



ENSURING THE LIQUIDITY OF ECONOMIC ENTITIES

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ABSTRACT	KEY WORDS
<p>This article examines the issues of ensuring the liquidity of economic entities operating in the Republic of Uzbekistan. In the course of the research, the opinions of economists regarding the liquidity of economic entities were studied, and an analysis of the liquidity of economic entities operating in Uzbekistan was conducted. Based on the results of the analysis, relevant conclusions and proposals were developed.</p>	<p>Economic entities, financial stability, liquidity, balance sheet liquidity, asset liquidity, solvency.</p>

Introduction

In Uzbekistan, special attention is paid to ensuring the liquidity and financial stability of business entities. In the New Uzbekistan development strategy for 2022-2026, “continuing the industrial policy aimed at ensuring the stability of the national economy and increasing the share of industry in the gross domestic product, increasing the production of industrial products by 1.4 times, further improving the investment environment in the country and increasing its attractiveness, taking measures to attract foreign investment in the next five years, creating conditions for the organization of entrepreneurial activity and the formation of permanent sources of income, bringing the share of the private sector in gross domestic product to 80 percent and its share in exports to 60 percent are recognized as priorities for the rapid development of the national economy and the provision of high growth rates”. [1] This indicates the need to ensure the liquidity and financial stability of business entities. Accordingly, to increase the level of financial stability by expanding the scope of the use of banks ' loans, increasing the turnover rate of receivables, ensuring the current liquidity of economic entities by ensuring the proportionality between the growth rate of liquid assets and the growth rate of current liabilities, ensuring the stability of the cash flow of economic entities, scientific research works aimed at increasing the profitability of enterprises on the basis of reducing the share of the cost of production of products in the volume of revenue from the sale of products by introducing innovations into the production process, ensuring the proportionality between the growth rate of net profit and the growth rate of assets, are relevant.

REVIEW OF LITERATURE ON THE TOPIC

Issues of ensuring the liquidity and financial stability of economic entities have been studied for several years at a number of foreign am by domestic economic scientists and researchers, who in their research outlined their scientific-theoretical views on a number of related problems, along with the conceptual

foundations of liquidity and financial stability. Below we present an analysis of such scientific and theoretical views.

K. Timofeeva and D. According to the definition given by Pomelov, liquidity is the ability of commodity – material reserves to quickly and smoothly turn into monetary funds, in which liquid material values retain their nominal value.[2]

F. Karaeva and Z. Abazova notes that it is necessary to clarify the concepts of "balance sheet liquidity" and "asset liquidity" "before giving a definition to the concept of" liquidity of a business entity". The liquidity of an enterprise's balance sheet is considered to be the enterprise's ability to cover its short-term liabilities mainly from internal sources, which depends on the level of coverage of liabilities by assets. In this case, the maturity of the assets into cash must match the maturity of the liabilities. Asset liquidity, on the other hand, is the opposite of the balance sheet liquidity indicator, taking into account the ability of assets to be converted into cash without significant loss of value. Thus, from both of these definitions, we can say that the liquidity of a business entity is understood as the ability of an enterprise to cover its debt obligations at the expense of both the realization of assets (internal sources) and the attraction of borrowed funds (external sources).[3]

A. Kurilov concluded that insufficient liquidity for the owners of the enterprise meant a decrease in profit, loss of control, partial or total loss of capital injection. Insufficient liquidity for creditors means deferred payment of the principal and interest of the debt, partial or total loss of the value lent.[4]

A. Mukachyova, Ye. Morozova and Ye. According to Pastukhova, the methods of increasing the liquidity of an enterprise include:

- to create an effective resource management system to optimize production at the expense of redistribution of working capital, reduction of reserves and increase in liquid assets;
- the application of a financial stabilization mechanism that allows you to reduce financial obligations and increase the amount of paid liquid assets necessary to ensure them;
- increase in funds based on the refinancing of debtor debt and the application of factoring and forecasting at the expense of it, as well as increase the rate of circulation of debtor debt;
- intensive use of circulating assets to increase profits, profitability and revenue;
- to reduce debt and limit the growth of non-current assets.[5]

V. According to Kovalyov, when choosing options for improving the company's liquidity indicators, first of all, it is necessary to quantitatively assess their effectiveness, that is, compare the costs associated with their implementation with the forecast volume of profit.[6]

According to Ye. Zubova, there are standard measures to improve the liquidity and solvency of the enterprise. Their essence lies in ensuring the growth of profits, reducing the value of tangible assets and the amount of receivables, and choosing the optimal composition of capital.[7]

D. Larina and A. According to Kravchenko, liquidity and solvency indicators reflect the ratio between company liabilities and existing assets that can be used to cover these liabilities. Accordingly, to improve liquidity and solvency, it is necessary to balance the maturity of liabilities with the maturity of assets into cash, which is used to cover liabilities.[8]

A. Khabarova and I. In her research, Baranova distinguished from each other important aspects of these categories by critically analyzing interpretations of the concepts of "organizational liquidity" and "organizational solvency", more complete information about which is presented in Figure 1. Although there are differences between the concepts of liquidity and solvency, according to scientists, these two concepts are closely related. According to their conclusion, the liquidity of an organization is one of

the important indicators of its financial condition, and its rational management helps to avoid loss of solvency and prevent bankruptcy.

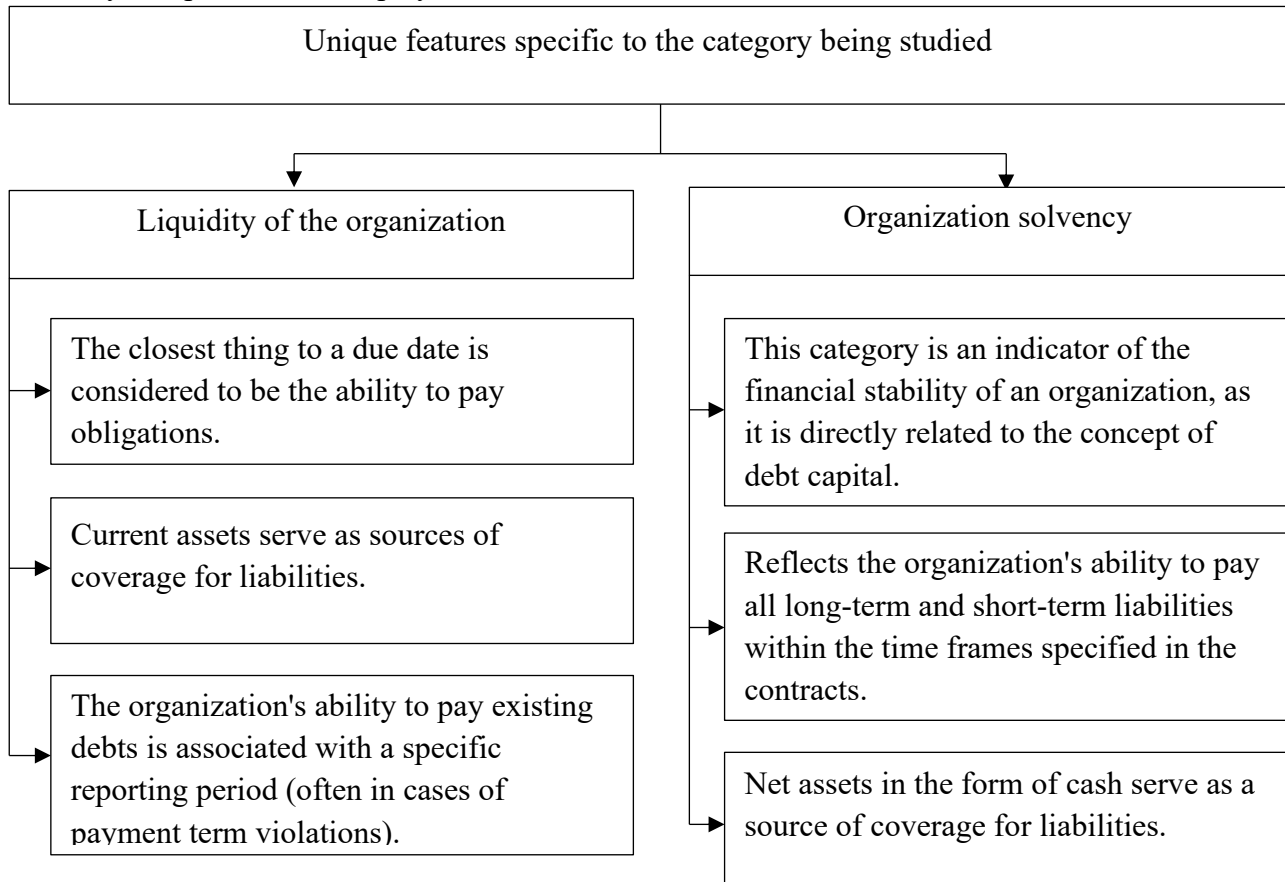


Figure 1. Important aspects that distinguish the liquidity and solvency of an organization [9]

V. According to Borodin, factoring plays an important role in ensuring the liquidity of enterprises, because there must be receivables to provide for receivables. Or at least there should be reliable information about receivables that are likely to arise in the future.[10]

In general, in a market economy, the successful operation of economic entities directly depends on the stability and liquidity of their financial condition. Financial stability and liquidity represent the company's ability to fulfill its debt obligations on time and in full, the level of efficient use of resources, as well as its investment attractiveness. Therefore, ensuring financial stability and liquidity is one of the most pressing issues for businesses today.

Based on the above, we can say that financial stability is the strength of an enterprise's economic and financial activities, that is, its ability to withstand internal and external financial risks using its own resources. Liquidity, on the other hand, refers to the ability of a business entity to meet its short-term financial obligations within the specified time frame. Noted economists Laurence J. Gitman and Chad J. As Zutter points out, liquidity is one of the key factors that ensures a company's financial health.[11] Financial stability and liquidity indicators are closely related, and together they determine the financial strength and investment attractiveness of a company.

In conclusion, ensuring the financial stability and liquidity of business entities is an important factor that determines their long-term success and development. Ensuring liquidity and financial stability

helps maintain the economic balance of business entities, reduce financial risks, and increase investment opportunities.

In the future, enterprise leaders and financial managers should use advanced financial management methods, constantly monitoring and analyzing financial indicators. Additionally, developing flexible strategies that take into account both internal and external financial risks keeps the enterprise prepared for changes in global economic conditions.

To ensure the sustainable operation and competitiveness of business entities, it is essential to manage their financial stability and liquidity. By ensuring liquidity and financial stability, business entities not only fulfill their short-term obligations on time, but also create a solid financial foundation for long-term development. Therefore, in modern economic conditions, each economic entity must carefully and scientifically formulate its financial management strategy.

RESEARCH METHODOLOGY

During the research, induction and deduction, expert evaluation, statistical grouping, structural and comparative methods were used. The results of the analysis allowed us to draw scientific conclusions on improving the liquidity of business entities.

ANALYSIS AND RESULTS

In developed countries, the result of the process of maintaining ownership of any leading companies, creating a favorable environment for its management and embodiment of ownership relations, the level of Enterprise Investment Attractiveness, the issuance of shares in common and the sale of long-term securities regardless of market value is determined by an IPO indicator.[12]

Table 1. Financial ratios used by the Republic Bank of New York (USA) to assess customer solvency [13]

Creditworthiness indicators	Normative level
Current liquidity ratio	2 : 1
Fast liquidity ratio	1 : 1
Financial leverage ratio	1 : 1
Financial margin coefficient	1 gacha

As can be clearly seen from the data presented in Table 1, the Republic of New York Bank uses 4 financial ratios to assess the solvency of its clients with legal entity status. In the practice of commercial banks of the Republic of Uzbekistan, only one of these ratios is used, namely the current liquidity ratio. The research carried out showed that in ensuring the liquidity of economic entities, an important place is occupied by the level of monetary funds in relation to current liabilities, the change in the ratio between current assets and current liabilities, the circulation of receivables and commodity reserves, and their possibility of attracting funds from external sources.

Table 2. Composition of current assets of Uzbekneftegaz JSC, in percentage [14]

Current assets	Years						
	2018	2019	2020	2021	2022	2023	2024
Commodity-material reserves	0,1	4,5	4,6	3,9	3,8	7,5	4,4
Debtor debtor	78,1	47,1	30,4	30,9	42,2	78,7	90,2
Cash	3,1	9,9	25,8	25,1	30,9	8,3	0,4
Short-term financial inflows	18,0	6,8	17,8	19,4	5,0	3,9	4,9
Other current assets	0,7	31,7	21,4	20,7	18,1	1,6	0
Current assets total	100	100	100	100	100	100	100

As can be seen from Table 2, short-term accounts receivable occupy a very high share in the structure of current assets of Uzbekneftegaz JSC, while cash occupies a very small share. This is a negative situation in terms of ensuring the liquidity of Uzbekneftegaz JSC.

Ensuring the liquidity of enterprises is determined directly by the ratio between their current assets and current liabilities. Therefore, we will evaluate the composition of the current obligations of OJSC Uzbekneftegaz.

Table 3. The composition of the current obligations of OJSC" uzbekneftegaz", in percentage, billion. Soum [14]

Current liabilities	Years						
	2018	2019	2020	2021	2022	2023	2024
Trade and other creditor debt	15,1	48,9	81,6	45,2	24,6	38,2	96,0
Short-term debts	84,9	33,1	17,0	26,9	74,5	61,2	3,8
Other current commitments	0,0	18,0	1,4	27,9	0,9	0,6	0,2
Current liabilities-total	100	100	100	100	100	100	100

Table 3 data shows that short-term debt occupies a relatively high share in the current liabilities of Uzbekneftegaz JSC, followed by short-term creditor debt. In turn, the company's short-term debt structure is dominated by loans from commercial banks and debt to subsidiaries.

It should be noted that when ensuring the financial stability of enterprises, it is important to ensure a stable ratio between income and expenses. However, the ratio between income and expenses in OJSC Uzbekneftegaz is not good. For example, in 2020-2022, the amount of expenses of Uzbekneftegaz JSC increased, while the amount of expenses exceeded the amount of income.

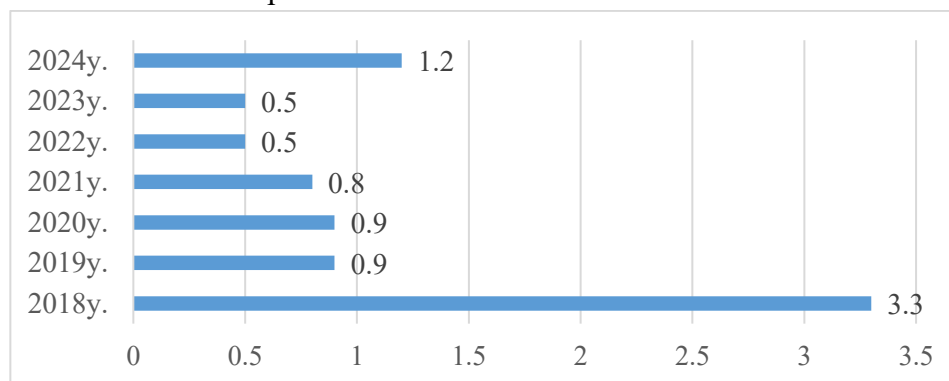


Figure 2. Current liquidity ratio of Uzbekneftegaz JSC [14]

Figure 2 data shows that Uzbekneftegaz JSC is considered illiquid in terms of its current liquidity ratio. Because, for a company to be considered liquid, the current liquidity ratio must be at least 1.25. In turn, ensuring that the enterprise's current liquidity is at the minimum regulatory requirement (1.25) necessitates achieving a balance between its current assets and current liabilities. This balance, in our opinion, should be reflected in the following:

- the growth rate of current assets should not be lower than the growth rate of current liabilities;
- there must be a balance between the growth rates of accounts receivable and accounts payable;
- the proportion of cash in current assets must be stable.

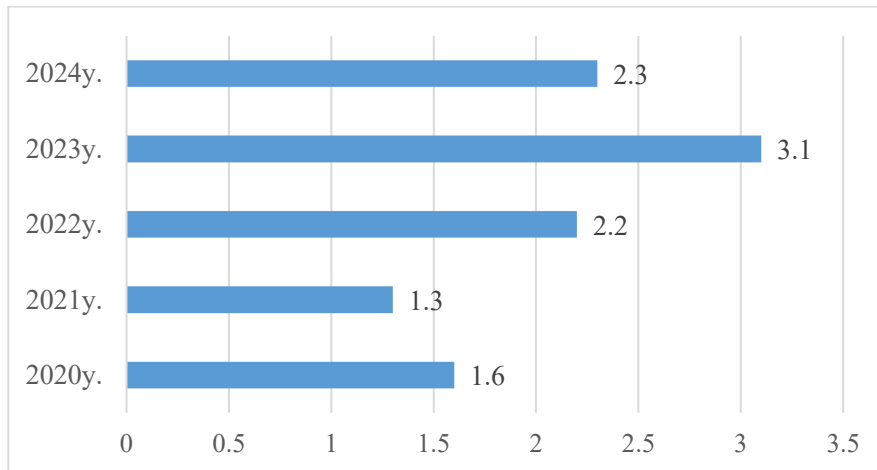


Figure 3. Current liquidity ratio of "KHANTEX-GROUP" LLC [15]

As can be seen from Figure 3, "KHANTEX-GROUP" LLC is considered liquid in terms of the current liquidity ratio. However, the share of cash in the current assets of KHANTEX-GROUP LLC was very small in 2020-2024. For example, as of December 31, 2024, the share of cash in the Company's current assets was only 2.5%.

The main activity of "KHANTEX-GROUP" LLC is the preparation and assembly of cotton fibers, the production of yarn, woven fabric and knitted fabric, and finished garments.

It is noteworthy that more than 40.0 percent of the production produced by KHANTEX-GROUP LLC is exported. This is a sign that the export potential of the community is significantly higher. Typically, in companies with high export potential, liquidity is provided by cash in foreign currency.

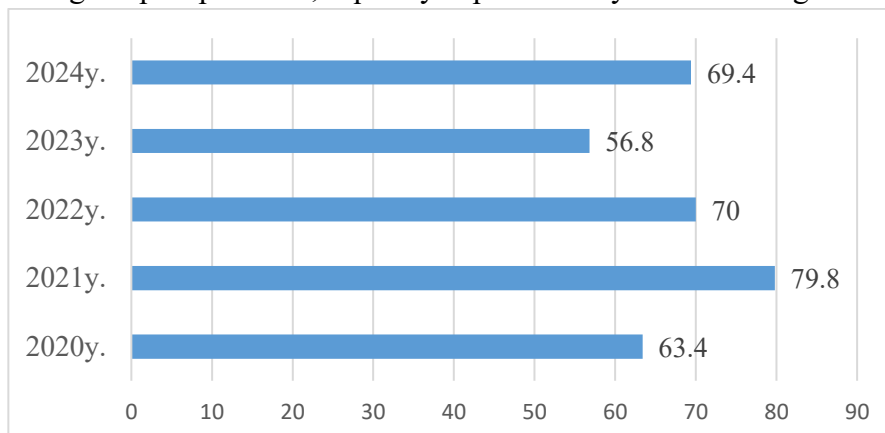


Figure 4. In KHANTEX-GROUP LLC, the share of revenues from the sale of products of the cost, in percentage [15]

From Figure 4 data, it can be seen that while the turnover in revenue from the sale of products by tannarkh at Khantex-GROUP LLC has a downward trend in 2021-2023, in 2024 it is significantly higher than in 2020 (6.0 f.p.) increased. This leads to a decrease in the company's profitability and is a negative situation from the point of view of ensuring its financial stability.

At the same time, it should be noted that KHANTEX-GROUP LLC is engaged in active export activities. Exports, on the other hand, are directly related to imports. In particular, the high rate of depreciation of the national currency in recent years in our republic has led to an increase in the cost of imports. The increase in import prices has played a significant role in increasing the share of costs in the net revenue of exporting companies. In addition, Uzbekistan has faced problems in international transport logistics due to unprecedented economic sanctions imposed by Western countries on Russia. Unfortunately, the exporters of the Republic of Uzbekistan must cross the territory of at least two states in order to be able to export products through the waterway. This is one of the major problems in the country's International Transport Logistics. This is because water transport is the cheapest means of transportation in international transport. In addition, a ship can carry several times more cargo than a freight train.

Improving the quality of marketing research allows for more accurate assessment of demand for goods, the adequacy of funding sources, the possibility of forming working capital reserves, the competitive environment, and the state of depreciation of fixed assets.

Reducing technological risks involves the following measures:

- constant monitoring of the project's progress based on reports from external consultants;
- analysis of the project's staffing;
- timely formation of working capital reserves;
- insure equipment;
- monitor compliance with established standards for project implementation.

Reducing financial risks involves the implementation of the following measures:

- increase the share of own funds in the volume of project financing sources;
- obtain guarantees from shareholders for additional financing;
- finance the project through a bank's credit line;
- investment insurance;
- assessment of working capital financing opportunities.

It is worth noting that ensuring the competitiveness of food industry enterprises is a necessary condition for ensuring the sustainability of their activities. In turn, ensuring the competitiveness of these enterprises depends on a number of external and internal factors.

CONCLUSIONS AND SUGGESTIONS:

The results of the analysis of the liquidity of business entities in the Republic of Uzbekistan showed:

In 2018-2024, the fact that in the structure of the current assets of OJSC "Uzbekneftgaz" a very high balance is occupied by short-term receivables, and money-taking a very small balance-is considered a negative situation in terms of ensuring its liquidity;

In 2018-2024, short-term debt occupied a relatively high share in the structure of current liabilities of Uzbekneftgaz JSC, followed by short-term creditor debt. In turn, the relatively high share of the company's short-term debt was made up of loans from commercial banks and debt to subsidiaries;

In 2018-2023, it became known that OJSC Uzbekneftgaz is not liquidity at the current liquidity ratio, since, in order for the company to be considered as liquid, the current liquidity ratio must be at least 1.25;

In 2018-2023, it became known that Khantex-GROUP LLC is liquid in terms of the current liquidity ratio, however, in the structure of its current assets, the balance of funds was found to be very small in 2018-2022.

The following is proposed to ensure the liquidity of business entities in the Republic of Uzbekistan: it is necessary to ensure the current liquidity of economic entities by expanding the scope of the use of banks' loans, increasing the rate of circulation of receivables, ensuring the proportionality between the growth rate of liquid assets and the growth rate of current liabilities;

It is necessary to increase the profitability of enterprises by reducing the share of the cost of products in the revenue from the sale of products;

It is necessary to increase the profitability of assets by ensuring a balance between the growth rate of net profit and the growth rate of assets;

in order to increase the level of liquidity ratios in companies by accelerating the circulation of receivables, it is necessary to improve the practice of providing factoring services based on the inclusion of receivables, to form a group of enterprises with stable cash flow by commercial banks, to form a healthy competitive environment in the factoring services market.

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