

FINANCING MECHANISMS OF INNOVATIVE PROJECTS THROUGH COMMERCIAL BANKS

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It is difficult to develop the socio-economic life of the country without small business entities and their innovative projects, the role of commercial banks in their financing is important. The reason is that commercial banks provide innovative project-producing and service-providing companies with credit funds, play a key role in the financing of innovative projects in our country, and thereby contribute to the general macroeconomic stability of the society.

In the context of modernization of the country's economy, the importance of financing innovative projects by commercial banks is increasing year by year. With the help of loans from commercial banks, important sectors of the economy are being financed, enterprises operating with new innovative projects are being established, production and services adapted to innovative technology are being introduced, and the creation of new types of products is being developed.

Regarding the role of commercial banks in the financing of innovative and investment projects, Sh. Mirziyoev stated that "The bank should develop measures to attract external sources of financing together with its own funds for investment activities" [1], and that the year 2020 in the country will be "Science and Enlightenment" and the development of the digital economy", the fact that its program takes into account the issues of wide application of innovative projects to production in the country, comprehensive support of science and enlightenment, financial support of innovative projects at all stages of economic development, determines the relevance of the research today.

According to the World Bank, in 2020, the demand for bank loans of enterprises operating on the basis of innovative projects is somewhat higher in developing countries. In developed countries, on average, 40% of enterprises need a loan, while in the countries of Eastern Europe and Central Asia, this indicator can be observed from 45% to 60%. At the same time, it should be noted that the requirement of collateral in the lending process is higher than 60% on average in developed countries, while it is higher than 80% on average in Eastern European and Central Asian countries (Figure 1).

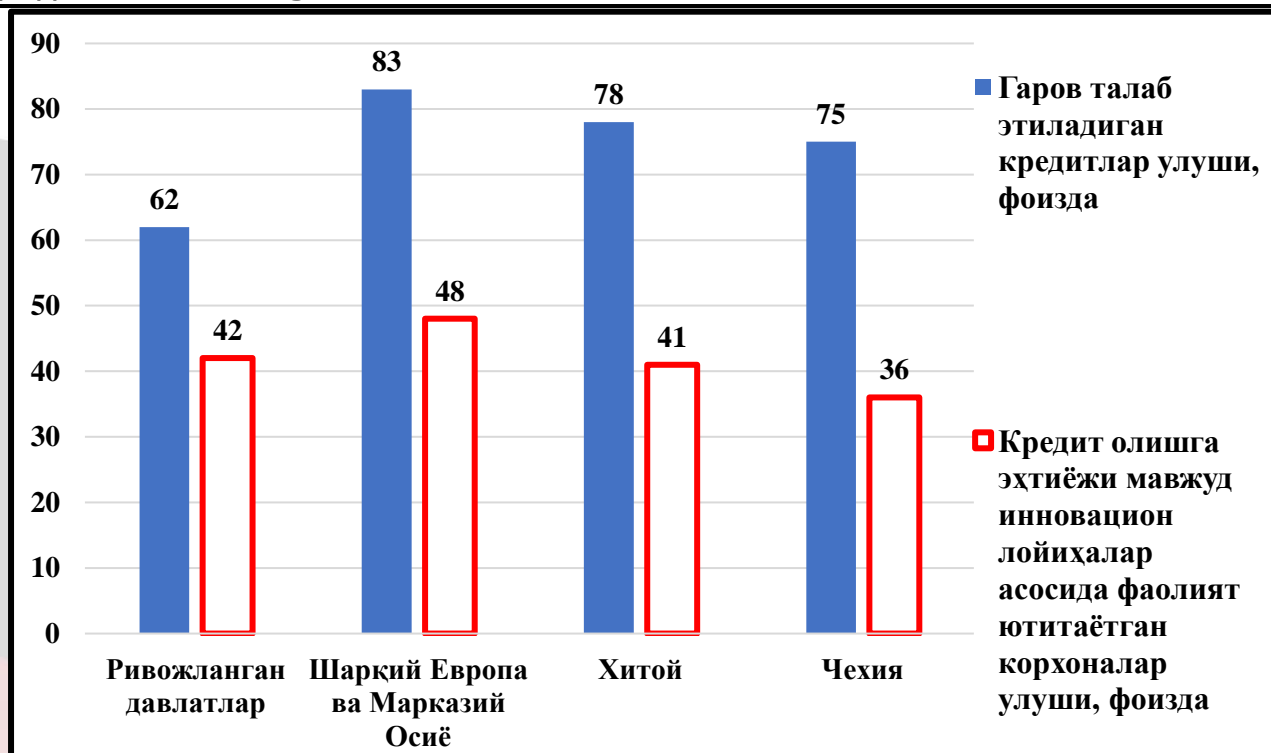


Figure 1. Demand for bank loans of small business entities operating on the basis of innovative projects in the world, in percentage

Source: Compiled by the author based on World Bank 2018 data.

Based on the experience of the above countries, crediting of innovative projects of small business entities should be aimed at solving specific social and economic problems, such as improving the standard of living of the population, employment of the population, and increasing their economic activity. From the experience of investment lending tested in world practice, the use of its positive aspects in the conditions of the formation of the market in this direction in the Republic of Uzbekistan serves as an important theoretical and practical resource.

Today, a number of positive actions are being taken by the state for the development of small business entities, including the provision of modern services and production of competitive products, and great attention is paid to their support and financial assistance.

In our country, a comprehensive vision of the system of financial support of innovative small business entities has not yet been formed. Large enterprises with funds are not interested in the projects of small innovation enterprises. Innovators themselves also try not to get credit due to the short loan period, high interest rates and lack of collateral. A lack of funding is only one aspect of the problem, and it is also important to know how to allocate funds.

However, as a result of defining the strategy of developing the economy through innovation in the priorities of the development of the Republic of Uzbekistan adopted in 2017, the level of interest of commercial banks in working with enterprises engaged in innovative activities,

which they previously considered to be high risk and low liquidity, has changed. There was a need to improve the financing mechanisms of innovative projects by banks.

The following general proposals and recommendations were developed to increase the role of commercial banks in financing innovative projects of small business entities:

- to increase the size of banks' own assets in order to expand the scope of using the project financing method in financing the modernization of the main industries in the Republic, especially innovative investment projects by banks;
- development of a new methodology for identifying, evaluating and managing investment projects of small business entities of commercial banks;
- in improving the mechanism of financing investment projects of commercial banks, it would be appropriate if the main focus is on improving the procedure for expert examination of innovative project documents by banks and introducing a mechanism for assessing their efficiency not only by quantitative economic indicators, but also in terms of quality.

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