5	128,6
3	March	441,1	549,5	108,4
4	April	435	544,5	109,5
5	May	441,5	496,7	55,2
6	June	472,9	613,5	140,6
7	July	506,1	597,7	91,6
8	August	584,4	692,3	107,9
9	September	503,3	613,7	110,4
	<b>In just 9 months:</b>	<b>3915,4</b>	<b>4938,6</b>	<b>1023,2</b>

**Chart 1. The number of arriving foreign tourists (thousand people)\***



## 2. Tourism infrastructure development

In order to attract people to the entrepreneurial activity of the tourism sector, meetings were organized with representatives of the public and entrepreneurs. These events contributed to an increase in the number of family and guest houses. (2-Table)

**2 Table. The number of organizations engaged in tourism activities and persons to whom services were provided (2013-2019).**

name	2013 year	2014 year	2015 year	2016 year	2017 year	2018 year	2019 (for 9 months)
The number of firms and organizations engaged in tourism	336	343	398	433	449	1000	1381
Number of Hotels	541	613	661	750	676	869	1102
Small enterprises and micro firms	336	343	398	433	490		
Total visitors served. thousand people	505,4	514,1	560,4	465,4	493,1		

## 3. The development of domestic tourism

a) introduced discounts on domestic flights of JSC Uzbekistan Havo Yollari - from 30 to 50 percent, and Uzbekistan Temir Yollari from 10 to 50%;

b) Together with city and regional hokimiyats, as well as with the Cabinet of Ministers of the Republic of Karakalpakstan, a schedule for industrial tourism for large enterprises and organizations within the framework of the "Travel to Uzbekistan" program was approved for students of professional educational institutions and students of higher educational institutions. (3-tab.) In general, in the framework of the program "Uzbekistan Bilab Sayohat qil!", More than 15 million trips were organized through domestic tourism.

3 tab. The number of trips on domestic tourism in the Republic of Uzbekistan for 2018. (thousand trips) [12. Collection. State Committee. Res. Uzb]

№	REGIONS	total	From that					
			Council of Federal Trade Unions	Youth union	Mahalla Foundation and Women's Committee	Public and religious organizations	Business entities	independently
	Republic of Karakalpakstan	1048	384	204	143	89	158	70
	Andijan region	1020	111	114	155	160	210	270
	Bukhara region	1615	150	200	106	69	-	1090
	Jizzakh region	1054	310	100	74	225	155	190
	Kashkadarya region	1081	300	115	115	153	138	260
	Navoi region	500	61	78	48	49	79	185
	Namangan region	1002	101	114	156	136	275	220
	Samarkand region	1600	70	125	48	135	22	1200
	Syrdarya region	504	65	89	79	40	186	45
	Surkhandarya region	1089	160	220	235	179	125	170
	Tashkent region	1087	89	83	3	9	3	900
	Ferghana region	1016	170	76	26	59	275	410
	Khorazm region	1606	115	120	43	38	190	1100
	Tashkent city	1265	140	250	242	306	137	190
	<b>Bcero:</b>	15487	2226	1888	1473	1647	1953	6300

#### 4. Promotion of tourism potential

In order to promote the country's tourism potential among the world community, a visit to the republic of more than 150 representatives of 30 media (bloggers, journalists, television, etc.) from countries such as Russia, Germany, the USA, China, Japan, Italy, Indonesia, etc. was organized.

A great job is the participation of the National Tourism Stand "Uzbekistan" at 8 international tourism exhibitions and fairs. ("ITB-2019" (Germany), "FITUR-2019" (Spain), "KOTFA-2019" (South Korea), "MITT-2019" (Russia), "IMTM-2019" (Israel), "Made in Uzbekistan" (Afghanistan), "EMITT-2019" (Turkey), "Otdix-2019" (Belarus).



## 5. Human Resource Strengthening

a) The Ministry of Employment and Labor Relations jointly with the State Committee for Tourism developed the Order of the Ministry of Employment and Labor Relations “On Amending Appendix No. 2 to the Classifier of Main Positions and Professions of Workers” [8. Order Min. busy];

b) At the initiative of the State Committee for Tourism, a draft Decree of the Cabinet of Ministers “On approval of the Regulation on the procedure for issuing a qualification certificate to guides, guides and tour guides” was developed;

c) In order to develop research activities in the field of tourism, it is planned to establish an Institute for the Development of Tourism. - A unified coordination of 9 specialized secondary educational institutions is being prepared, preparing potential personnel for the tourism sector.

Studies have shown that despite the adoption of a number of regulatory acts, as well as the creation of favorable conditions for the development of this sphere, as practice shows today in the country there are a number of problems that are an obstacle to the development of the tourism sector. Such as:

- Low efficiency of using the existing financial potential of the territory and state property;
- A high share of the shadow economy and the opacity of financial flows from market developed countries;
- Lack and non-professional provision of quality tourist services in hotels, transport services, services at catering facilities, etc.
- The small number of countries with a simplified visa regime;
- Lack of hotel complexes, as well as hotels with an international class of service;
- Underdevelopment and poor condition of networks of sanitary facilities;
- Low level and quality of the service sector;
- Underdevelopment and poor service of operators, as well as the lack of a mobile network and Internet outside the city;
- The lack of a marketing company studying the tourism industry;
- Lack of established interaction between the state and private business;
- Lack of development (improvement) of the modern hospitality infrastructure with the involvement of international networks;
- The lack of development of state regulation and support for the activities of organizations in the field of tourism;
- Lack of an industry management system that meets current requirements in this area;
- Lack of professionally qualified personnel in the field of tourism.

The solution of these problems on the basis of the development of state regulation and support of the tourism sector will allow the most efficient use of the country's tourism potential.

The tourism industry is a combination of various subjects of tourism activity, which makes it possible to additionally create new jobs, additional income to the budget of the country and ensure employment of the population. But, to date, practice and analysis show the existence of a number of problems, the existence of which are obstacles to the development of this sphere.

The lack of a fully functioning mechanism of the tourism industry, leads to the fact that Uzbekistan is losing large financial resources that would go to the country's budget with an increase in tourist flow. We know that a well-founded system of financing the tourism sector will create conditions for the accumulation of financial resources, as well as the possibility of their concentration in key areas of innovation processes.

Having studied the Law of the Republic of Uzbekistan "On Tourism" [1. Decree of the Republic of Uzbekistan No. 830-I 20.] identified, the law does not pay the necessary attention to the sources of financing of this activity. However, in the new edition of the Law of the Republic of Uzbekistan "On Tourism" [2. Law of the Republic of Uzbekistan. No. 3PY – 549] was supplemented, in order to provide additional financial support for the development of the tourism sector, an off-budget Tourism Support Fund may be established with an authorized state body.

***Extra budgetary Tourism Support Fund under an authorized state body:***

- It is formed at the expense of receipts from tourist fees, grants from international financial institutions, foreign donors, charitable donations from legal entities and individuals, proceeds from income from placing temporarily free funds of the Fund on deposits and other sources not prohibited by law;
- Allocates funds to support the development of tourism and the tourism industry, the promotion of tourism products of the Republic of Uzbekistan and the national insignia in the field of tourism to tourist markets.

*Today, one of the most important sources of financing tourism is foreign investment. Also in the field today, there are a number of problems that foreign investors face:*

- Unlawful alienation and confiscation of property and the results of their activities;
- Unpredictable and adverse actions of individual government bodies;
- Practice of reviewing and canceling the results of privatization.
- Due to the too flexible system of amendments and additions to the by-laws, the investment climate is unpredictable and unattractive to foreign investors.

Based on the results of the study, we offer the following suggestions and recommendations aimed at increasing investment and developing the industry:

- Adoption of a normative legal act, ensuring financing of investment needs and establishing a tax system for all stakeholders in the tourism sector (provision of services, craftsmanship, consumer demand, etc.);
- Establish additional benefits for foreign investors who raise their funds in this industry;
- Increase the share of state budget funds in the formation of monetary resources of tourism entities;
- To reduce the interest rate on loans issued for the purchase of transport for travel agencies and travel agencies, the purchase of tour packages, the purchase of treatment tickets in sanatoriums, resorts, etc. .;

- Notifications in the media about the possibility of creating and activities outside the budget Fund for the support of the tourism sector;
- Develop indicators of economic and social efficiency of attracted investments in the tourism sector;
- Formation of a fund for investment development of the tourism sector, i.e. funds are generated from deposits of legal entities and individuals, such as deposit operations of commercial banks;
- The creation of a bank whose activities are aimed specifically at the development and support of tourism, as well as tourist activities.

The task of the latter should include:

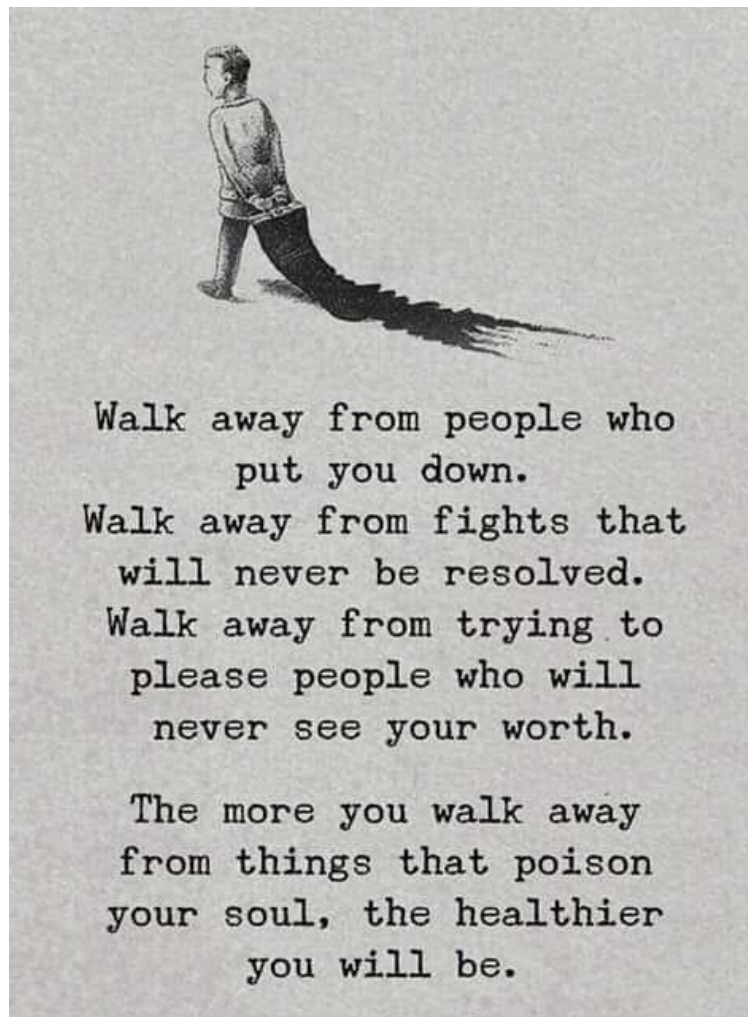
- Cooperation with international banks investing, as well as financing the activities of the tourism sector;
- Accumulation of funds and the provision of financial support to tourism entities;
- Deposit and savings operations, “my contribution to the development of the tourism sector”;
- Sponsoring events, tourism activities;
- Financial support for tourism investments;
- Restoration and construction of tourist and sports complexes;
- Consumer lending for the private sector (purchase of tour packages);
- Support for a beginner, as well as an existing (developing) business;
- Provision of soft loans to tourism activities;
- Granting loans for training, as well as advanced training for employees working in this activity.

And in conclusion, the activity of the tourism sector has a crucial role in the development of the country's economy. Consequently, a competently developed system of financing the activities of the tourism sector will lead, on the one hand, to an additional flow of funds to the country's budget revenues, and on the other hand, it will create additional jobs and provide employment for the population.

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