



## **THE ECONOMIC ESSENCE OF PROFIT AND THE INITIAL THEORETICAL FOUNDATIONS OF ITS FORMATION**

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<b>A B S T R A C T</b>	<b>KEYWORDS</b>
The article describes the economic essence of profit and the characteristics of the initial theoretical framework of its formation through the views of the manifestations of antiquity, as well as some economic schools, and the conclusions as a result of which are presented.	

### **Introduction**

Although profit is a multifaceted concept from the point of view of material and intangible, basically profit is perceived as a material being, the content of this material being characterizes a positive feature in the permission of economic entities. As an economic category, the content is perceived differently. The perception of the content of profit as a derivative arises from its interpretation as a simple and complex economic category. Profit is the continuous main margin between the periods of activity of business entities in market conditions. This aspect itself creates a fundamental factor in the activities of business entities.

Although the theory of profit in the system of economic theories was studied mainly in connection with entrepreneurial activity, the formation of profit has different views. Economists and specialists were initially more interested in its formation and its use. In the conditions of modern economic development, they are more interested not in the nature of profit, but in the optimal directions of its formation, quantity, quality.

### **Discussion and results**

On the ancient Indian economic thinking, the Archaean Tractate advocated the regulation of the creation of wealth through Labor and the need to manage the process of distribution of commercial profits between the merchant and the state, while promoting the state regulation of the process of distribution of profits. Attention is paid to the process of distribution of profit in relation to the process of formation.

Also, the initial economic views on the formation of profit and its essence began from the time of the ancient Greek scientists Ksenofont, Plato, they did not systematically study the exact profit in their works. In particular, Ksenofont emphasizes that with the help of money, commodity circulation can

be carried out and invented by people to accumulate wealth. He opposed the accumulation of money in the style of wealth, especially sharply criticized the judiciary.

Plato thinks about the price, emphasizing that it should be managed by the state and that as a result of it will be profitable. In the development of economic thought, Aristotle systematized the views learned in his views, concerted on the basis of the criteria for the concepts of economy and khrematistics, and contributed to the gradual formation of thoughts about profit. "...their application as a means of accumulating profits, that is, as the capital of the judiciary, - refers to the sphere of khrematistics." [1].

From his conception of the economy and khrematistics, one can conclude that the formation of profit is precisely related to the activity of khrematistics. The fact that khrematistics is the emergence of a state of stability through trade, emphasizes that this is possession of property, wealth. "In the art of raising wealth, there will never be a limit in achieving the goal, but here the goal is to have wealth and money." [2].

Also, the fact that trading profits have been increased explains that equity capital is an unhealthy way of owning money. Aristotle points out that in the circulation of ordinary goods and in the circulation of money as capital, capital is increased as a result of the movement of money. In the economic views of ancient Greek scientists, it can be seen that the concept of profit stihiyali trade is widely studied. Hence the meaning is that the ancient Greek scientists interpreted the wealth accumulated in society and the property owned, as well as the money invested, as a profit. These views, however, led to the development of a scientifically based idea that was widely studied by economist scientists operating in the Middle Ages. The initial theoretical conception of the market economy - from the point of view of historical economic views-the early stages of the development of the principles of the theory of profit are associated with mercantilistic economic analysis. Mercantilists have also revealed the content of a number of economic categories, together with the contribution to the theory of international trade in a large scale, undoubtedly. Mercantilists T.Mann, D.Yum, J.In the theoretical approaches of Kolbers, the study of the sources of wealth - profit formation took the main place. Mercantilists focused widely on domestic and foreign trade activities, initially emphasizing the emergence of profit turnover. But they preferred foreign trade in the formation of profit. "In their opinion, the main source of wealth increase is foreign trade. "The usual means of multiplying our wealth and our money, - emphasizes Mann,- is foreign trade." [3]

Manifestations of primary and secondary mercantilism are the factors of the wide formation of profits, the factors of which are the setting of high prices for quality, the restriction of imports, the exclusion of gold and silver from the commodity, the seizure of markets by means of cheap goods, the permission to import goods under the conditions of an active trade balance, for acceptable trade They noted that the exchange process of course is the starting point for the emergence of profits, after which it is possible to master it. But it is necessary not to confuse the question of the source of the emergence of profit with the question of at what stage it will be assimilated.

Mercantilists argued that the profit will be assimilated at the stage of turnover, moving away from the nature and real source of profit, they did not know that they will appear in the process of generating profit. Accordingly, according to their scientific views, foreign trade supported the active intervention of the state in order to ensure the flow of profits.To conclude from the above, it is believed that mercantilists focused mainly on ensuring the growth of the economy, increasing national wealth as a result of increasing profits through foreign trade.

The development of the theory of profit is a manifestation of the Economic School of Physiocrats – F. Quesnay, J. B. Say. It is also associated with the activity of physiocrats. In their opinion, the basis of the formation and functioning of the economy determines the natural order. Physiocrats basically described the profit as a result of a special production force – the Earth. They confuse the quantitative growth of agricultural production with the growth of value. Therefore, they mistakenly attributed the profit in the field of production to agriculture, and in essence replaced the growth in consumer value with the growth in value. According to the concept of the manifestations of the school of Physiocrats, it is noted that the economic policy of the state is the need to be implemented through agricultural relations, and the only source in the formation of profit is land. From the formation of profits, Kene tries to understand it through the concept of "pure product".

With the participation of nature, the labor of the landowner emphasizes the creation of profit – "pure product". He notes that the formed profit is a reward for the expenses that landowners have previously made to the land. In industry and trade, labor is not productive, for example, in trade, labor changes the form of matter, in industry, the movement of goods occurs, the most basic of which is the Prohibition of the formation of New matter. In industry, "pure product" is not formed, the fact that the value of industrial output is equal to the cost of production, they receive profit in the form of wages of employees. They see trading profits as a result of calculation and deception. Therefore, the formation of profit is again evidenced by the point of view of the agricultural system: "profit is not a confidence in nature, it is similar to a percentage, and its appearance is "derived" from the rent of land. [4]

The first representatives of the classical political economy school A. Smith and D. Ricardos seriously studied the essence of profit. Initially, the study of profit was extensively studied in industrial production and then in the areas of research in non-manufacturing. A. Smith expressed the profit as an economic category in terms of Labor value theory. He studied the properties associated with the formation of profit on the basis of the creation of value by Labor. Therefore, not according to the theory of production costs, but together with the determination of the value of tokens through Labor, A. Smith formed the economic category of value as a sum of revenues.

The main features of the formation of such a profit were based on further research, which made a huge contribution to the development of the theory of profit.

## Conclusion

When considering the economic essence of profit, we considered it important to note its following characteristics from a modern economic point of view:

- profit represents the form of profit – taking of an entrepreneur engaged in a specific activity. This is a simple form of expression of benefit, which does not fully reveal its meaning. The results of activities in some areas of the Negaki will not be related to profit making.
- profit is a form of income of an entrepreneur, and a profit is a capital that is put on a commercial with the aim of achieving success. The Negaki profit category is associated with the category of capital – the main factor of production.

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