

9-10-2019

PROSPECTS OF IMPLEMENTATION OF LEASING IN TEXTILE ENTERPRISES

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Recommended Citation

Ismanov, Ibrohim and Davlyatova, Gulnara (2019) "PROSPECTS OF IMPLEMENTATION OF LEASING IN TEXTILE ENTERPRISES," *Scientific Bulletin of Namangan State University*. Vol. 1 : Iss. 8 , Article 19. Available at: <https://uzjournals.edu.uz/namdu/vol1/iss8/19>

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PROSPECTS OF IMPLEMENTATION OF LEASING IN TEXTILE ENTERPRISES

Cover Page Footnote

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Erratum

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PROSPECTS OF IMPLEMENTATION OF LEASING IN TEXTILE ENTERPRISES

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Abstract. The article highlights the role, importance, opportunities, advantages of leasing in attracting investments, as well as features associated with government support.

Key words: leasing, amortization, depreciation rate, leasing payments, types of lease

ПЕРСПЕКТИВЫ ВНЕДРЕНИЯ ЛИЗИНГА НА ТЕКСТИЛЬНЫХ ПРЕДПРИЯТИЯХ

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Аннотация. В статье освещены роль, значение, возможности, преимущества лизинга в привлечении инвестиций, а также особенности, связанные с государственной поддержкой.

Ключевые слова: лизинг, амортизация, норма амортизации, лизинговые платежи, виды лизинга

ТЎҚИМАЧИЛИК КОРХОНАЛАРИДА ЛИЗИНГНИ ЖОРИЙ ЭТИШ ИСТИҚБОЛЛАРИИсманов Иброхим Набиевич, Фарғона политехника институти, профессор
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Аннотация. Мақолада лизингни инвестицияларни жалб этишдаги ўрни, ахамияти, имкониятлари, афзалликлари ҳамда давлат томонидан қўллаб-қувватлаш билан боғлиқ бўлган хусусиятлари ёритилган.

Калит сўзлар: лизинг, амортизация, амортизация коэффициенти, лизинг тўловлари, лизинг турлари

Increasing the demand for financial resources under the influence of the financial crisis creates the need to look for their sources. One of its most attractive options is to develop leasing relations. This, in turn, creates a demand for leasing services. This situation leads to the emergence of new leasing companies and the major activities of non-leasing organizations, particularly credit unions. The emergence of new leasing companies and credit unions will lead to an increase in the competitive environment among them and the improvement of the leasing services provided thereby.

The description of leasing testifies to existence of investment signs as in the technological plan acquisition of the new equipment will be financed. The use of leasing creates additional opportunities not only to expand the functions and capabilities of the subjects of the financial capital market, but also for the development of sectors of the national economy. [1]

Nowadays leasing operations are carried out by commercial banks in the leasing market. However, while leasing operations are not the major business of commercial banks, they are addressing issues related to meeting long-term funding needs.

Further diversification of the types of equipment involved in leasing for use in various industries and services will spontaneously affect the development of the economy. This gradual decline in the share of agricultural machinery in the total volume of leasing services proves. Currently, the volume of leasing of equipment for passenger and passenger transport and light industry is increasing.

In our view, considering the use of leasing machinery for renewal of fixed assets of textile enterprises, it is necessary to take into consideration investment mechanisms derived from textile equipment.

The first feature is that textile equipment will be depreciated over a long period of time, with a useful life cycle of up to 7 years. Therefore, the duration of the leasing agreement is reflected in the requirement to be consistent with it.

Leasing relationships are subject to accelerated depreciation of a subject of leasing. Depreciation fixed assets with leasing agreements can be used for the main depreciation principal, but not more than 3 coefficients. In our opinion, the accelerated depreciation coefficient in leasing agreements should be between 2 and 3 coefficients. This coefficient can be used to reduce the taxable base over 3.5 years if the minimum useful life of textile equipment is 85 months. Accordingly, the lease term of the equipment with more useful working hours is higher. The total leasing rate, which is the result of depreciation, which can be achieved when accelerated depreciation ratios are equal to 2 or 3 coefficients, is estimated at UZS 7557.4 mln. It can be seen on the example of the conditional enterprise, which makes up UZS 0.4 billion (Table 1). As a result of the calculations, 7557.4 million sums were purchased on leasing. The cost of fixed assets is about USD. The leasing term is 5 years. As a result of the application of the coefficient 3 instead of the coefficient 2, the depreciation effect is reduced to 275.7 mln. sums. In the initial period, the taxable base will be reduced, but in subsequent years the decline in the cost of depreciation will reduce the taxable base, with the decrease in property cost. However, using accelerated depreciation allows short-term leasing expenses. Depreciation costs can be increased if there is no problem with the sale of leased products. At the same time, the reduction of the tax base is carried out by increasing the selling price.

Table 1

Comparative table of accelerated depreciation in coefficients 2 and 3 *

Years	Reduced residue 2 coefficient			Remainder which is reducing 3 coefficient		
	Initial value, mln. sums	Depreciation, mln. sums	%	Initial value, mln. sums	Depreciation, mln. Sums	%
1	7557,4	3022,9	40	7557,4	4534,4	60
2	4534,4	1813,8	40	3022,9	1813,8	60
3	2720,7	1088,3	40	1209,2	755,5	60
4	1632,4	652,9	40	483,7	290,2	60
5	979,4	391,8	40	193,5	116,1	60

*source: prepared by authors

Another important feature of textile equipment, which is crucial for leasing, is their high technological level and, therefore, high value. The average cost of spinning equipment produced in Russia is \$ 24-32 thousand per car and the cost of spinning

equipment from other foreign countries is \$ 60-80 thousand. To ensure smooth operation of a spinning mill at the competitiveness level, a chain of 10 machines and additional equipment will be required. As a result, the volume of contracted equipment purchase on a leasing basis exceeds from a million to 10 million dollars.

The above-mentioned features, of course, have an impact on the volume of leasing in the textile industry. Because they create specific terms for leasing terms, contract value, collateral coverage for leasing transactions.

In order to effectively use the leasing mechanism, textile companies need a differentiated approach to selecting the types of leases as well as taking into account the characteristics of network equipment and the financial capacities of enterprises.

Leasing is the most appropriate type of leasing for textile companies. This can be explained by the following reasons:

- application of financial leasing does not require additional expenses from a leasing company related to servicing a leasing object;
- conditions of financial leasing are convenient and acceptable for textile enterprises.

Although financial leasing is a type of promising lease, leasing companies can also lease a lease. In this type additional cost for searching necessary equipment and its supporter is not required. Also, as a result of leasing operations, enterprises will have free funds and can be directed to their development or increase of working capital.

Leasing can also be effective if there is a lack of resources of a leasing company to meet the demand for a high-tech or complex chain of technology and the need to find additional investors.

Operational leasing is a sophisticated mechanism for leasing, and the use of textile equipment is problematic. However, this lease can also be used under favorable conditions. For example, if an arrangement of leasing arrangements is long-term, the lease will be operated in the form of an additional service to the leasing, provided that the ongoing arrangements are to be continued on a graceful basis.

Leasing payments may be used in the form of cash when leasing company is concerned with the lease receiver's product. Producing textile products for the Ministry of Defense and the Ministry of Internal Affairs by government orders may be taken as an example. The option of leasing, with the option to buy used equipment, can be used in the textile industry. This lease is used by Chinese leasing companies. From the point of view of the most advanced enterprises, spiritually worn out styles can be used effectively at other technologically advanced enterprises.

The requirement for the use of revolver leasing by textile enterprises may be caused by the need to replace the leased equipment with another product that conforms to the technological specifications of the product. Renewable leases include frequent replacement of some types of equipment in the most up-to-date equipment and are used in production where the equipment is rarely required to replace frequently used equipment despite rarity. [2]

Despite the availability of certain types of leasing, it is advisable to use financial leasing at the initial stage to upgrade the textile equipment.

In our opinion, for a broad range of leasing development, first of all it is necessary to create a leasing business infrastructure, attract more international financial institutions, and form a competitive environment. In the projects, it is necessary to reflect the tasks related to the state support of both the lessor and the lessee, and the measures developed due to them. Developed measures ensure the technical and technological re-equipment of enterprises of the textile industry on the basis of the development of activities of leasing companies, as well as the production of final products with high added value. These measures do not contradict other normative acts, but rather create opportunities for their widespread use. Summarizing the above proposals, it is possible to specify the following directions of prospects for the development of leasing activities (Table 2).

It can be concluded that leasing is the main source of financing in the renovation of fixed assets of textile enterprises and the modernization of production of enterprises. Relying on the support and assistance of the state in the development of leasing relations ensures the formation and development of leasing in the network and increases the efficiency of leasing operations carried out.

Table 2

Promising project of leasing development in the textile industry*

Directions	Functions	Measures
State support of lease receivers	Creation of leasing for the strategic sectors of the national economy, small and private business entities and enterprises oriented to the innovative developmental type	<p>Subsidizing some expenses of the lease payments:</p> <ul style="list-style-type: none"> - compensation of partial leasing payments for procurement of technological equipment manufactured by small businesses, innovative companies, and enterprises of strategic sectors (or imported in Uzbekistan without such equipment); - providing state guarantees for the purchase of new technological equipment by small businesses, innovative companies and infrastructure companies. Because there is no special regulation mechanism in the leasing market that defines the directions of its development; - especially in the development of leasing should be played by networking ministries, who need it. The use of leasing as the main tool of industrial policy will give a powerful impetus to the development of the leasing sectors as well as to the sectors producing leasing. <p>Developing leasing services in the textile industry:</p> <ul style="list-style-type: none"> - using leasing in competitive textile products, it should become one of the most important elements of the sector's modernization;

		<ul style="list-style-type: none"> - application of modern leasing mechanisms of network financing; - improvement of legislative base: <ul style="list-style-type: none"> a) creation of a normative base, which does not contradict other norms in the regulation of state registration of leasing contracts; б) decrease of tax burden on the enterprises producing finished finished products.
Non-financial support of state leasing companies	Creating an open environment for business activities and reducing administrative pressure for lease receivers	Solve VAT (value added tax) issue. For this purpose, it is desirable for leasing companies to include certain options, rather than allowing VAT to be accounted for. Allowing VAT exclusion reports to be filed with tax authorities only on the basis of the results of the investigation (if there is a case of incorrect VAT impairment).
Risk management of leasing companies	Increasing their investment attractiveness by reducing the risks of leasing companies' activity	<p>On credit risk reduction:</p> <ul style="list-style-type: none"> - giving government guarantees and reducing risks within the public-private partnership mechanism for reducing currency risk; - introduction of control over the open currency position of leasing companies; - improvement of accounting rules in order to prevent leakage of "paper" losses from leasing issuers due to strong fluctuations of the exchange rate; <p>In order to reduce fraud risks by lessees:</p> <ul style="list-style-type: none"> - creation of a single database of lessees (Bureau of customer lease dates) - minimization of fraud and reduction of risk of leasing companies.
Financing leasing companies	Providing leasing companies with sufficient financial resources in order to implement large scale long-term projects	<p>Increasing the capitalization of lessors:</p> <ul style="list-style-type: none"> - It is necessary to significantly increase the level of capitalization of the leasing companies of the republic in order to provide leasing financing for the largest and long-term projects in the textile industry. <p>In order to realize this, the followings are required:</p> <ul style="list-style-type: none"> a) allowing leasing companies to include credits that are subordinated into their own funds as banks; б) reducing the tax burden on re-investment of profits; <p>Financial support by State:</p>

		-funding by banks which are relate to developing lease companies; -subsidizing one part of expenditure which is devoted to pay percentage on attracted credits.
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*source: prepared by authors

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