

Macroeconomic Factors of Ensuring Liquidity of Enterprises

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Abstract

The liquidity of enterprises directly depends on changes in macroeconomic policy. In particular, an increase in the rate of devaluation of the national currency and the rate of inflation have a negative impact on the liquidity of enterprises.

The article substantiates ways to eliminate the negative effects of macroeconomic factors on the liquidity of enterprises in the republic.

Keywords: *enterprises, liquidity, inflation, devaluation, cash, receivables, credit, interest rate.*

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Introduction

In the Development Strategy of New Uzbekistan for 2022-2026, approved by the Decree of the President of the Republic of Uzbekistan dated January 28, 2022 No. PF-60, it is necessary to ensure that the annual level of inflation does not exceed 5 percent from 2023, and to achieve the deficit of the state budget to no more than 3 percent compared to the nominal gross domestic product. Recognized as necessary conditions for development [1]. This, in turn, creates the need to research the macroeconomic factors of ensuring the liquidity of enterprises on a scientific basis.

Analysis of literature on the topic

According to a group of economists, methods of increasing the liquidity of the enterprise include:

- creation of an effective resource management system to optimize production due to redistribution of working capital, reduction of reserves, increase of liquid assets;
- application of the financial stabilization mechanism, which allows to reduce financial obligations and increase monetary liquid assets necessary for their provision;
- refinancing of receivables and increasing funds based on the use of factoring and forfeiting, increasing the turnover rate of receivables;
- intensive use of current assets to increase profit, profitability, income;
- Extinguishing receivables and limiting the growth of non-current assets [2].

According to J. Tobin's conclusion, the government and the Central Bank can influence the rate of return on capital acceptable to investors by managing the demand and supply of financial assets, influencing their profitability. If the monetary authorities want to lower the expected rate of return on capital that is acceptable to investors, then they can affect the market rate of return on stocks as investments in real capital [3].

According to M. Friedman, the Central Bank has sufficient opportunities to regulate the money supply, and inflation is a purely monetary phenomenon, not a multifactorial process. Therefore, inflation can be curbed by regulating the money supply, and only the Central Bank can perform this task [4].

According to V.Krolivetskaya's conclusion, it is necessary to consider the impact of the Central Bank's money supply on the economy, taking into account the channels through which the created money enters the national economy. Depending on one or another channel of the supply of money, there is an effect on the interest rates of new money, the volume of loans allocated to the national economy, the level of government spending, general demand and economic growth rates [5].

According to G.Hess and Ch.Morris, even an insignificant increase in prices has a negative impact on economic growth [6]. According to them, even a not so significant increase in prices increases the uncertainty in the dynamics of inflation. This, in turn, leads to an increase in the interest rate of commercial bank loans.

According to T. Bobakulov's conclusion, "the low monetization coefficient deepens the problem of non-payment in the economy, weakens the cash flow of economic entities, hinders the

stimulation of solvency, and creates a relatively negative effect on the speed of money circulation" [7].

In fact, the low level of financing of the economy of our republic does not allow solving the problem of non-payment in the economy.

Analysis and results

In accordance with the decree of the President of the Republic of Uzbekistan dated November 18, 2019 No. PF-5877 "On improving the monetary and credit policy by gradually transitioning to the inflation targeting regime:

- The Central Bank of the Republic of Uzbekistan has been tasked with ensuring the phased transfer of monetary policy mechanisms to the inflation targeting regime from January 1, 2020 by reducing the inflation rate to 10 percent in 2021 and setting a constant inflation (target) at 5 percent in 2023;
- the main principles of monetary policy were defined as follows:
 - ✓ setting a permanent inflation target and communicating it to the general public;
 - ✓ application of comprehensive instruments of monetary policy in order to regulate interest rates in the money market and manage inflationary processes;
 - ✓ implementation of detailed macroeconomic analysis and forecasts, taking into account open information available in domestic and foreign markets, in order to make objective decisions in the field of monetary policy;
 - ✓ Improving the communication policy of the Central Bank of the Republic of Uzbekistan in order to communicate the goals of the monetary policy to the general public, to ensure the predictability of the macroeconomic situation and to build the confidence of market participants [8].

The level of funding of the national economy is a multifactorial process; one of the main factors affecting it is the lending practices of commercial banks.

1-table The main indicators describing the availability of funds to the economy of Uzbekistan¹

Indicators	2018	2019	2020	2021	2022
The degree of liquidity of the economy, %	20,5	17,8	18,5	19,6	21,2
Inflation rate, %	14,3	15,2	11,1	10,0	12,3
GDP growth rate, %	5,5	6,0	2,0	7,4	5,7
Average annual interest rate of commercial banks' loans in national currency, %	20,5	24,2	22,3	20,8	21,9

From the data of Table 1, it can be seen that the level of financing of the economy of Uzbekistan increased significantly in 2022 compared to 2018. However, during the analyzed period, the financing of the country's economy remained at a low level.

From the data of Table 1, it can be seen that the inflation rate in our republic had a decreasing trend in 2018-2021, but in 2022 it increased significantly compared to 2021.

¹ The table was compiled by the author based on the statistical data of the Central Bank of the Republic of Uzbekistan.

From the data of Table 1, it can be seen that the growth rate of GDP in our republic increased significantly in 2022 compared to 2018.

From the data of Table 1, it can be seen that the interest rate of loans issued by the commercial banks of our republic in national currency was high during the analyzed period.

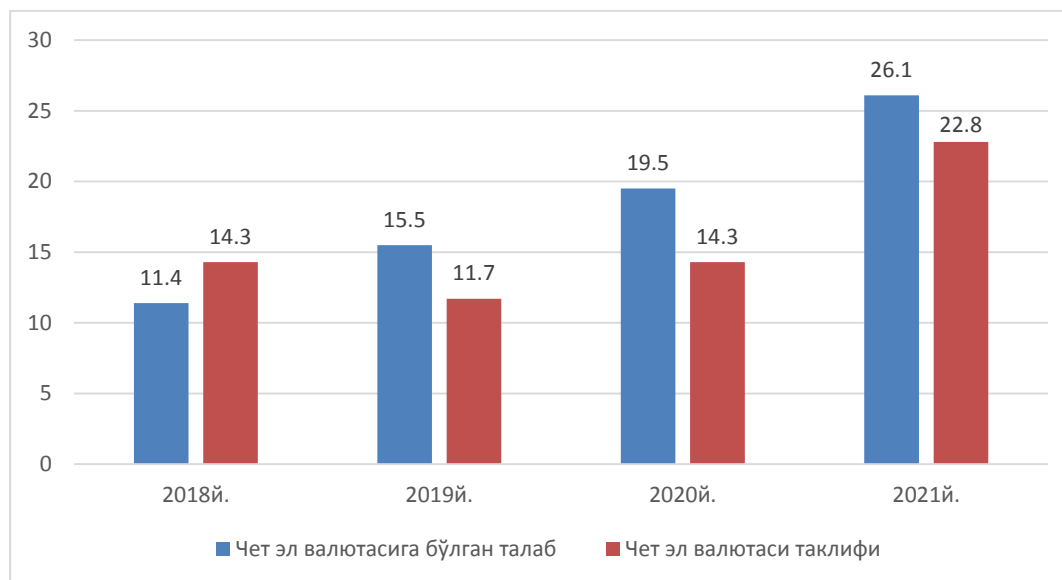


Figure 1. Amount of foreign currency demand and foreign currency supply in the internal currency market of the Republic of Uzbekistan, billion US dollars [9]

It can be seen from the data of Figure 1 that the demand for foreign currency in the domestic currency market of our republic in 2019-2020 was significantly higher than the supply of foreign currency. This indicates that the internal currency market is not balanced and is a negative situation from the point of view of the development of foreign exchange operations of commercial banks.

Negative devaluation expectations of legal entities and individuals usually lead to an increase in demand for foreign currencies. In such conditions, often, the currency intervention of the Central Bank cannot stop the sharp increase in the demand for foreign currency. Because, in the conditions of negative devaluation expectations, as part of the Central Bank's foreign exchange intervention, the volume of sales of US dollars increases, and the volume of purchases of US dollars by market participants also increases.

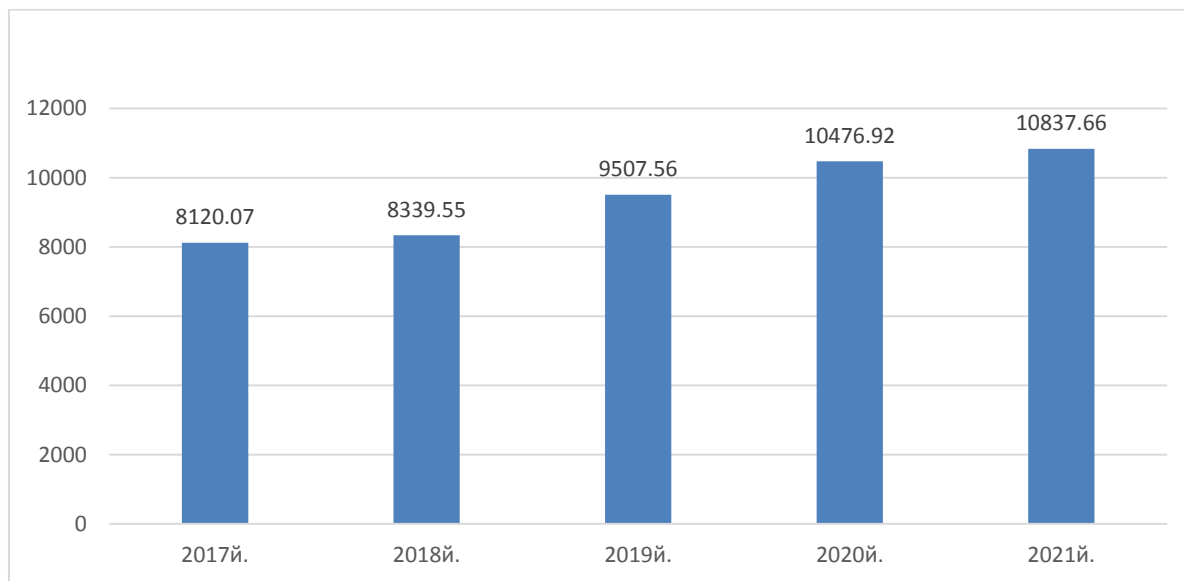


Figure 2. National currency - the nominal exchange rate of the soum against the US dollar, soum (as of December 31 of each fiscal year)²

It can be seen from the data of Figure 2 that the rate of devaluation of the soum against the US dollar was relatively high in 2017-2021.

Conclusions and suggestions

In the process of carrying out scientific research, we formed the following conclusions:

- the macroeconomic factors that negatively affect the liquidity of the enterprises of our republic are the high inflation rate, the low level of supply of money to the economy, the high interest rates of commercial bank loans and the high rate of devaluation of the national currency;
- Although the level of liquidity of the economy of Uzbekistan increased significantly in 2022 compared to 2018, the level of liquidity of the country's economy remained low in 2018-2022;
- the rate of inflation in our republic had a decreasing trend in 2018-2021, however, it increased significantly in 2022 compared to 2021;
- the interest rate of loans granted by the commercial banks of our republic in national currency was high in 2018-2022;
- negative devaluation expectations of legal entities and individuals lead to an increase in the demand for foreign currencies. This leads to a high rate of devaluation.

In our opinion, in order to eliminate the negative impact of macroeconomic factors on the liquidity of enterprises of our republic, it is necessary to implement the following measures:

1. As a result of the devaluation of the national currency, it is necessary to establish a special fund in order to compensate the additional expenses related to the repayment of loans received by enterprises in foreign currencies.

²Расм муаллиф томонидан www.cbu.uz сайти маълумотлари асосида тузилган.

The funds of this Fund should form the national currency and are the source of its formation, and it is a deduction from the funds received from the sale of foreign currency income from centralized exports.

2. In order to increase the level of financing of the country's economy, firstly, by ensuring low and stable interest rates of commercial bank loans, it is necessary to increase the level of use of commercial bank loans by enterprises; secondly, it is necessary to increase the speed of circulation of receivables by establishing the circulation of bills; thirdly, it is necessary to increase the amount of economic content of the state budget by increasing the size of the state order for goods that replace imports.

Tract circulation in our republic was temporarily suspended in 1997, but it has not been restored until now. However, the circulation of drafts allows to increase the speed of turnover of receivables of enterprises.

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