NOVATEUR PUBLICATIONS
JournalNX- A Multidisciplinary Peer Reviewed Journal
ISSN No: 2581 - 4230
VOLUME 9, ISSUE 6, June -2023

THE IMPORTANCE OF CREDIT IN THE MARKET ECONOMY

Xaydarov Iqboljon Ilyosjon o'g'li
Kokan University in Quantitative Methods

Abstract:
This article provides information about credit and its importance in the market economy.

Keywords: Credit, commodity, commodity value, enterprises, commodity quality, credit nature, cash.

Credit has been known since ancient times, it first appeared in the process of exchange in trade, which was related to the sale of goods on credit. The reason for this is that the buyer does not always have cash to buy the goods, it will fall when the goods are sold, and the seller cannot wait for them to fall (during this period, the value of the goods may decrease, the quality may decrease.). These and other situations led to the sale of goods on credit. Credit is an integral part of commodity production and trade and is related to its development. With the development of commodity production, credit in the form of money appeared. The possibility and necessity of credit is related to the fact that enterprises sell products, when workers are paid wages, enterprises and individuals keep their money in banks, and in other cases it is temporarily empty. If there are enough funds, it needs appropriate funds to ensure the independence of its activities in other enterprises and organizations. This situation also applies to agricultural enterprises, the seasonality of production, the time of production and the volume of sales of most products do not match, the money for the sold products does not arrive on time, and other situations prevent them from credit. requires use.

The increase in the importance of credit in the market economy is due to the following:

1. Reduces the use of cash, reduces transaction costs and money emission.
2. Thanks to the storage of temporary free funds of enterprises and citizens in credit institutions, their effective use is ensured.
3. Money collected in banking institutions is important as a borrowed source of replenishment of the main and working capital of national economy sectors and enterprises.
4. Thanks to the loan, the fulfillment of contractual obligations between farms is ensured, the continuity of the production and sales process is ensured, etc.

The place and role of credit in the social economic system is determined by the functions it performs. The function of the credit is a specific manifestation of the activity of the credit in the economy.

Features of the loan:

1. Provision of loanable value for temporary use. In this, the relationship between the lender and the borrower is defined in such a way that the lender offers resources to the borrower, the borrower uses these resources, and the value of the loan is transferred between the lender and the borrower.
2. Redistribution. Credit serves all stages of the reproduction process - supply, production, distribution, transaction and consumption. With the help of this function, free money and income of enterprises, organizations, state and private sector are converted into capital and temporarily used. , given on the basis of a certain payment. With the help of this function, the proportions of production and the movement of money capital are controlled.

3. Save transaction costs. With the help of this function, cashless settlements are developed, ensuring the speed and cost-effectiveness of settlements. Saving time of capital in circulation increases its time in production and leads to expansion of production and increase of profit.
4. Acceleration and centralization of capital accumulation. The process of capital accumulation is an important condition for the stabilization of economic development and the economic entity's achievement of its goals. This makes it possible to obtain large amounts of funds with the help of credit to expand production. This function significantly accelerates the process of providing financial resources to the areas of activity that are not developed and not provided with funds in the period of the planned economy.
5. Issuance of means of payment. In the process of implementing this function, credit is not only a commodity, but it has a positive effect on the acceleration of money transactions, squeezing cash out of it, and accelerating the payment cycle. Due to credit, instruments such as promissory notes, checks, and credit cards are included in the range of money transactions, replacing cash settlements with non-cash settlements. This facilitates and accelerates the mechanism of economic relations in the domestic and foreign markets. Commercial credit plays an important role in solving this problem as a necessary element of modern commodity exchange.

The object of the loan is the value given from the lender (creditor) to the borrower. In other words, the purpose for which the loan is given is the object of the loan. In agriculture, banks lend for farming and animal husbandry expenses - mineral fertilizers, fuel and lubricants and other expenses. Subjects of credit relations are (lender) and debtor (borrower).

In other words, state enterprises and organizations, construction organizations, trade organizations, farmers and joint-stock farms, self-employed entrepreneurs, joint ventures, micro-firms, associations, commercial banks, etc. are crediting entities.

If the above entities act as borrowers, commercial banks or other credit institutions appear as lenders.[1]

In its historical development, credit went through the following stages:

Initial formation. The main feature of this stage is the absence of special intermediaries in the loan capital market. The credit relationship is directly between the owner of free funds and the borrower. Here credit appears as usurious capital. Its characteristic feature is:

- Incomplete decentralization of debt relations based on a direct agreement between the lender and the borrower.
- Limited distribution of funds.
- Determination of very high interest rates for the use of loan funds, etc.

The completion of this stage is due to the sharp increase in the need for debt resources due to the growing development of production, and the fact that the capital of usurers obtained separately is not enough to meet these requirements. Structural development. This stage is characterized by the emergence of special intermediaries such as credit and financial organizations in the loan capital market. The first banks, which were created on the grounds of capital usury and exchange offices, assumed the following functions that later became traditional for credit institutions:

- giving free financial resources to the borrower on the basis of the obligation to pay them on time with interest.
- various payment and settlement services for legal entities and individuals (later also for the state).

- carrying out a number of special financial operations (bills of exchange, etc.).

The main sign of this stage is the centralized management of credit relations in the economy by the state. The centralization of credit relations at the state level is carried out with the help of the Central Bank of each country. The emergence of the first nation-state credit institutions facilitated cashless settlement and led to the expansion of commercial banking operations and services. Improvement of credit relations. In the conditions of the market economy, credit relations have risen to a new level of quality due to the development of information technology in this economy, the formation of computer technologies and databases of global banking networks, the improvement of customer service, the spread of credit relations to the international market, and other qualitative changes. [2]

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