

Development and Promotion of Leasing Relations

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Abstract: The article discusses the features of the practice of leasing relations, the problems of reducing worn-out leasing equipment, the main directions for the accelerated renewal of the fleet of machinery and equipment, the need for the participation of commercial banks in leasing operations as an intermediary that stimulates the activity of the lessee, and also formulates recommendations for conducting leasing operations, schemes calculation of lease payments, in particular, including leased equipment. The inhibitory factors in the development of leasing operations are noted, and depreciation rates are singled out among them. Also in this article, an excursion into financial leasing is made, which consists of the effectiveness of the tenant's leasing agreement and their payment to the lessor of the entire cost of the leased property.

Keywords: leasing operations, contract renewal, operational leasing, lessor, lessee, tenant, rental payments, financial resources, rental payments, bank interest, inflation, prices, services.

In the context of the development of a market economy in Uzbekistan, the leasing services market is, in fact, the market of lessees, in which the lessee, as a buyer, has the opportunity to evaluate numerous alternatives to meet their needs as leasing products and services.

At a time when the market is filled with almost identical products of leasing companies in terms of assortment, quality, and cost and services offered by competing lessors, the quality and cost of the leasing product begin to play an important role. Therefore, at present, when the obsolescence of equipment is reduced, equipment leasing is developing sufficiently. It is leasing that contributes to the policy of accelerated renewal of the fleet of machinery and equipment both at each enterprise and throughout the country.

Until recently, there were no sufficient conditions for the development of leasing and the participation of banks in leasing relations, and their conduct of leasing operations. Now it is urgently required to develop a methodology for conducting the main types of leasing operations by the latest achievements of world banking practice. Recommendations for conducting leasing operations should consider all their types, develop model agreements between banks and lessees by types of leasing, schemes for calculating leasing payments, and organize insurance for leasing or leased equipment. The brake on the development of leasing operations is also depreciation rates, requiring the introduction of a new rate of depreciation.

Leasing is the transfer of the right to use for a long period (lease) of immovable or movable property owned by the lessor for the entire duration of the leasing agreement. There are the following varieties.

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Operational leasing is a type of rental operation in which the assignment of equipment (property) is carried out for a period less than the period of its depreciation. The tenant receives the property at his disposal for a certain period or for one production cycle, the contract is usually concluded for 2-5 years. Upon expiration of the contract, the tenant has the right to either complete the lease payments and return the property to the lessor, renew the contract on new terms, or purchase the property at the price agreed upon at the time the contract was concluded.

Financial leasing means that during the term of the leasing agreement, the lessee pays the lessor the entire cost of the leased property (full depreciation). Real estate leasing is, as a rule, financial leasing, its objects are buildings, and structures, which, after the expiration of the lease period (up to 20 years), can be sold to the tenant. This type of leasing requires large investments and is usually carried out in cooperation with other banks.

In case of the leaseback, the lessor agrees with the purchase of property from another leasing organization (renting) to the same legal entity. There are only two participants in this operation - the tenant of the property (the former owner) and the bank. At the same time, the first one gradually returns the investments spent by the bank, continuing to use this equipment.

International leasing is most often a financial lease, in which one of the parties the person of the leasing company-lessor, equipment supplier, or lessee is a foreign partner. There are two types of international leasing: import, in which the object of leasing is property coming from foreign suppliers, and export when the object of the lease is property intended for foreign consumers.

Based on the characteristics of the organization of relations between the borrower and the lease, direct leasing is allocated, when the manufacturer or owner of the property acts as a person leasing it, and indirect leasing, in which leasing is carried out through a third party. According to the method of financing, there is a difference between fixed-term leasing, in which a one-time lease is carried out, and renewable (revolving), in which the leasing agreement continues after the first term of the contract. About the leased property, there may be a pure leasing agreement, when the tenant assumes additional costs for servicing the leased property, and a full leasing agreement, under which the lessor assumes maintenance and other costs associated with the use of the leased property.

Even though when renting equipment, large investments are required for the purchase of equipment, the bank as a lessor can receive several advantages, first of all: expands the range of operations, increase the number of customers by improving the quality of service, reduce the risk of losses due to the insolvency of the tenant, receive a stable income in the form of a leasing commission, save some of the funds due to the simplicity of organizing accounting for leasing payments compared to accounting for long-term lending.

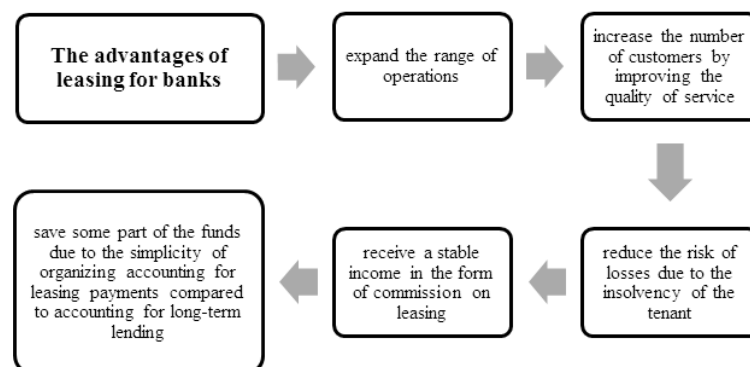


Figure 1. The advantages of leasing for banks

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At the same time, leasing provides the lessee (ie the tenant) with the following benefits. Firstly, the possibility of using expensive new equipment without large initial investments. Secondly, leasing payments are made from the amount of profit from the use of leasing (leased) property and are subject to taxation, since they are rent. The amount of rent payments can be changed to better use the tenant's financial resources. In addition, leasing provides a choice between fixed and variable rental payments for the convenience of the tenant. Because the amount of leasing payments are determined upon signing the contract, it does not depend on fluctuations in the exchange rate of the soum and changes in bank interest on a long-term loan. In the preparation of lease settlements, equipment is valued at current prices, and contributions to them from future receipts become a means of reducing inflation due to the stability of equipment prices during the term of the contract. When drawing up a leasing agreement, the lessor (tenant) also has the opportunity to receive some financial and non-financial information, consulting, and legal services from the bank.

In this regard, an indispensable condition for a leasing transaction should be the same benefit for both the bank and the lessor (tenant). In market-developed countries, large banks provide representatives of enterprises with advice on conducting leasing operations, creating equipment service stations, and legal advice in the field of marketing, taxes, and reporting with the involvement of lawyers and auditors (controllers, auditors). Leasing departments in large banks can also prepare the necessary legal and methodological recommendations, as well as software packages for personal computers.

Foreign experience in conducting leasing operations indicates that in some countries it is widely practiced to provide incentives for leasing operations to certain regions and industries. In our country, such benefits could be extended to those sectors of the economy where there is a significant lag behind the world level, namely, in the production of equipment for the production of consumer goods, consumer and industrial electronics, medical equipment, and environmental protection. Benefits should also be provided to regions with a low level of economic development.

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