

Regulation Characteristics of Enterprises Payment Ability

Lale Valiyeva Musallim

Doctor of Philosophy on Economic Sciences, Sumgayit State University, Republic of Azerbaijan

Abstract: *The payment ability of the enterprises is one of the significant characteristics of its economical conditions. Unfavorable conditions of payment ability negatively influence to the characteristics of mutual relation between the enterprise and subjects and can put the future action of the enterprise jeopardy. That's why to realise the payments in time is standing or a significant duty in front of the enterprises.*

Keywords: enterprise, payment, ability, economics, reckoning, payments problem

1. Introduction

Increasing the payment ability potential by effectively using regulation mechanisms of enterprise financial conditions and using that as a purpose of stable economic growth is one of actual problems standing in front of Azerbaijan Economics. That's why the study of the factors causing for descendance of payment ability potential of enterprises and researching the ways of elimination of its negative influence to the economic development is important.

In our opinion, the solvation of payment realizations in modern economics in time must be happened by considering its external and internal aspects. Above all the situation regarding to create the normal functioning conditions was formed in Azerbaijan Economics. It should be noted this primarity refers to the resolutions of non-payment crisis. That's why the working of this programme and reliving this is possible only considering all factors complexes affecting to payment abilities of Azerbaijan enterprises. The payment ability of the enterprises is one of the most significant characteristics of its financial condition.

Unfavorable condition of solvency negatively affect to enterprises mutual relation characteristics with other economic subjects and can jeopardize the future activity of the enterprise. The solvency position, its changes and estimating the causes of these changes are traditionally important part of the enterprise financial condition. The main purpose of solvency analyses in current market economy is the creating the financial reserve for improving the solvency and eliminating the lacks in financial activity of economic subject.

The next duties is put in front of the industrial enterprises for realizing the above mentioned purpose.

- Objective estimating and analyses of financial resources in the enterprise.
- Estimating economic activity's current financial resources and their realization due to plan in comparison with various indicators.
- Determination of internal reserves for improving the enterprise financial state.
- Preparing more concrete offers for more effective usage of financial resources.

- Realization of prepared offers for more effective usage of financial resources. [1, p 1-2]

The real work condition of financial state and study of solvency of Azerbaijan enterprises created condition for assigned duty solvation of measures development on realizing the payment guarantee in time. As for our opinion, they will be in following areas.

- The reform of state economic policy
- Creating the state scientific technical programs for the purpose of improving the enterprise production potential
- Accounting the demographic factors
- Determination of state control on the enterprise finance

The state economic policy is main strategical direction of measures have led to the not only in time payments but also full stability of economy. The main direction of ensuring the timely payment goes through the money-credit, budget, tax and economical policy reform in foreign economic sphere.

The state monetary credit policy firstly must consider for the abolishment of inappropriation between financial and real sectors of economy. The credit expansion is need for economy realization and especially without this, the solvation of non-payment problems is not possible its average prices, direction to more "narrow" areas, as well as leading the purposeful policy of keeping the silence of inflation man reasons give the chance to break the non-payment circle resulted with state non-payment.

The opportunity to the enterprises for complementing the circulation capitals and attracting the commercial banks credits for financing the investment programs for them with acceptable conditions must be given and it means that the percent rate amount must be lower than the enterprise profit in normal rate to perform their task. The following should be done:

- To increase the liquidity of commercial banks so that, they may be able to send the funds to the real sector of economy and interesting on the economic point of view. The central bank as possible must conduct operations in open market to
- The central bank as possible must conduct operations in open market in order to improve the banks liquidity and increase their liquid resources and decrease obligatory

recourses norm and repeated financial rate with considering economical state in the country.

- Create base to provide the returning the debts and paying the damages from the debtor's property resulted from not returning the amount by creditors. Especially, for example to provide the existence of commodity and mutual tightness of given credits amount by banks to eliminate the industry bankruptcy.
- To determine their mutual relations for purpose of interest for investigating state and private industry for example bank gives definite parts of it disposal recourses as loans with conditions obliging directing for crediting the economy real sector.[2,p 181]

To improve the payment system of the country –is an issue of state importance. First of all creating the legal regime of payments and reckoning realization is extremely important for this case, at the state level (legislative, normative and methodic level as well as, the subject of its credit and payments policy the establishing and applying of their normative regulative system defining organization issues of payments and also at its own subjective level.

At the moment, to strengthen the control for all participants' payment rightness, especially timely to fulfill is especially important. as well as this is related with the account payment time, simultaneously the period inner part –the payment transaction service fulfill times by loans. Control over the payment of damages, penalties, giving money (fine, penalty), as well as other payments in the form of accountability in the implementation of measures, to be complemented by strengthening the responsibility for the breach of obligations. The proper control gives the opportunity to repulse the unfulfillness of the obligations in connections with participants' damages payments, all payments attitudes and at the same time to weaken the negative results. It is proposed that, for example, application of economical reasonable penalty events on the one hand, and on the other hand stimulating and progressive payments depending on the length of delay time create opportunity to make unfavorable the attracting the operation for private usage of foreign funds by other entities and banks. In general, the control mechanism of state right to follow the reckoning rules by enterprises in all property forms should be regulated.

At the same time the payment system reform must be done for the purpose of monetary substitute's usage and their usage results. However, to expand the money supply supply sphere with the alternative reckoning, reduce the cash supply on the base of non-cash payments should be reduced.

The promissory notes role serving in the chain linking several enterprises are discussed by many economists and explained as one of first degree measures. But the promissory notes can convert the debt payment accumulated by enterprises to the automatic process, At the same time they speeding the credit emission and does not fund the production limit on accounting and payment of promissory notes on the price incensement conditions enterprises gives the demand of non-payments and effects of production compressing.[3,p. 44]

At the moment the present condition of uncontrolled issue of unsecured (sometimes false) promissory notes cause the trust to the instrument to be broken. In our opinion the promissory note must be developed under the state control and in two directions; to provide them with real commodity valuables, promissory note payments in time including issuer bankruptcy and property arrest or protesting them.

As already mentioned above, there is a superior form of prepayment and cash-reckoning sale on unstable economic condition and of credit sale. Other payment instrument should be used.

2. Result

In the improvement of mutual payments the full usage of the traditional reckoning instruments, for example the different credit forms as accept of bank credits, accounting, single bank account of a customer, term factoring and for-fating is important. Besides this, however the special means giving opportunities to reduce the insolvency and provide the enterprise with the necessary working capitals in practice has been developed.

As it is known, very financial management allowing eliminating or minimizing the various risk degrees, and insolvency risk in our case is named as hedging the most famous methods of hedging – are insurance forwards and future contracts options and currency swaps and others.

Natural monopolies price regulation – is one of the state economical policy directions. This consists of thwarting their insolvency resulting from production expenses increasing exceeding accordingly goods prices and consumption prices on goods and services by enterprises. It is necessary to equalize their ratios. Firstly, energy and process sectors, industrial and transportation sectors products, and secondly to reduce prices discrepancies over industrial and agricultural products.

In our opinion, the policy of the state budget must be based to restore the liquidity of defaults on the budget, which acts as a multiplier. That's why, it would be nice to remove the cases of the budget source payment (the delay of payment of the state order, financing of special expenses, etc.). That's why we must approach more cautiously to the determination of the opportunities of financial recourses to the budgets. The removing of the paymaent difficulties away is the first condition of improving the budget sate and vice verca.If the company has a high reputation and always solvent maturity, then it is easier to keep their liquidity [4, p. 384].

The most enterprices not ability to restore the simple and widened remanufacture, also increasing limits of their financial resourses directing to these purposes demand the state scientific-technical programmms depending on budget policy.For this one , the sound state investigation policy, because budget means can be additional financial resourses with effective usage condition.Regulation of the business relationship with the budget will be the basis for strengthening their solvency.

As it is known the sequency applied to the payments provides firstly the undelayed nesessities of money payments, state budget and non- budget payments , the others provide the the calendar sequency when payment time is expired.This rule does not consider the creditors' interests , at the same time current and termly payments by duties in front of them by payers are deferently delayed. Thats why the seasonal sequency of payments greatly effecting the solvency of enterprise must be changed. The sequency based on the solvency is superior.

enterprises of Sumgayit City in Azerbaijan).

First of all periodic payments on loans increased during the period, payroll, utilities and other services (except income tax on the advance) budget necessary to carry out payments. Secondly you need to carry out current payments to repay the loan. The thirdly the primary and advance payments should be caarried out.

In our opinion, this payments periodic sequence, the existing differences in the formation of credit debt gets harder. Implementation of the plan of payments on account of demographic factors accounting for the impact of measures to increase the purchasing power of the population, this can occur. gradually only according to the level of the world by increasing its level.

The determination of the state control over the enterprices financeis needat the present and very inportant. In our opinion, production falling down at the regional level and management's strategy to build its own impossible situation to occur in the current situation by establishing a mechanism for the recovery of the business and financial aspects of the reform should be carried out.

In the condition of the indefineteness of foreign invirement and increased of internal difficulties the system of effective managementof enterprices solvency-and its general solvency system important consistance is of important.

In general, the tiemly carrying out the payments of enterprices and it is naturally that, the expences playing significant role for its living of the enterpice and managementof its profitibility reflects the wide knowledge area deeply studied by Azerbaijan and foreign economists.

References

- [1] Abbasova S.A. Practical audit: methodic suppliment. Bakı: Science and education, 2011.
- [2] Isgandarov R.A. Finance of enterprise: methodic supplement. Bakı: AzTU publication, 2007, 458 p.
- [3] Kazımov R.H., Muslumov S.V. Analysis of finance: methodic supplement. Bakı: ASEU publication, 2012
- [4] Савицкая Г.В. Методика комплексново анализа хозяйственной деятельности. М.: Новое знание, 2003.

Author Profile



Lale M. Valiyeva is a Doctor of Philosophy in Economoc Sciences. Her specialization is Economist and she works at Sumgayit State University. Her research focuses on "The directions of payment ability improvement of enterprises" (on the face of industry