



Issues of Capital Market Development in Uzbekistan

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ABSTRACT

This article deals with the development of the stock market and strengthening the capital market of the Republic of Uzbekistan, as well as the problems in this regard. On the basis of the results of the analysis, proposals were developed for the development of the stock market in Uzbekistan, organizational and institutional problems of the development of the capital market, the problem of transaction costs in the capital market, and personnel training.

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Introduction.

At the present time, with a proper understanding of the role and importance of the financial market in the world economy, serious attention is being paid to the development of the financial market in our country. If we pay attention to the economy of developed countries, it can be seen that the financial market plays an important role in the growth of the country's economy.

Currently, the stock market is an important link in the development of the economy. Therefore, the development of the stock market in our country and, as a result, reducing the state share in corporate structures is an important issue. In this regard, a number of measures are being taken in our country, because it is a difficult matter to find a place in the world market and developing and developed countries without establishing a good stock market.

The stock market is of decisive importance in the economic system. It is a vehicle that drives the economy, a platform where surplus units meet deficit units and negotiate various financial arrangements. The goal of developing the stock market is to increase the ability of the financial market to work effectively as an intermediary. An efficient financial market has a wide range of financial instruments, credit risks, etc., with the right risks and opportunities, that is, on the supply side, offering a choice of issuers to meet all classes of asset demand. On the demand side, there should be a large amount of investment demand from different investors with different risks.

In the Republic of Uzbekistan, the stock market is a financial mechanism of the market economy and creates wide opportunities for the circulation of temporary free funds of the population and economic entities. In particular, each owner of securities, regardless of whether he is a citizen or a legal entity, remains a person related to the actions of entrepreneurs. When entering this market, economic changes, solutions to political issues, price dynamics of securities, the amount of funds of commercial banks, and the amount of profit offered on securities serve as motivational mechanisms and incentives.

The entire historical development has left behind the period from the emergence of the first elements of the economy to the current state of stock markets and high-tech exchanges. As the economy developed, the financial market emerged as a necessity. Today, the economy cannot be imagined without the financial market, that is, the financial market is increasingly covering the economy.

Research methodology

The article uses methods of observation, abstract-logical thinking, systematic approach, and economic interpretation. In particular, with the help of a systematic approach, the analysis of the capital market problems is carried out by setting the tasks correctly and finding their solution, economic interpretation in the research process. The state of development of the stock market is evaluated through the monitoring method and formed based on reliable sources through logical thinking.

Analysis and results.

After the independence of our country, the term "financial market" began to spread widely. Because a lot of attention is paid to the development of this market in our country. For the perspective of the financial market, its foundations have already been created, that is, its legal foundations have been established.

By introducing laws, Presidential decrees, Cabinet of Ministers decisions into the economy, the rights and obligations of the financial market and its participants were determined and a legal basis was created for the protection of their interests.

Therefore, the concept of the financial market is a broad meaning and a complex economic category. It describes the relationship between property owners and investors and borrowers interacting in the financial market. Loans, promissory notes, shares, bonds, investments and other types of securities are traded and traded in the financial market. Markets operate according to their own rules.

At the same time, there are several problems in the development of the capital market, which we will consider below:

Organizational and institutional problems of capital market development. Today, the development of the capital market is regulated by several regulators with different areas of management and influence:

- The Ministry of Finance is the main issuer and beneficiary in issuing government securities (including international bonds placed on international stock markets);
- The Central Bank is responsible for regulating the compliance of the capital of banks with their obligations, respectively, all our banks are joint-stock banks that issue and place securities between the founders and on the free market. Banks in some cases are issuers of bonds (international bonds) placed between local (potential) and foreign investors. All this is now fully controlled by the Central Bank;
- The State Asset Management Agency is the body that regulates the entire process of privatization of state-owned enterprises, therefore, it is important to issue shares by the state-owned enterprises that are being privatized, if the form of privatization is the establishment of JSC;
- The order of issuance and circulation of commercial banks of Uzbekistan, which are issuers of international securities, is determined by the stock markets where these securities are placed.

In essence, it has the right to regulate and influence the (potential) circulation of securities issued by state-owned enterprises in the form of JSC shares, as well as (potential) corporate bonds if they are issued for the domestic market.

Therefore, if the Capital Market Development Agency points out shortcomings in the current legislation and practice, and proposes concrete measures to eliminate them, the Ministry of Finance or the Central Bank will take reasonable measures to regulate and control the capital market. Because it is not about the ambitions of certain departments, but about the existing level of competence and competence that each department needs to run a coordinated policy.

Studies show that the established procedure of sending various regulatory legal documents for approval without further support, explaining the essence of each controversial issue for each ministry, each executive, leads to a waste of time. There are many documents (concepts, strategies) and legal documents, the existence of which is completely "forgotten" due to the lack of coherence in the activities of various bodies, the practice of applying legal documents. Perhaps their inventory and study will eliminate the need to accept a number of new documents and save the time of specialists.

The Capital Market Development Agency has announced the initiative to merge all existing exchanges (commodity, stock and currency exchanges) into a single financial market exchange. Perhaps, with the proper preparation of the legislative, regulatory and organizational base, such an idea deserves support, because it will eliminate some of the organizational difficulties of investing in the capital market, make the functioning of the capital market understandable for all investors. possible Used to "transfer equity from one type of asset to another" in order to reduce transaction costs.

Legislative and regulatory initiative. Public opinion can also play an important role in promoting such

initiatives, especially if there are reasonable prospects for developing the capital market and increasing its investment component.

Personnel training. It should be noted here that, fortunately, the developed infrastructure for training and testing the skills of stock market employees has been preserved and is functioning. However, this infrastructure has long devoted its life to the development of the capital market.

The Capital Market Development Agency could analyze in detail the activities of the capital market training institutes and the efficiency of the personnel training system. Without such work, it is impossible to believe that the financial market will develop and be nourished by the energy of young, ambitious professionals being trained in our country.

According to the Decree of the President of the Republic of Uzbekistan No. PF-6207 of April 13, 2021, the target indicators for the development of the capital market have been determined (Table 1).

Table 1. Target indicators to be achieved as a result of the implementation of the capital market development program in 2021-2023.

No	Indicator name	Unit of measure	2020 (in fact)	2021 year	2022 year	2023 year
1.	Market capitalization based on free float	trillion soums	1,9	4,9	14,5	45
2.	Total value of securities in free circulation	In percent (relative to GDP)	0,3	0,7	1,9	5
3.	Total value of corporate bonds	trillion soums	0,16	0,75	1,88	3,94
		In percent (relative to GDP)	0,03	0,1	0,3	0,5
4.	The number of population and business entities covered by the "Financial and Investment Literacy" program	person	–	5 000	20 000	40 000
5.	Number of investment accounts	deposit accounts active during the year	4 000	6 000	10 000	20 000
6.	Part of the projects within the framework of regional investment programs financed by issuing securities	in percent (in relation to the value of the regional investment program)	–	1	3	5

It can be seen that the stock market provides an opportunity to attract large financial resources in the form of savings of individuals and legal entities through a wide network of financial intermediaries. The stock market, incorporating self-regulation mechanisms, allows minimizing the costs associated with the redistribution of resources and directs them to the place where the level of capitalization is high. Diversification of relations with financial markets encourages competition between them, and the risk of loss associated with a change in the situation in one of them can be compensated by a certain benefit from the use of the other.

At the same time, the ability of financial markets as elements of the market infrastructure to create competitive conditions and opportunities for the growth of corporate capital directly affects the level of organizational changes in corporate structures. When financial markets are underdeveloped or unstable, corporate capital can achieve its growth goal by building integrated structures using hybrid coordination tools. Due to the accumulation of capital and the concentration of the resources of production.

The main problems and solutions of the industry:

In order for the stock market to function effectively, the following should exist and be formed in the country:

- The existence of owners with real independence. Only owners with real independence operate in the financial market, organize the demand for financial resources and ensure their effective investment in various expenses.

In order for the financial market to function effectively, an appropriate legal framework must be created in the country. The importance of the financial market is as follows:

- firstly, it allows to invest surplus funds (increasing production capacity) quickly and in a short period of time.
- secondly, the development of enterprises and industries that provide maximum profit to investors through the financial market will be facilitated.
- thirdly, the flow of capital from one sector to another through the financial market helps science and technology programs and the rapid implementation of science and technology achievements.
- fourthly, the financial market makes it possible to cover the budget deficit in a civilized way.

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