

Economic Analysis Of The Development Of The Securities Market In The Republic Of Uzbekistan

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Abstract - In the paper have been made economic analysis of the development of the securities market in the Republic of Uzbekistan. By author analyzed number of transactions in RSE "Tashkent", composition of sectors by the number of transactions of exchange turnover and dynamics of exchange trades.

Keywords: Securities market, regulation, volume of exchange trades, exchange's activity, and lack of infrastructure bonds.

I. INTRODUCTION

In the world, the stock market is one of the most important components of the economy, while the stock market is a necessary link. The global stock market trading volume in 2017 amounted to a total of 65.6 trillion. The main share is in the United States (\$ 23.8 trillion or 36.3%), China (\$ 6.6 trillion or 10.1%), Japan (\$ 5.2 trillion or 7.9%).), Hong Kong (\$ 4.1 trillion or 6.3 percent), and the United Kingdom (\$ 3.0 trillion, or 4.6 percent). [18] It is the world leader in the formation of market infrastructure, the share of the 10 countries listed above, such as Canada, France, Germany, India, Switzerland, is 51.4 trillion. dollars or 78.3 percent [16]. Looking at developed countries, the turnover of corporate securities in relation to GDP in the United States is 115.3%, in Korea 133.8%, in Japan 127.1%. [19]

II. LITERATURE REVIEW

The scientific-theoretical aspects of securities market regulation are the research area of many foreign scholars. In this regard, Alyokhin B.I.[1], Sharp W., Alexander G., Bailey J. [2], Navoi A.V. [3], Bradley R. [4], Mirkin Y.M. [5], Rubtsov B.B. [6], Barinov E.A. [7], Kilyachkov A.A. [8], Berzon N.I. [9], J. H. Hicks, U. Sharp. Despite the significant contribution of the listed researchers to the science of economics, the specific features of the financing of securities and the stock market, the analysis, evaluation, regulation and control of their activities have not been taken into account.

Problems such as government intervention affecting the underdevelopment of the Uzbek stock market, state ownership of large stakes, lack of public awareness of securities and income from them, lack of infrastructure bonds, underdeveloped infrastructure that provides and guarantees income from securities are sufficient. not studied.

General aspects of improving the functioning of the securities market are reflected in the research work of Khamidulin M.B. [10], Butikov I.L. [11], Shoazami Sh.Sh. [12], Alieva U.M. [13], F. Mirzaev and other scientists.

III. ANALYSIS AND RESULTS

The economic analysis of the development of the securities market in the Republic of Uzbekistan for 2000-2019 shows that in September 2016, in cooperation with the Korean Stock Exchange, launched a "single software and hardware complex" that can conduct tens of thousands of trades online every day. sales methods IPO / SPO practices have been introduced. As a result, along with the increase in trading volume of shares and corporate bonds, the number of exchange transactions also doubled.

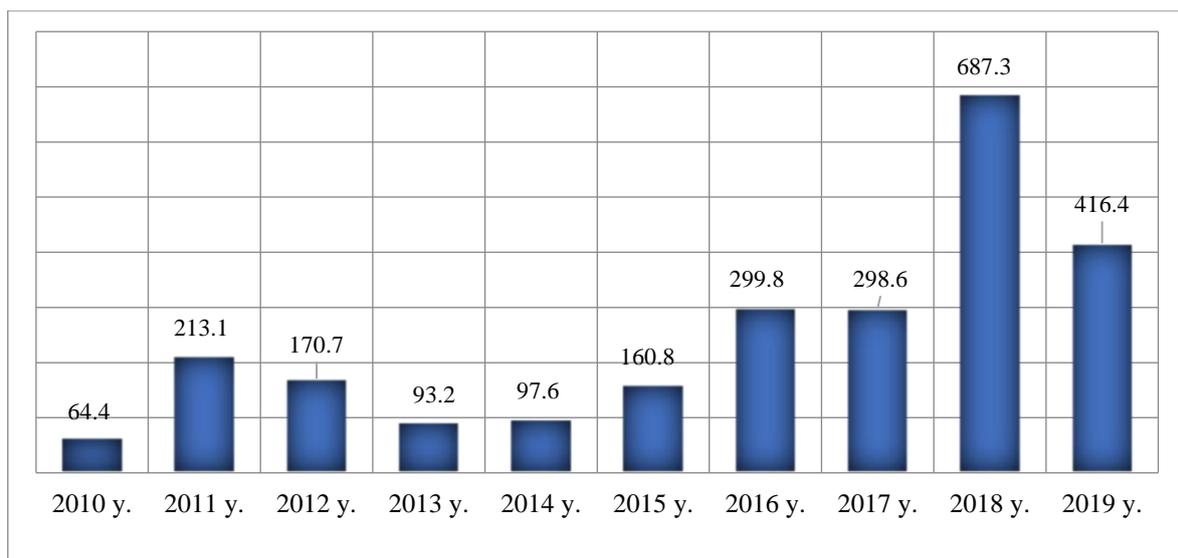


Fig.1. Dynamics of exchange trades in 2010-2019, (billion soums)

The research shows that the most widely traded instrument in the stock market is the shares, and as of January 2019, the total number of shares in trading turnover is more than 624 thousand. The number of shareholders in the country is more than 924 thousand individuals and legal entities, which are 99.2 trillion. owns 9,759,843,410,000 shares of 593 joint-stock companies with a face value of UZS. [14]

In 2018, the volume of exchange trades at RSE "Tashkent" increased by 2.3 times compared to 2017 and amounted to 687.3 billion soums. The number of transactions in 2018 increased from 2,572 in 2017 to 13,750 in 2018. This means that in 2018 it will increase fivefold compared to 2017. During 2018, 10,062,650,000 shares of 117 joint-stock companies were sold. (Table 1)

One of the important indicators of the exchange's activity is the number of transactions. The increase in their number represents an increase in activity among investors and indicates the emergence of new, liquid and interesting instruments in the market.

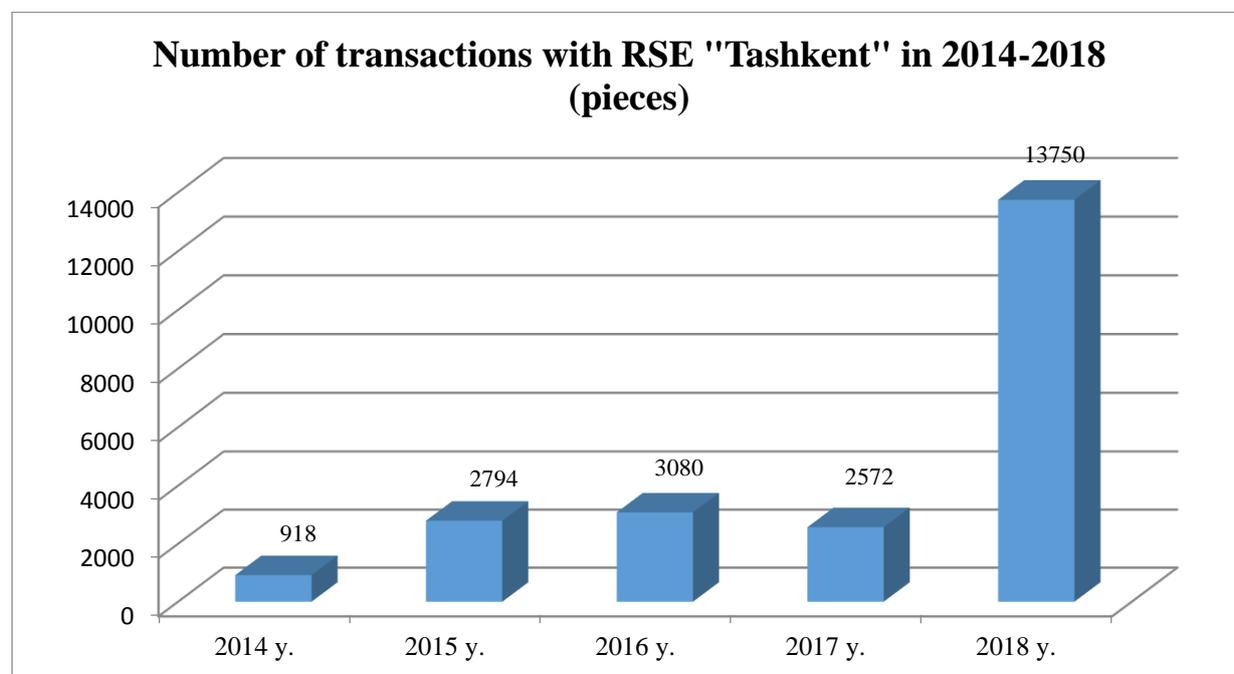


Fig.2. Number of transactions in RSE "Tashkent" in 2014-2018 (pieces)

During 2015-2017, the number of transactions fluctuated in the range of 2500-3100 units, and in 2018 it increased by 6 times. The main reason for this was the IPO of shares by JSC "KVARTS" and the IPO of shares by JSC "KMZ". 6147 transactions worth UZS were concluded. (Figure 2)

The analysis shows that the IPO / SPO, which is a modern method of sale by only two joint-stock companies, has doubled the volume of trades and increased the volume of transactions by six times, indicating that many more profitable joint-stock companies in Uzbekistan need to conduct IPOs / SPOs. , at the expense of which a large part of the population will be shareholders, as well as transparency in the management of the enterprise will be ensured, the volume of domestic investment will increase, the role of the state will decrease and society will stabilize. In order to optimize trade, reduce unnecessary time and paperwork, a single software and hardware package was installed in 2015 in exchange for the transfer of 25% -1 shares of RSE "Tashkent" to the Korean Stock Exchange, which allowed to register one share in one lot.

In the trading system of the single software and hardware complex, securities sales agreements were concluded with the following enterprises:

In the stock market:

in the main section ("Main Board") - 7,480 transactions totaling 433.15 billion. soums;

to individuals without clearing (NC Board) - 68 transactions for a total of 38.65 soums;

Through the Nego Board auction - 51 deals worth a total of 240.24 billion. soums;

In the Bond Market bond market:

in the main section («Main Board») - 3 transactions totaling 237.21 mln. soums;

In the block trading section (block trading) - 1 transaction for a total of 3.77 billion. soums were traded.

One of the main and most important tasks of the stock market is the transformation of temporarily vacant funds from this population into various sectors and industries of the economy.

Figures 2.2.2 and 2.2.3 below show the structure of the exchange turnover by the amount of transactions in 2018, according to which the share of enterprises in the financial sector in the exchange turnover increased by 88.8% or 610.3 billion soums. The main part of it amounted to 591.0 billion soums. soums are formed by banks. The share of enterprises in the financial sector in exchange turnover has always been high, and in 2017 it amounted to 87.8% or 262.2 billion soums.

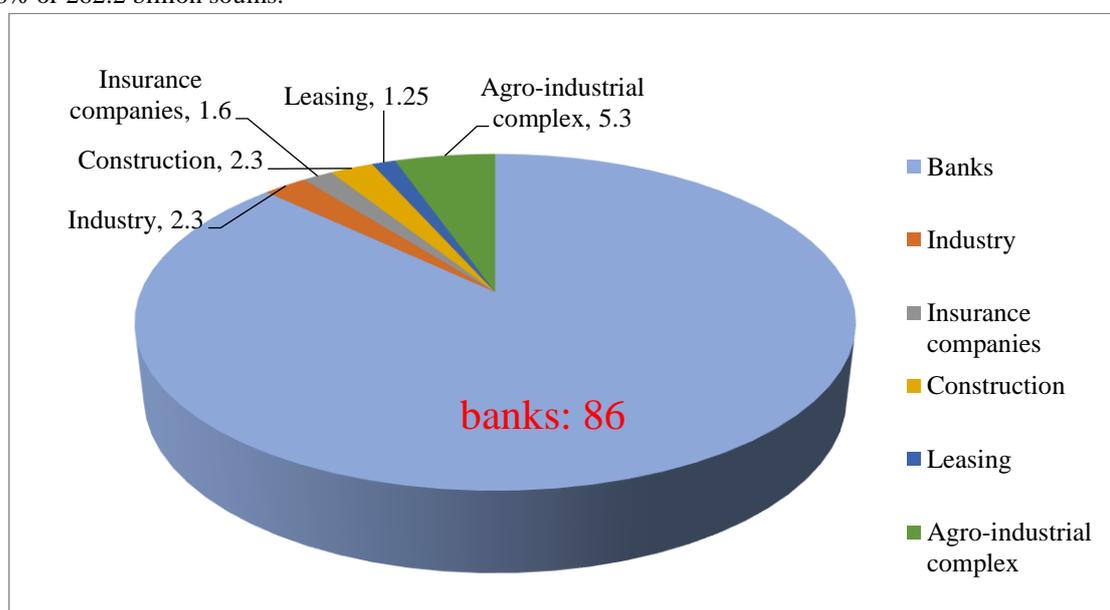


Fig.3. The structure of the sectors of the exchange turnover by the amount of transactions in 2018 (in percent) [14]

The share of agro-industrial complex was 2.5% or 17.5 billion soums, the share of enterprises in the construction sector was 2.5% or 15.6 billion soums, and the share of industry was 2.3% or 15.6 billion soums, respectively. . (Figures 3,4)

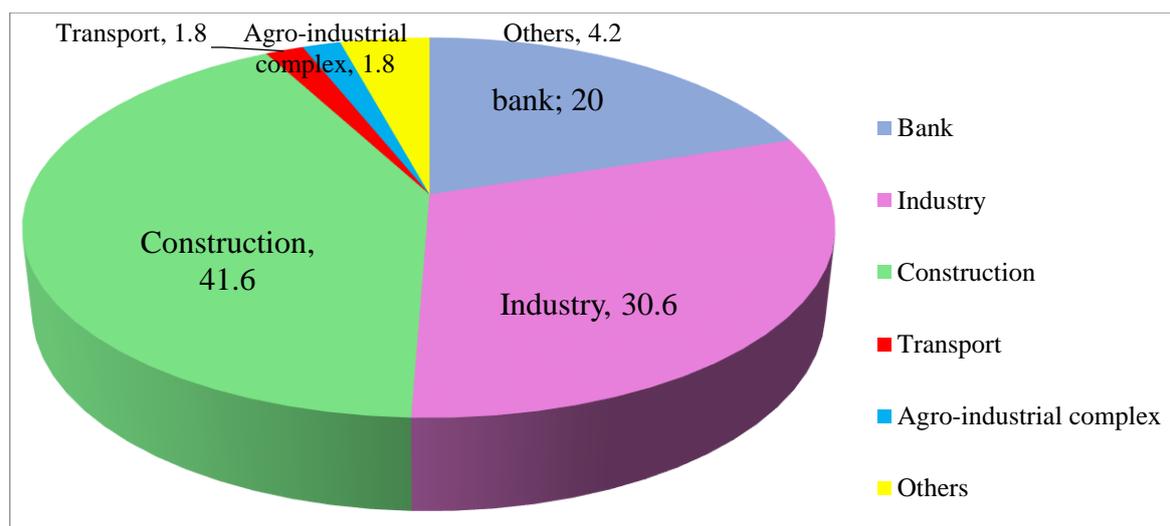


Fig.4. Composition of sectors by the number of transactions of exchange turnover in 2018 (in percent) [15]

The analysis shows that the main share in the securities market of the Republic of Uzbekistan is occupied by joint-stock companies in the financial sector. The role of banks is also high in the financial sector, with insurance companies and leasing companies accounting for 2.6%, indicating that the financial sector is underdeveloped. The participation of other sectors of the economy, ie industry and construction, in the financial market remains weak.

If we study the level of market capitalization, which is another important indicator of the state of the stock market, as of October 1, 2018, the capitalization of the Republican Stock Exchange "Tashkent" amounted to 19.7 trillion. soums, or about 13% of GDP. For comparison, this figure is 82% of the world average GDP. According to the World Bank, in 2017 this figure was 131.4% in Korea, 118.6% in Japan, 44.3% in Turkey, 42.4% in Germany and 9.2% in Russia.

The analysis of the situation in the secondary market of the stock market in Uzbekistan shows that it is not able to fully perform such functions as the formation of the capital market, attracting free funds from investors and financing sectors of the economy. The volume and share of securities in secondary market trading remains significantly lower.

Table 1 Dynamics of primary and secondary stock markets [17]

Years	Primary market		Secondary market	
	share (in billion soums)	Share (in percent)	share (in billion soums)	Share (in percent)
1999 y.	4,6	42,6	6,2	57,4
2000 y.	6,2	36,3	10,9	63,7
2001 y.	12	46,3	13,9	53,7
2002 y.	16,3	39,1	25,4	60,9
2003 y.	53,9	72,2	20,8	27,8
2004 y.	18,5	44,8	22,8	55,2
2005 y.	100,0	60,3	65,9	39,7
2006 y.	114,9	33,6	227,2	66,4
2007 y.	269,6	67,1	131,9	32,9
2008 y.	483,4	68,5	222,3	31,5
2009 y.	560,3	74,9	187,8	25,1
2010 y.	930,0	63,0	547,3	37,0
2011 y.	634,8	42,3	866,2	57,7
2012 y.	1 148,4	57,8	838,9	42,2
2013 y.	748,9	82,3	161,6	17,7
2014 y.	1 139,2	93,1	83,8	6,9
2015 y.	3 166,8	95,2	158,6	4,8
2016 y.	13 114,3	92,7	1 027,5	7,3
2017 y.	15 093,0	87,0	2247	13,0

According to Table 1, the total growth of the secondary stock market was observed, ie in 1999 it amounted to 6.2 billion. 1,027.3 billion soums by 2019 However, its share in the primary market has been declining for the last 10 years. In 1999, the secondary market accounted for 57.9% of the total stock market, while in 2016 this figure was only 7.3%. In particular, in 2007 there was a sharp decline in the secondary stock market, which decreased by more than 2 times compared to 2006 (from 66.4% to 32.9%). The reason for the sharp rise in the share of the secondary market in 2006 was the redistribution of state property privatized in previous years, the secondary market share decreased in subsequent years, but in 2017-2019 the secondary market was re-marketed due to modern mass sales (SPO). The share is growing significantly.

In the first half of 2018, the Central Securities Depository and investment intermediaries issued 5.07 trillion soums. soums worth of shares, as well as corporate bonds worth 3 million soums. In particular, 453 transactions worth 4,453.76 billion soums were concluded in the primary market, and 2,430 transactions worth 617.50 billion soums were concluded in the secondary market.

According to statistics, in 2018, the largest share is in Tashkent - 67.7% and Fergana - 14.7%.

Table 2 The volume of sales in 2018 by region

№	Name of regions	Number of transactions	Amount of transactions (thousand soums)	Share (in percent)
1.	Andijon	1 254	91 418 887,3	13,3 %
2.	Buxoro	211	2 975 900,2	0,4 %
3.	Tashkent city	2 632	465 411 300,6	67,7 %
4.	Jizzax	3	842,4	0,0 %
5.	Kashkadarya	70	24 051,6	0,0 %
6.	Navoi	1 013	10 394 576,1	1,5 %
7.	Namangan	1	244,5	0,0 %
8.	Samarkand	50	67 590,8	0,0 %
9.	Surxondaryo	1	382 034,6	0,1 %
10.	Sirdaryo	5	226 763,4	0,0 %
11.	Tashkent region	588	15 245 188,6	2,2 %
12.	Fergana	7 905	100 943 909,8	14,7 %
13.	Khorezm	17	212 568,0	0,0 %
14.	Andijon	1 254	91 418 887,3	13,3 %
Overall:		13 750	687 304 390,2	100 %

Source: Author's calculations on the basis of statistical data "Tashkent"

At the end of 2018, corporate securities of 117 joint-stock companies participated in exchange trades in all regions of the country except the Republic of Karakalpakstan.

According to the study, the main reasons for this are the high sensitivity of the stock market to the privatization process in the country, the inadequacy of the structure of financial market regulation, unreasonably high demands on joint stock companies, as well as lack of a balanced approach to financial market reform.

At the same time, the existing brokerage, market-making and management investment firms operating in the stock market are smaller firms that do not operate throughout the country. This situation limits the activities of potential investors and shows that the infrastructure for market forecasting is not well developed.

Renovation of production facilities in the country, the provision of industry with high-tech equipment requires the involvement of large amounts of financial resources in these processes. The use of capital markets with high potential in fulfilling these tasks will reduce the pressure on the state budget and bank loans, create a healthy competitive environment in the financial sector and improve the quality of financial services provided to the population. At the same time, the development of the stock market improves corporate governance in joint stock companies, reduces the cases of violation of the rights of shareholders, and especially minority shareholders by officials.

The new version of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholders' Rights" adopted on May 6, 2014 provides for the procedure for liquidation of closed joint stock companies to change the form of ownership or transformation into open joint stock companies. On the measures of liquidation or transformation of insolvent joint-stock companies into another organizational and legal form, as stated in the Decree No. PF-4720 of April 24, 2015 "On measures to introduce". However, while the number of

joint stock companies has been steadily declining, the total volume of share issues has increased from 2000 to 2019. This is because, although their number has decreased, only those that are not operating and operating at a loss have been liquidated or reorganized, while those that have been operating have developed and increased their authorized capital and issued additional shares.

As of 01.01.2020, the Central Depository keeps records of 9,309.53 billion securities issued by 593 joint-stock companies with a nominal value of 99,209.77 billion soums.

The analysis shows that over the past two years, the securities market of the Republic of Uzbekistan has undergone significant changes and development.

IV. CONCLUSIONS

The powers and responsibilities of regulating the securities market in Uzbekistan are divided between several government agencies. The most important of them are the Ministry of Finance, the Central Bank and the Center for Coordination and Development of the Securities Market under the State Committee for Privatization and Development of Competition of the Republic of Uzbekistan. The State Financial Commission, consisting of representatives of various government agencies and financial market institutions, dealt with the regulation of the primary financial market of independence. The analysis of normative legal acts shows that the largest authority among the state bodies regulating the securities market in the Republic of Uzbekistan is the Capital Market Development Agency, which is responsible for the securities market, including the Center for Coordination and Development of the Securities Market under the State Competition Committee. is the legal successor of the organizers of securities trading and the Central Securities Depository on all rights, obligations and agreements on the regulation, as well as the development of corporate governance. It has a wide range of powers, licensing the activities of stock exchanges and professional activities in the securities market, is the authorized state body for the regulation and licensing of lottery activities.

In developed countries today, there are three forms of regulation of financial markets in general: government regulation, flexible regulation, based on cooperation with the regulator. These forms differ from existing systems in the distribution of powers between government agencies and self-regulators.

According to the study, the main shortcomings in the regulation of the stock market in the country are the high sensitivity of the stock market to privatization processes in the country, the inadequacy of the structure of financial market regulation, unreasonably high demands on joint stock companies, lack of a balanced approach to financial market reform. etc. can be specified.

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