



CHARACTERISTICS OF INNOVATIVE LEASING OPERATIONS IN THE LEASE MARKET

Latipova Shakhnoza Mahmudovna

Samarkand Institute of Economics and Service

"Department of Finance" curriculum teacher have

latipova_shaxnoz@mail.ru , +99890 2719111

Abstract

The formation of innovative ideas is often associated with the problem of finding sources of financing. In accordance with this, the article emphasizes the importance and significance of leasing as an effective means of financing innovative activities. The factors of formation and development of innovative leasing in the leasing market are also given.

The goal of the article is to improve the financial condition of the subjects, participants of the innovative leasing agreement, by evaluating their effectiveness, as well as accelerating the production of innovative products. To achieve this goal, the differences between innovative and classic financial leasing, the importance of the financial model of an innovative leasing agreement, the formulas that can be used to identify it, and a general overview of the innovative leasing mechanism are shown. The efficiency of using innovative leasing mechanisms at the state level and the level of business entities is presented. Scientific and practical proposals for the formation and further development of innovative leasing in the national financial market have been developed.

Keywords: leasing, innovative leasing, specialized innovation product, financial model, net present value, internal profitability ratio.

Introduction

The economy, liberalization of the market of macroeconomic stability and high economic growth, is essential to maintain leasing services in volume, and the introduction of new types of expense and improve the quality of local raw material resources on the basis of deep processing of high value added ready. It is important to increase the volume of product production [1].

During the visit of the President of the Republic of Uzbekistan Sh.M.Mirziyoev to the regions of the republic, it is noted that the growth of the economy of our country is achieved not at the expense of raw materials, but at the expense of



creation of finished products. This means that special attention should be paid to the issue of technical and innovative re-equipment of the national industrial system. However, it should be noted that in recent decades, the innovative activity of national industrial enterprises has been recorded at around ten percent. This situation is usually explained by the physical and spiritual depreciation of fixed assets. Also, the asset renewal strategy for many industrial enterprises is lagging behind mainly due to the shortage of domestic financial resources.

In this context, the widespread use of new forms and types of financing of innovative projects in industry is becoming increasingly important. In our opinion, one of the most effective financial instruments in financing innovative projects of industrial enterprises is leasing, which is still used as a relatively new and non-demanding type of service. The relevance of leasing in innovation, in our opinion, is determined, firstly, by the lack of financial and credit resources in the development of innovation, secondly, the usefulness of leasing as a form of economic activity and its importance as an effective form of financing at each stage of the innovation process. The main reasons for this are:

- In modern economic conditions, leasing is not justified as the most optimal way to finance innovative projects in industry;
- Lack of analysis of the level of development of leasing relations in the industrial sector of the country;
- the ineffectiveness of measures to identify the main problems that hinder the development of leasing relations in the industrial sector of the country and at the same time reduce the impact of negative factors.

It is clear from the practice of developed countries that the innovative path of development is inconceivable without a perfect innovation system that directs scientific ideas to competitive knowledge and technology. At the same time, innovative development is associated not only with the implementation of the results of innovative processes, but also with the provision of material and technical base of innovative active enterprises.

Therefore, the current situation requires a new approach to the development and regulation of the leasing mechanism in our country. In this regard, first of all, it is necessary to focus on the essence of the use of the leasing mechanism in the field of innovation.

Description of the Literatures

It is known that the leasing process is a process from the formation of a conceptual idea on the project to its implementation. This process is reflected in three main stages (initial, i.e. preparation (pre-investment), organizational (investment) and operation of the facility), which include the production and sale of products using fixed assets, which are the object of leasing, and the relationship with the termination of the contract [2, S.103-123]. Therefore, the peculiarity of the traditional use of leasing in innovative activities is that the leasing service helps to use all the capabilities of the manufacturer, ensuring that competitive knowledge and technology reach the end consumer through the three stages mentioned within certain opportunities. This is the case with "innovative leasing".

The concept of innovative leasing has been widely used by economists in recent years and has been defined differently. In particular, N.G.Korol by providing innovative leasing innovative activities to attract financial resources, and described as placement and attraction[3].

A.M. Tsyganov recognized that the concept of innovative leasing can be applied to leasing when used to ensure innovative activities [4]. A similar definition is given by A.O. Kazankina. According to her, innovative leasing is an investment method that provides innovative activities or moves an innovative product to market [5]. In his research, A.A. Ayupov approaches "innovative leasing" as a form of specific, special economic relations that occur between the subjects of economic relations (lessee, lessor and seller). In this case, leasing as a way to enter the market of an innovative product, simultaneously creates the basis for the implementation of innovative activities, or the lease itself emerges in form and essence as an innovation or a combination of the above [6]. Innovative leasing is one of the most complex tools available in a lessor's investment portfolio, and only its proper and effective use can be positive for the lessor and the lessee.

The main part

The growing demand for leasing operations in innovative activities is primarily due to factors such as limited budget funds, insufficient funds of businesses to introduce new technologies, high interest rates on loans from commercial banks. Credit institutions, especially commercial banks, often require reliable collateral, and innovative projects are not considered at all. Therefore, the use of innovative leasing is relevant.

The main differences between innovative leasing and classical financial leasing are as follows:

- from the point of view of the subjects of the contract. Under the classical financial lease, the financial relationship is observed between the seller of the property and the lessor (purchase agreement) and the lessor and the lessee (lease agreement). It can also be observed that indirect participants are also involved in this process. In innovative leasing, there are two lessees. In the system of innovative leasing relations, the structure of lessors consists of the following entities (Figure 1) :

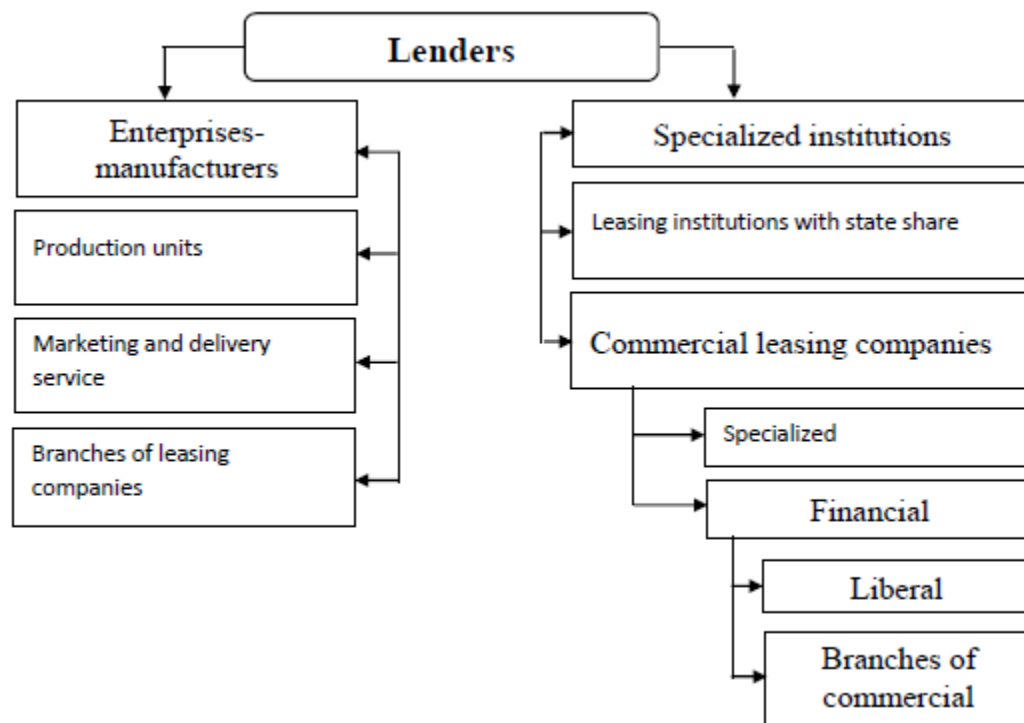


Figure 1. The structure of lessors in the system of innovative leasing relations [7].

- In terms of the objectives of the interaction of the participating entities. In a classic financial lease, if the lessor’s goal is to make a profit from the transfer of the leased asset to the lessee for a fee, the lessee wishes to have certain tax benefits through the lease. The seller of the leased object will be able to sell his product through leasing. In innovative leasing, the main goal of the participants is to create and sell an innovative product through the lessor acting as an intermediary.
- In terms of the object of the contract. In classical financial leasing, the contract may specify as a lease object any non-consumable items used for business



activities, including enterprises, property complexes, buildings, structures, equipment, vehicles and other movable and immovable property. Unlike classic financial leasing, in innovative leasing, the subject has special equipment. The peculiarity is that the manufacturer takes intellectual property (know-how, license to perform a certain activity) as equipment as a lease object by the lessor and uses it in the production of a new product, and this product is presented to the lessee as a lease object are given.

- Contract participants in terms of bilateral relations. In a classic financial lease, through a contract, the lessor acquires a particular property on behalf of the lessee and transfers it to the lessee on the condition of using it and then taking it on its balance sheet (the principle of payment) (ownership changes). Innovative leasing contract is a four-sided (manufacturer-leasing and leasing (1) character, attitude reflects (Figure 2).

Entities participating in an innovative leasing agreement are required to pay special attention to the financial model of the agreement before participating in the agreement. The reason is that the financial model should be able to assess the appropriateness of the parties to the contract. Such an assessment is made primarily by determining the net discounted income (NDI) on the contract. To determine this indicator, we can use the following formula (see formula 1):

$$NDI = \sum_{n=1}^N \left(\frac{PUE}{(1+d)^n} \right) - QoE \quad (1)$$

Here:

PUE- payment for the use of equipment;

d- is the discount rate applied under the contract;

QoE - equipment cost;

n - the term of the equipment lease agreement.

Using this formula, the lessee will be able to determine the advantages of leasing and credit mechanisms before concluding a contract.

It should be noted that in the implementation of innovative leasing, it is important to assess the effectiveness of the use of innovative leasing in the financial model of the contract. Therefore, to determine the effectiveness of leasing, it is necessary to use the following inequality (see formula 2):

$$IRD_n > P_{oa}, \quad (2)$$

where: IRD_n is the expected level of internal return on assets of the enterprise obtained on the basis of innovative leasing;

P_{np} is the expected return on the company's assets (without leasing).

The following principles are widely used in international practice to determine the cost-effectiveness of leasing:

The principle of income and expense allocation is reflected in the allocation of income and expenses related to and not related to the investment project, and are used to determine the amount of income expected by the enterprise to invest and know how much it will cost.

The principle of alternative evaluation is to justify the decision to attract funds to the same project, rather than to other alternative projects. The SDD (net present value) and D (the time period of the unit in the form of a percentage discount rate) and IRD (innovative leasing based on the expected profitability of the domestic assets of the company) indicators plays an important role.

If $SDD = 0$, then the asset is expected to internal profitability (IRD) is called. The IRD indicator represents the percentage of investment that can be achieved in a project. $SSD > 0, IRD > D$ to be effective, but $SDD < 0, IRD < d$, which is inefficient.

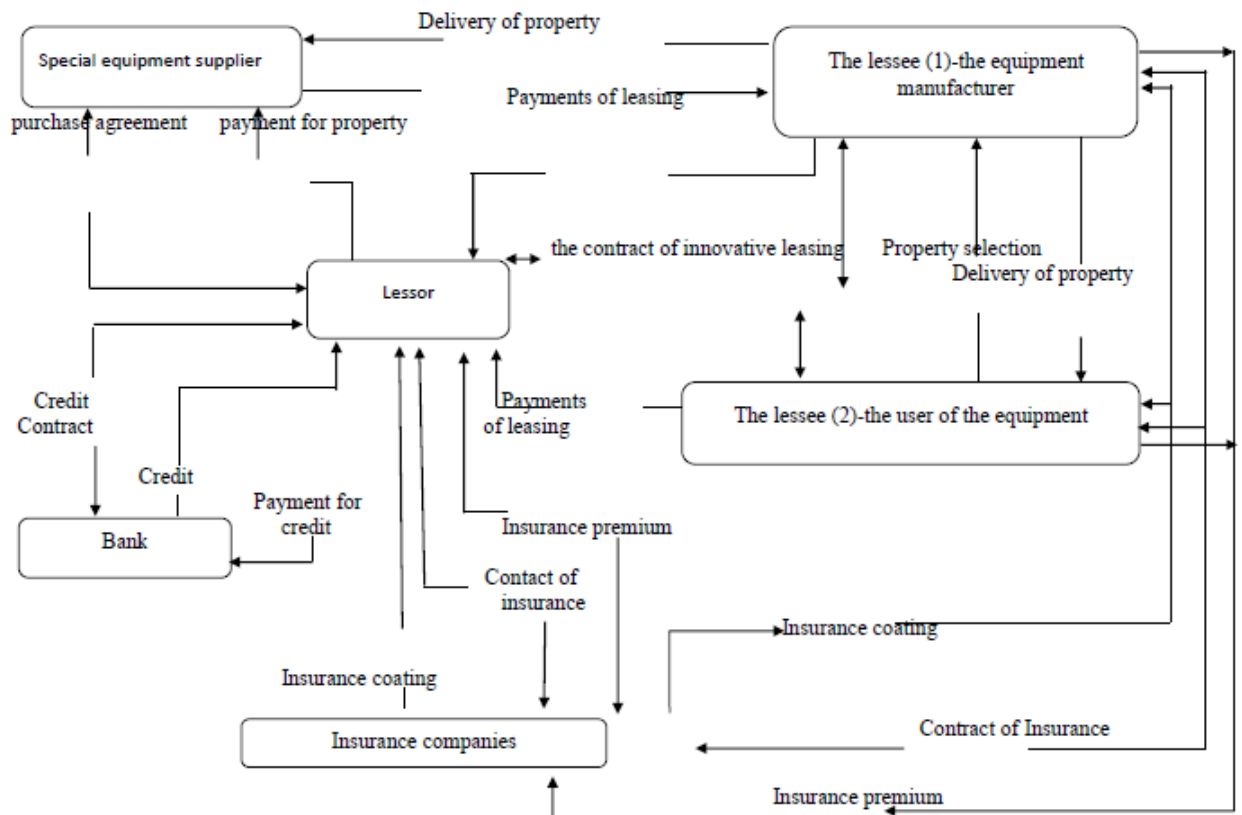


Figure 2 . An overview of the innovative leasing mechanism

It is advisable to develop the financing of investment projects through an innovative leasing mechanism not only at the enterprise (or industry) level, but



also at the regional (countrywide) level. The main reason for this is that the application of the leasing mechanism can have a positive impact on the growth of economic efficiency not only of the enterprise (or industry), but also of the whole region (Figure 3).

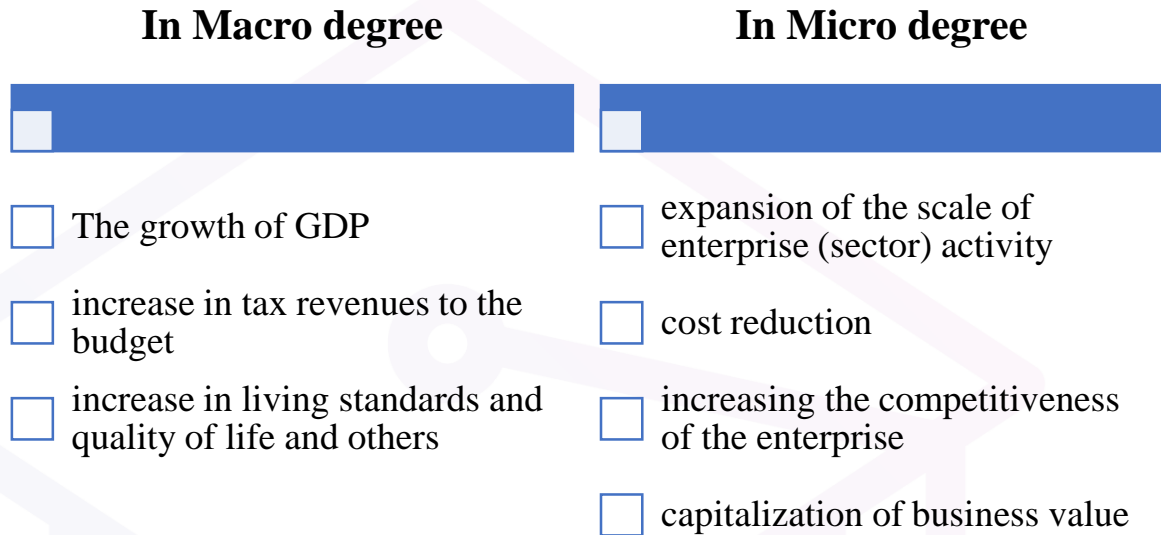


Figure 3 . The effectiveness of the use of the leasing mechanism at different levels

Conclusion

Although certain measures are being taken to develop the leasing market in the country, the share of leasing services in GDP remains relatively low. The national leasing market is also relatively low in terms of quality. In order to introduce innovative leasing in the future and further expand this type of service, we offer the following proposals:

- Specialists providing innovative leasing services are required to have in-depth knowledge of innovation, trade, equipment supply and demand, production technology, maintenance, control, legislation, property insurance and other areas is given;
- creation of a regulatory framework for the use of an innovative financial mechanism called "asset securitization" to address the shortage of funds in leasing companies providing innovative leasing services ;
- Development of methodological guidelines for the calculation of all elements of payments for innovative leasing services formation of samples of contracts for innovative leasing services. One of the unresolved issues in this segment of the



market is the development of guidelines for setting brokerage fees, premiums paid to leasing companies;

- Investment leasing in the financing of projects in order to compare alternative methods of financing. This requires comparing the results of alternative financing methods with an indicator of the real value of expenses, the expected net profit;

- the innovative leasing the implementation of the Trusted leasing's right to choose, they will offer projects and efficiency of care is one of the main problems in the use of leasing. At the same time leasing products in determining the ability of credit and leasing on the right to make decisions largely determine the effectiveness of pre-leasing operations. In order to properly address these issues, it is necessary to take into account the economic situation in Uzbekistan, based on international experience. At the same time, we consider it expedient to gradually expand innovative leasing services throughout the country. To expand such leasing services, it is necessary to create a wide database of leasing agreements, to create consulting companies and firms, and other intermediary organizations that will help to implement effective life leasing projects. There should be special funds that provide financial resources on favorable terms to support leasing companies.

Based on the above ideas, I should say, and innovative theoretical bases of leasing services, to create such a relationship regulating the production of documents and average improvement, as well as the implementation of the recommendations of the national economy, innovative leasing services to further define the future development.

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