

ACTUAL ANALYSIS OF UZBEKISTAN'S STOCK MARKET: PROBLEM, SOLUTION AND SUGGESTIONS

Butaev Javlon Inatillo o'g'li

Doctoral student of Tashkent Institute of Finance Uzbekistan, Tashkent city.

E-mail: butayevjavlon@gmail.com

A B S T R A C T	K E Y W O R D S
In this article, the development of all branches and sectors of the economy requires the harmonious development of the real sector and the financial sector. In this, the development of the country's economy is directly related to the stock market, and the analysis of the modern state of the stock market of Uzbekistan and developed countries was carried out a number of scientific proposals and practical recommendations were given on the creation of economic conditions and the further improvement of the stock market, and opinions of foreign and local scientists were presented on this topic.	stock market, capital market, investor, capitalization, depositor, issuer, share, bond, joint stock company.

1. Introduction

Regardless of the economic progress of some developed countries, we can witness the rapid growth of the capital market and the stability of the investment flow. The stock market performs important tasks in the economy, that is, transforming savings into investment, effectively distributing and redistributing financial and investment resources to promising sectors of the economy, servicing the public debt, redistributing the ownership of means of production, business development and additional work. creation of positions serves to direct temporarily free financial resources to the goals of economic development.

With the help of the stock market, both the state and enterprises attract the necessary funds for the implementation of development and socially important programs. Also, stock exchanges operate in the market economy of many of the most modern countries of the world. At the same time, stock exchanges are considered as the most important institution of the market economy, and the activities of the respective financial institutions include many important tasks based on the national economy. A stock market is a set of mechanisms that allow transactions with physical or securities. A stock exchange is an organized market for the trading of securities. It is a place where buyers and sellers of securities meet [1].

On October 7, 2019, President of the Republic of Uzbekistan Shavkat Mirziyoev held a meeting on the development of the stock market. At this meeting, tasks were given to increase the types of securities traded in the capital market, based on world practice.

Measures to increase the demand for securities, attract foreign exchanges, brokers and banks to the stock market of our country were discussed. The issues of directing a certain percentage of assets of insurance companies to the stock market, allowing banks to purchase highly liquid securities in the primary market were considered.

The need to strengthen the protection of the rights of investors and minority shareholders, improve the payment and collection of dividends was stressed. In addition, the task was given to develop corporate governance, transition to international financial reporting and international auditing standards.

The development of the sector also depends on the qualifications of specialists and the literacy of the population in this area. Today, there are only 300 specialists in our country with the appropriate qualification certificates. Thousands of people work in this field in developed countries.

Attention was also paid to providing more information about the changes in the stock market and increasing the financial literacy of the population.

The officials were briefed on the issues discussed at the meeting and priorities were identified. Therefore, it is planned to develop a strategy for the development of the stock market in 2020-2025. It is planned to increase the ratio of free-floating securities to GDP by at least 10-15% by the end of 2025 [2].

2. Literature Review

In particular, Raymond Barr, a foreign economist, describes the stock market as follows. "The stock market, as a technical institution, performs the function of redistribution of free funds, assesses property rights, redistributes risks, redistributes information among participants in the business cycle. Therefore, the stock market is a long-term idle capital market that collects and consolidates funds. These funds will be directed to long-term immobilization networks" [3].

In particular, Gregory Menkyu, one of the most modern and well-known foreign economists, describes the stock market in this way. "In many cases, such a definition of the stock market is common, that is, it is a set of financial institutions that allow those who wish to save, and in the stock and bond markets to lend their funds to borrowers" [4].

This is how foreign modern and well-known economists K.R.McConnell and S.L.Brew describe the stock market. "The stock market is an institution that recommends capital and brings together buyers" [5].

One of the leading researchers of the Russian financial market Mirkin Y.M. describes the stock market as follows: "The stock market is a place in the financial market where the provision of temporary free cash resources through financial intermediaries based on the provision of consolidated financial services and the use of financial instruments in the form of commodity financial products" [6].

The concepts of stock market and stock market are common in economic literature and vocabulary. In particular, E.F.Zhukov writes: "Currently, there are three markets for securities involved in financing the economy: over-the-counter, stock (exchange) and street" [7].

The role of the intermediary in the capital market is the process of mobilizing long-term funds of the population, including funds of companies and organizations, and investing these funds in securities listed on the stock exchange. As a result, securities issuers and sellers receive funding [8].

According to Y. Rubin and V.Soldatkin, the stock exchange is, first of all, a place where sellers and buyers of securities find each other, where the price of these securities is determined by supply and

demand for them, and the buying and selling process is governed by rules and regulations. regulated, i.e. it is a well-organized stock market [9].

According to Berdnikova, the stock exchange is the organizer of trading in the stock market [10]. According to L.Chaldaeva and A.Kilyachkov, government securities, corporate securities and derivative financial instruments (derivatives) will be traded in the securities market [11].

According to Shokhazami, one of the leading scientists in the country, the securities market trading systems are the conclusion of a contract, verification of the parameters of the contract, clearing (settlement), fulfillment of the terms of the transaction (payment). and a market mechanism organized as a complex trading industry consisting of a set of economic, technical, technological and organizational tools that enable the transfer of securities to a new owner) [12].

The issuance of securities allows enterprises to implement large financial investment projects. For this reason, it is advisable to increase the number of joint stock companies in the regions of the country. An increase in the number of joint-stock companies will allow modernizing the production or service process [13].

3. Research Methodology

In this article, the scientific works and articles of foreign and local scientists dedicated to the analysis of sources representing the role and importance of the national stock market of Uzbekistan in the economy are studied. Economic research methods such as graphical grouping, economic-statistical analysis and synthesis, logical reasoning was widely used as a research methodology.

4. Analysis and Discussion of Results

It should be noted that all segments of the financial market are interconnected and move together. For example, the stock market also consists of the money market and the financial capital market, which includes securities with a maturity of up to one year in the money market, and securities with a maturity of more than one year in the financial capital market. Thus, the stock market is part of both the money market and the capital market at the same time.

As of January 1, 2022, 607 in the Central Depository 153 047.94 billion soums of the joint-stock company with a total face value of 12,211.14 billion units securities issue account being conducted (Figure 1).

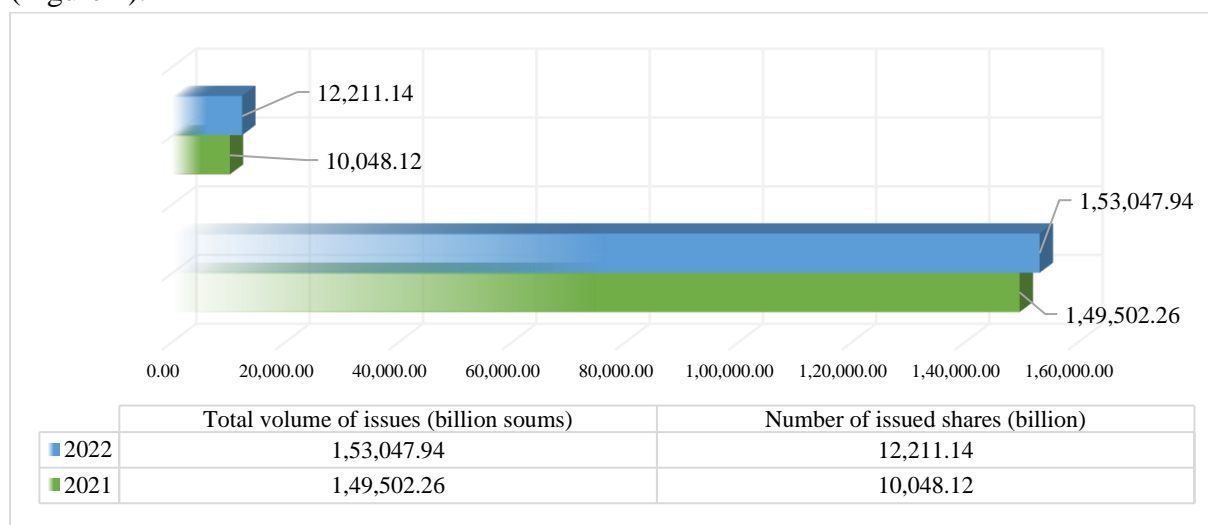


Figure 1. The total volume of issues and the number of shares issued as of 2021-2022 [14]

In 2021, the volume of securities issues will reach 3545.68 billion. The number of shares increased by 2,163.01 billion soums. increased by one. The Central Depository also maintains 365.6 thousand corporate bonds issued by 10 issuers with a total amount of 783.30 billion soums. Their 374.13 billion soums. A total of 41.4 thousand units were issued by 5 LLC's.

As of 01.01.2022, the state share in 234 joint-stock companies amounted to 125,322.1 billion soums (including the State Depository in the form of shares of 222 joint-stock companies in the amount of 125,310.6 billion soums in the Central Depository). In 2021, the number of joint-stock companies with a state share in the charter capital will increase to 20, the existing state share the volume decreased by 2,279.0 billion soums.

The volume of shares of economic management bodies in the charter capital of 163 JSCs amounted to 7,482.3 billion soums. In 2021, the volume of assets of economic management bodies increased by 3,097.8 billion soums, and the number of JSCs decreased by 13.

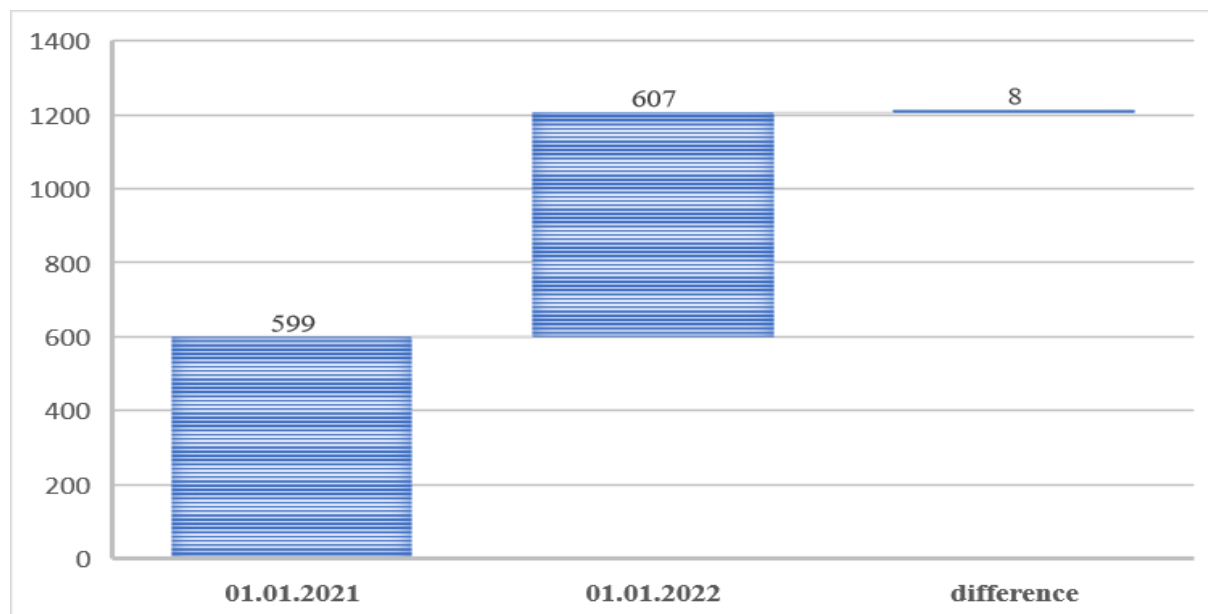


Figure 2. The number of joint-stock companies operating in the Republic of Uzbekistan as of 2021-2022 [14]

The Central Securities Depository shall ensure the single accounting of securities in the depository system of the Republic of Uzbekistan. In 2021, the Central Securities Depository received 173 sets of documents for the issuance of securities by the authorized state body for regulation of the securities market. During the reporting period, the Central Securities Depository accounted for a total of 122 issues, including 18 issues of primary and new, 95 issues of additional securities and 9 issues of bonds. Issuance of securities of 8 issuers due to liquidation, part of securities issues of 28 issuers, one or more issues of 8 issuers and bonds of 6 issuers issues were withdrawn from the Central Depository.

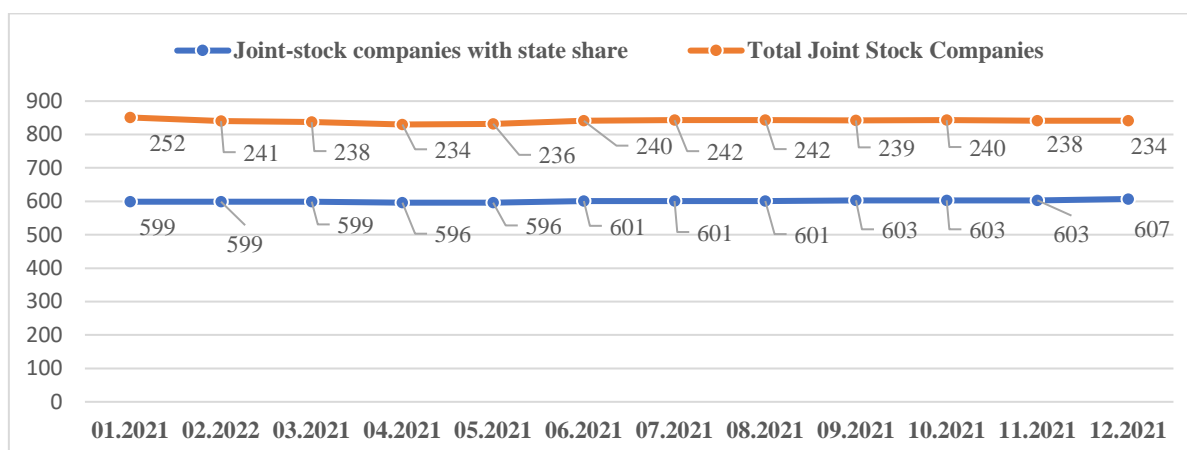


Figure 3. Dynamics of changes in the state share in joint stock companies in 2021 [14]

The Central Securities Depository also keeps records of the rights of 51 investment intermediaries and their clients to securities. As of 01.01.2022, the number of clients of investment intermediaries who opened deposit accounts 715.60 thousand, including 60.00 thousand legal entities and 656.60 thousand individuals.

Compared to the same period last year, the number of depot accounts decreased by 0.96%. Accounted by investment intermediaries. The total volume of securities at face value amounted to 8,408.86 billion soums. 2,452.25 billion soums were spent. Pieces formed a security. The volume of securities accounted by investment intermediaries increased by 28.76% compared to the same period last year.

Table 1 Information on the issue of shares accounted for in the Central Depository as of 2022 (territorial share issuers) [14]

Nu.	Regions	billion soums	Number of joint stock companies
1.	Tashkent city	144 764,1	252
2.	Tashkent region	4 911,6	50
3.	Kashkadarya	2 938,2	43
4.	Navoi	2 556,0	18
5.	Fergana	1 327,7	44
6.	Andijan	921,1	36
7.	Samarkand	625,1	30
8.	Jizzakh	481,7	17
9.	Khorezm	311,4	29
10.	Namangan	300,7	22
11.	Surkhandarya	293,2	22
12.	Syrdarya	284,5	16
13.	Bukhara	205,7	35
14.	Republic of Karakalpakstan	187,9	20

As can be seen from the table above, the highest number of joint-stock companies is 252 in Tashkent. In particular, 144,764.1 billion soums were allocated for the issuance of shares. The city of Tashkent is ahead. This shows that in our regional analysis, the Tashkent sphere is at the top and the stock market is functioning optimally.

Concluding from the above theoretical issues, we have given the following authorial definition of the stock market. “The stock market as a segment of the financial market is an infrastructure element of public economic policy, which allows to solve various macroeconomic problems”. These problems include: increased concentration and generalized production; attracting free funds and distributing them among the necessary segments of the economic system; activation of the investment process; transformation of savings of business entities and the population into investment resources; increase the level of capitalization of income of market agents; the involvement of each household in the management of the market and the transformation of private property into the income-generating capital of a wide range of market agents.

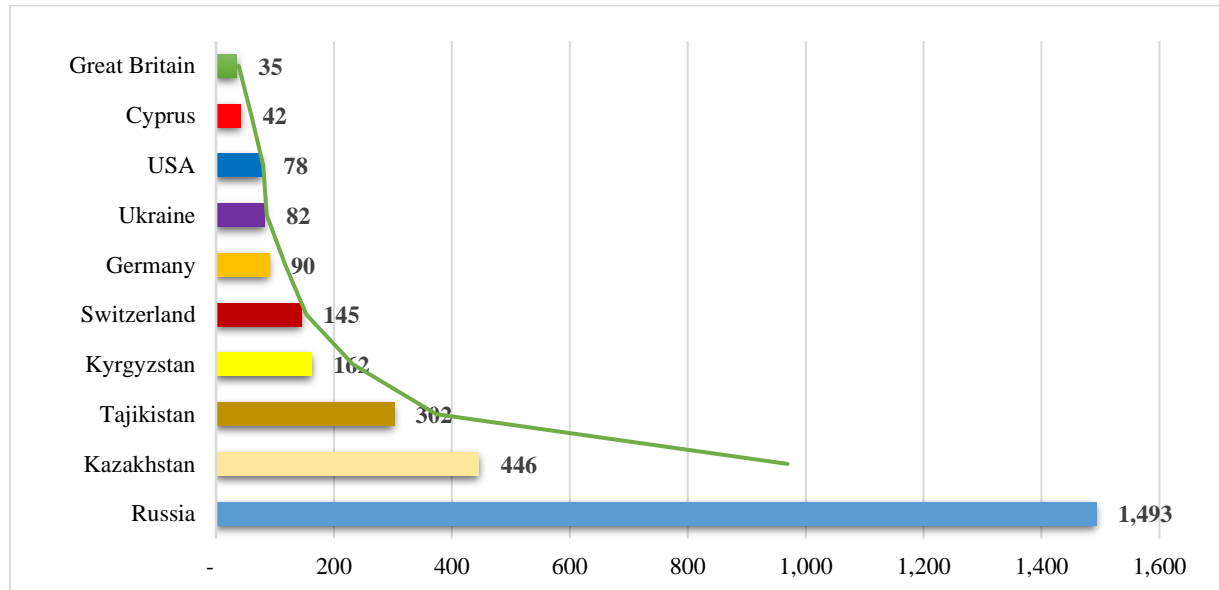


Figure 5. Foreign investments in the stock market of Uzbekistan (number of foreign shareholders) [14]

Among these countries, Russian shareholders are the leaders in the stock market of Uzbekistan. This will have a positive impact on the company's operations, as well as increase its financial stability in the future.

5. Conclusions and Suggestions

In our opinion, it is appropriate to implement the following measures to improve the stock market in our country and increase its role in attracting investments:

1. It is necessary to bring the regulatory and legal documents into a single system and improve them on issues of compiling and presenting necessary information and reports on the state of the stock market, its participants, their securities and financial and economic activities. The regulatory framework related to the stock market should be simplified and obstacles should be removed;
2. It is necessary to establish a remote organization of the general meeting of shareholders of joint-stock companies that are issuers of securities in the online mode. On this basis, the documents and reports submitted to shareholders will be electronic, shareholders time will be saved, transportation costs will be reduced, and one hundred percent participation of all shareholders will be ensured;
3. Studying the experiences of developed countries related to the stock market, using the software and technical equipment used in them, and ensuring the qualification of stock market specialists will help

in achieving the set goals;

4. We believe that it is time to introduce new financial instruments into the practice of the stock market, in particular, government securities and derivative securities. For this, it is necessary to develop regulatory documents that encourage the circulation of new financial instruments by the competent state bodies. First of all, it is necessary to develop a special simplified procedure for issuing and registering corporate bonds [15].

The implementation of these measures creates a basis for joint efforts of stock market participants, achieving the set goals, effective use of the potential of the stock market for economic development, and increasing its role in attracting investments.

Literatura/Reference:

1. S.A. Obidov. Development of the stock market is the most important factor of the national economy – “Science and Education” Scientific journal, January 2021/Volume 2 Issue 1. Page 207.
2. On October 7, 2019, President of the Republic of Uzbekistan Shavkat Mirziyoyev held a meeting on the development of the stock market.
3. Barr R. Political economy. T.-M. International relations, 1995, p.319.
4. M. Gregory. Principles of economics. - SPb .: Peter Kem., 1999, p.538.
5. McConnell K.R., Brew S.L. Economics. - M: Infra M, 2003, p.62.
6. Mirkin Y.M., Mirkin V.Y. English-Russian explanatory dictionary of financial markets. – M.: Alpina Publisher, 2008.
7. Ed. E.F. Zhukova Securities market. 2nd ed., revised. and additional Textbook. Neck of the Ministry of Defense of the Russian Federation UNITY-DANA, 2017 463 pages.
8. Leonard Onyiriuba, Capital Market Dynamics, Securities, and Bank Risk in Developing Economies, <https://doi.org/10.1016/B978-0-12-805479-6.00026-2>, Bank Risk Management in Developing Economies Addressing the Unique Challenges of Domestic Banks through Risk Management 2016, Pages 511-533.
9. Exchange business. Textbook / Ed. V.A. Galanova, A.I. Basova. - M.: Finance and statistics, 2000. - P.20.
10. Gitman L.J., Jonk Michael D. Fundamentals of investing. - M.: Publishing house “Work”, 1997.- S.41-44.
11. Tewles R., Bradley E., Tewles T. Stock market. - 6th ed.: Per. From English. – M.: Infra-M, 1997.- P.101.
12. Muxamedov F.T. Directions for the development of securities trading systems in Uzbekistan. 08.00.07 – Author’s abstract of the dissertation of the doctor of economic sciences (DSc) on a specialty “Finance, money circulation and credit”. TFI, Tashkent-2019.
13. Bakhtiyarovich, Ochilov Bobur. "ANALYSIS OF INVESTMENT ACTIVITIES OF THE REPUBLIC OF UZBEKISTAN." E Conference Zone. 2022.
14. www.deponet.uz – Prepared by the author on the basis of the official website: “Central depository of securities”.
15. Bakhtiyarovich O. B. Investment Activities and Performance of Gigamon Companies Around the World //Czech Journal of Multidisciplinary Innovations. – 2022. – T. 6. – C. 1-6.