

## **THE CONCEPTS AND PRINCIPLES OF BUSINESS CAPITAL DURING THE ECONOMIC REFORMS**

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### **Abstract**

*The paper highlights the impact of future perspectives of business capital during the economic reforms. Investigation makes number of conclusive analyses over identification of terms that relates on businesses as whole. Civil code of the country stated and analyzed to make better understanding of legal entity and its responsibilities and privileges. The paper concludes that the opinion pointed to the right as the research departments of the company are aware of the business capital. "Enterprise", "commercial organization", "company" shall not be regarded as synonymous with application of the concepts. Final conclusions of the paper serve on the development of topic in the forthcoming issues, moreover fundamental basis of new studies can be made with the help of shortcomings and outcomes as whole.*

*Keywords: Legal entity, business, Intellectual property, business transactions, Uzbekistan*

### **INTRODUCTION**

Today, Uzbekistan has entered into the new phase of economic reforms. The major goals of these reforms are the provision of deep structural transformations in the economy and primarily, in such areas as strengthening national currency and liberalizing foreign trade (Bhatia, 2006). On this way, the program of radical denationalization and privatization of enterprises is aimed at priority development of private ownership and sharp reduction of the presence of state in the economy. Special attention is attached to accelerated growth of SME, private entrepreneurship, increasing its role in the structure of the economy, development of banking and finance sectors (Cooper, Schindler, & others, 2003). Our important task today is to raise the reforms to the qualitatively new level on democratization and modernization of our country, our society,

preserving succession and consistency, their transparency and predictability. It's the attraction of foreign, and first of all, private investments, creation of essential investment environment and guarantees to investor as the most important condition of ensuring structural reforms of our economy and modernization of production, growth of export and import-substitution (Chemin, Platonov, Ul-Hassan, & Abdullaev, 2004).

Furthermore, Uzbekistan is political stability, confidence in tomorrow and consistency of reforms in all fields of public and political life. It's the state, where representatives of more than a hundred ethnic groups and dozens of religions live in peace and concord. From the very day of Independence, Uzbekistan selected own course of development, own, Uzbek Model of transition to socially oriented market economy based on five key principles developed by the first President of Uzbekistan Islam Karimov at the beginning of Independence of our state: the priority of economics over politics; the state is the main reformer; the rule of law in all areas of life of the society; strong social policy; step-by-step transition to market relations (Dubovyk et al., 2013; Pomfret, 2000). Thanks to successful implementation of this model, today, Uzbekistan has achieved and provided:

- macroeconomic stability, equilibrium of domestic and foreign sectors of economy, growth of currency reserves;
- framework for maintaining steady high rates of annual economic growth by 8% at average, predominantly, thanks to internal factors;
- reduction of aggregate tax burden almost 3 times, while the State is providing additional packages of concessions and preferences to exporting enterprises, small businesses and entities, making investments and introducing new production;
- creation of sustainable banking and finance systems with strict observance of Basel principles of banking supervision. The degree of sufficiency of banking capital is more than 23%, which is almost 3 times higher of international standards;
- development of new high tech industries through intensive investment policy, technological modernization of industrial facilities and production infrastructures.

The issued strategy of struggle against crisis and neutralization of its consequences allowed the country among few states of the world to ensure for the past period steady growth rates of economic development. Growth rate of GDP in 2014 comprised 8.1%, which is according IFIs is one of the highest indicators in the world. The volume of industrial production grew by 8.3%, agricultural production - by 6.9%, capital construction - 10.9%, retail trade turnover - by 14.3 percent. About 70 percent of the production are finished goods with high added value (Corsi & Akhunov, 2000).

## THE BACKGROUND CONCEPTS AND PRINCIPLES OF BUSINESS CAPITAL

On this way accounting, economic analysis and audit of the organization are considered as an object for trading purposes. The concepts of economic science, this is considered the same as an object of management. Their comparative analysis can be expressed in the following form.

Table.1 Comparative analysis of "business," - "company," - "commercial organization" concept

The essence of the concept			Validity of the concept of form			
			economic form		legal form	
Activity			Company		Juridical individual	
Business (entrepreneurship)			Company (corporation)		Commercial organization	
Business capital		Business transaction	property complex	The organizational structure and responsibilities	Company	Legal obligations and rights
tangible capital	intangible capital					

Organization could be considered as a notion of economic outlook. On this case. economic literatures have also stated the notion of economics and organization at all. In particular, organization is believed as combined units that consciously controlled for the specific purpose while examining certain level of margins. An organization or organization (see spelling differences) is an entity comprising multiple people, such as an institution or an association, that has a collective goal and is linked to an external environment.

There are a variety of legal types of organizations, including corporations, governments, non-governmental organizations, political organizations, international organizations, armed forces, charities, not-for-profit corporations, partnerships, cooperatives, and educational institutions. A hybrid organization is a body that operates in both the public sector and the private sector simultaneously, fulfilling public duties and developing commercial market activities. The organization said companies, trade unions, political parties, universities, organizations benefit ko'zlamaydigan and other "management units" can understand.

According to scientists, social unit of people that is structured and managed to meet a need or to pursue collective goals. All organizations have a management structure that determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks. Organizations are open systems that affect and are affected by their environment.

Organization is the major forum for dialogue and innovation in organization studies, addressing significant current and emergent theoretical, meta theoretical and substantive developments in the field.

According to the Civil Code of the Republic of Uzbekistan, founders and participants of a legal entity or owners of its property are generally not responsible for liabilities of the legal entity. Such responsibility arises when these persons' or a parent entity's actions have led to insolvency (bankruptcy) of this legal entity (Bobojonov, Teuber, Hasanov, Urutyan, & Glauben, 2016).

Open joint stock societies, entities with state participation and enterprises engaged in insurance, banking, stock and commodity exchanges, investment funds and other financial institutions are subject to mandatory annual audit by an independent audit company (Civil Code of Uzbekistan, 39 - substance).

According to substance № 40 of Civil Code of Uzbekistan, companies that are directed to commerce are believed commercial firms.

Limited liability societies are governed by the Law on Societies, № 310 - II of 6 December 2001, enforced from 1 March 2002. Limited liability societies are considered separate legal entities and may be established by one or several founders. The founders' financial liability is generally limited to their contribution to the owners' equity (capital) of the company. According to the Civil Code, branches of legal entities can carry out all the functions of a legal entity, without constituting a separate one.

Branches of Uzbek legal entities are generally established in remote (from the head office) location (s) to allow local presence; they operate under special branch regulation which is developed by the principal entity. The regulation defines the framework of the branch's operation; it stipulates that the branch is not a separate legal entity and does not have own assets, balance sheet, etc. However, in practice, this business form is not applied to foreign legal entities. It may be due to a lack of legislative guidance in respect of registering a branch of an entity which does not, by its own, have a registration in Uzbekistan.

As it is stated "commercial firm" should have its original name and code of activity as whole. This kind of informative decree is mentioned at Civil Code of Uzbekistan with 46-substance.

Policy and structure of companies have been outlined as a vital aspect of economics. Moreover, in the Republic of Uzbekistan has undergone several modifications and diversifications in order to ease activities of businesses. One of the major one is taxing system and its privileges for new stated companies (Calhoun, 2013).

In this case, taxpayer (legal entity) is in dispute with the assessment of tax liabilities and financial sanctions, a claim can be filed to the higher tax authority, i.e. the STI. Taxpayer may also file a claim with the court. Filing the claim with the court or higher tax authority would suspend withdrawal of the tax liabilities and sanctions in dispute; these can be executed, if at all, by the court decision, which should be issued within 30 days or decision of the higher tax authority. When filing the claim with the court or higher tax authority, the taxpayer should notify the tax authorities accordingly.

## THEORETICAL ANALYSES

Economic scientists R. Kows firm or company is organized for one purpose while uniting people in one direction that synergies in one way. In order to justify the need to have the legal status of the firms are:

- the team as a confirmation of the official status of a third party;
- Business individualization by the common interests of the participants to be recognized as whole

It was noted that companies must have following attributes: its name, legal address, seal, stamp and the other would be required. Business is based on the basic concepts that constitute the essence of business capital. Special literature analysis show that the economic category has two different properties. On this case, capital is a potential (wealth), which allows you to get the benefit of continued economic. Moreover, J. S. Mill, the national capital is described as that "old stocks of pre-production work go to treasure." According to P. Samuelson –capital is wealth, if there any action that directed on purposed value. If we summarize theories of capital between the different entrepreneurship entities a system of economic relations could be compared as following:

- The distribution of the results of his labor relations between workers and entrepreneurs;
- Operating results due to the distribution of property jointly owned by entrepreneurs;
- The distribution of the results of the activities of the workers of the public and workers (including entrepreneurs);
- The procedure and conditions for the distribution of income on the financial activity of participants (managers, shareholders, investors) as well as the relationship between the hired workers
- Conditions on the sale of business relationships between buyers and suppliers of factors of production.

These relations are the most important factors of production owned by the entrepreneur has the ability to work and the employment of working capital during the treatment of certain conditions can become a particular type of intellectual capital.

"Capital," the researchers category has the following 4 types of evolutionary forms are categorized

- The industrial capital,
- The financial capital,
- Financial and industrial capital,
- Intellectual capital.

Capitalism is categorized in industry capital as whole. Its origin and development of light industry, especially for small businesses and private entrepreneurship in the manufacturing sector. It operates is closely linked with the national market. Financial capital in connection with the development of heavy industry, large-scale manufacturing, banking, and related trade. Financial and industrial capital of the feature has, in all areas of electronic and information technology related to the decision to go to find(Bobojonov, Djanibekov, & Voigt, 2017).

The nature of the intellectual capital of the organization and relations, and economic point of view of the corporate structure of the system, characterized in that the composition of the participants in the labor process, and gradually cover all areas, taking into account the characteristics of the scientific and intellectual property(Djanibekov & others, 2008).

The following Figure – 2 described "capital" in the history of the development. The Figure shows that the intellectual capital, a clear characteristic of the current stage of development of the society of capital.

"Business capital" category of company property, and it should be noted that the sum total of the right (the property complex of the company). "Business capital" in the legal basis of the appearance of "the business".

According to the Civil Code of the Republic of Uzbekistan the purpose of conducting the entrepreneurship of an the enterprise is the object of the civil rights of the property (complex) is seen as a complex.

Companies as a complex property can include all related properties as whole. As it is analyzed, "business capital" is wider than "firm", that is legal or official properties could be stated as material resources

Table 2. The major stages of historical development

Land			
Agricultural products	<b>Industrial capital</b>	<b>Capital of the financial industry</b>	<b>Business capital (modern version)</b>
Raw materials			
Production funds			
Gold (silver)	<b>Financial capital</b>		
Money			
Human resources, knowledge, Information		<b>Intellectual capital</b>	
Technologies			
Market assets			

According to scientific literatures, regulatory and legal documents, at the "the enterprise", usually referred to as "the company", sometimes it is considered as a synonym for the concept of "the organization".

J.Khiks stated "Each enterprise has an economic union while they understood its bonds to their own personal consumption".

Klein, Tambovtsev and Kachalov said that the company is relatively stable factor of economy. Environment is limited independent socio-economic system, the time and place of the production processes and resources cultivate back integrated.

## CONCLUSION

We can conclude that the opinion pointed to the right as the research departments of the company are aware of the business capital. "Enterprise", "commercial organization", "company" shall not be regarded as synonymous with application of the concepts.

Mutual understanding of "business" in the process of buying and selling all the assets belonging to the enterprise as a complex of rights and recognition. Business transaction process in some cases, as well as belonging to the enterprise, but the ranks of the objects of the contract without the approval of the legal capital.

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