



OPPORTUNITIES TO ATTRACT CAPITAL THROUGH THE STOCK MARKET IN UZBEKISTAN

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Received:	September 7 th 2023	The article examines the share of segments of the financial market in attracting financial resources of corporate structures in Uzbekistan. The capital valuation of stock market instruments and loans of commercial banks in Uzbekistan was analyzed by comparison. It is indicated that in Uzbekistan there are opportunities to attract resources through the instruments of the stock market. In addition, scientific proposals and practical recommendations have been developed aimed at eliminating existing shortcomings in attracting financial resources through the stock market.
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INTRODUCTION

The world experience of investment activity shows that economic growth cannot be carried out without an effective National Stock Market, which contributes to the development of the general economy and the formation of a community of owners [1]. In a market economy, each corporate structure carries out its activities in such a way that the financial resources necessary for its implementation or development appear to be the most optimal for it. In this case, it will be necessary to obtain as a benchmark a strategic goal aimed primarily at increasing the assets of the shareholders (shareholders, etc.) of the corporate structure. However, in enterprises with a state share (especially with a high state share), there are many cases when the first-level characteristics of this goal are withdrawn. In particular, taking into account the fact that in Uzbekistan, according to the Central Depository, a total of "166.76 trillion soums of 628 Joint-Stock Company's were issued, of which the share of the state is 134.6 trillion soums or 80.7% of the total amount" [5] (as of 01.01.2023), it should be said that reducing the share of the state in the Joint-Stock Companies of Uzbekistan plays an important role not only in the development of the private sector, but also in improving corporate governance

The widespread attraction of investments for the purpose of economic development is an important task for all states. The organization of expanded reproduction, the implementation of strategic development programs, the acquisition of new markets require additional capital investments. Therefore, the choice of the most optimal among the sources of financing investment projects in corporate structures has a direct impact on the profitability and profitability of this investment project in the future. In this case, it is important to carry out based on thorough calculations

which method, form and mechanism corporate structures use to attract the financial resources necessary for them, and to attract the most optimal (the cheapest, fastest and not negatively affecting the capital structure) capital for them. Therefore, ensuring the obligation to take into account alternative options in attracting financial resources in corporate structures, where there is a particularly state share in Uzbekistan, will become important in the development of our economy in the future (taking into account the high level of state share in enterprises where there is currently a state share in Uzbekistan).

REVIEW OF LITERATURE ON THE TOPIC

B.Podgorny CIS countries in particular, the Russian Federation conducted research on the ways of development of the stock market and attracting the capital of owners to the national economy through the stock market [1].

S.E. Elmirzayev in his research, covered such issues as reducing state participation in the regulation of the processes of socio-economic development of the country, decentralization and democratization of the public administration system, expanding public private partnership, increasing the role of non-governmental, public organizations and self-government bodies in places, both theoretically and practically [2].

Carried out scientific research on the effective organization of the practice of mass placement of shares N.R.Tursunova interprets the practice of IPO as a modern form of financing the activities of corporate structures and attracting financial resources from the international capital market and focuses on organizational aspects concerning the issue [3]



ANALYSIS AND RESULTS

In Uzbekistan, the tradition of using loans from commercial banks or international financial and credit organizations operating mainly in Uzbekistan in attracting financial resources continues, although it is

established by legislation to attract financial resources, taking into account the "financing scheme, sources and conditions, as well as their alternative options" [4]. As a clear example of this, we will consider Table 1 below

Table 1.
The share of market segments in the attraction of financial resources of corporate structures [6], [7], [8]

№	Indicator	2018		2019		2020		2021		2022	
		The volume is Billion. sum	The percentage of (2+3) is in	The volume is Billion. sum	The percentage of (2+3) is in percent	The volume is Billion. sum	The percentage of (2+3) is in percent	The volume is Billion. sum	The percentage of (2+3) is in percent	The volume is Billion. sum	The percentage of (2+3) is in percent
1.	Organized stock market trading turnover	814,5	0,5	490,8	0,2	628,2	0,2	1260,5	0,5	4813,8	1,6
2.	Total stock market trading turnover	10710,0	7,0	37 681,0	18,0	63 865,0	22,3	15766,1	5,8	19568,1	6,3
3.	Bank loans allocated to legal entities	142 964,0	93,0	171 647,0	82,0	222 087,1	77,7	256 889	94,2	289100	93,7
4.	Total (2+3)	153674,0	100	209328,0	100	285952,1	100	272655,1	100	308668,1	100

From the data of the above table, it can be seen that corporate structures in Uzbekistan satisfy financial resources mainly through bank loans. During the period under study, it is possible to witness that the highest indicator in terms of sales volume was carried out in 2020. However, this indicator does not manifest itself in attracting resources through pure market mechanisms. Because the high share in 2020 in the unorganized stock market is caused by the fact that the state share of existing corporate structures is carried out mainly through a closed subscription. In fact, when attracting financial resources through the stock market, it will be fair to compare the credit market with an organized market. Therefore, focusing on the share of the organized market, the fact that 0.2% of the total turnover is organized by the exchange and the over-the-counter organized market expresses the need to

improve this result. And in 2022 it can be seen that this figure changed for the better and amounted to 1.6 percent. Because in 2022, the volume of an organized market had an increase of 3 times higher than in the previous year 2021. In this regard, the high growth in the volume of trade in Tashkent RFB was the main factor in achieving this result. This increase in exchange sales amounted to 786.9 billion in December 2022 of ordinary shares of the ATB "Kapitalbank". caused by the sale of sums. It would seem that for corporate structures there is an opportunity to use the mechanism of attracting resources through open trades from the stock market. As proof of our opinion above, we can also see from Table 2 below that the stock market in Uzbekistan can compete with the credit market in terms of capital prices.

Table 2.
Capital valuation by segments of the financial market in resource attraction[7], [8], [9]

Market name	Type of instruction	Capital valuation
Attracting financial resources through the stock market	Resource attraction by placing shares in public tenders: "Kvars" Joint-Stock Company-IPOs (2018)	First year: 3.7%+dividend; From the second year: only dividend
	Through the sale of bonds: of the Uzpromstroybank 3-year bonds (2019)	PII (16%+2%) + +Commission fee for SOFT. (0.03% -0.07%) + +CDA (0,015%) + +Reg. of Sec. (223000)+ +Listing Sec. (669000) = (18,045-18,085)%+892000 sum
Attracting financial resources through the credit market	Long-term loans (2019)	18,0% - 27,6%
	Short-term loans (2019)	22,4% - 27,8%

Explanation. Table 2 the capital valuation of the listed instruments (Cost of Capital-CC) is calculated through the following formula [2].

$$\text{Cost of Capital} = \frac{\text{Interest expense}}{\text{Total debt}} \times 100\%$$

According to the calculations, it is necessary to take into account that the resources attracted by placing shares in public sales directly required a fee of around 3.7%, and the cost of paying dividends does not bring an excess burden on the account of its implementation after the resources attracted by the corporate structure begin to bring profit (if the resource is involved, relying on specific calculations). And in the price of capital on bonds (in the case of Uzpromstroybank 3-year bonds), we can witness the fact that the estimated amount is around 19 percent is almost equal to the lowest interest rate on long-term loans. It can be seen that while there are opportunities to attract financial resources cheaply through the stock market, the fact that corporate structures in Uzbekistan prefer the credit market suggests that the consulting infrastructure, which is able to assess the market situation in this area, is not well developed. From the data of Table 2 above, it can be seen that in Uzbekistan, when attracting a financial resource through the stock market, it can compete with the credit market in terms of capital valuation.

In recent years in Uzbekistan, we are witnessing the implementation of structural and organizational changes that create additional opportunities in the use of a wide source of information in attracting capital and increasing the possibilities of optimizing the capital structure of the enterprise. In particular, the agency for

state asset management of the Republic of Uzbekistan announced a competition for the participation of companies providing consulting services for the privatization of enterprises in order to ensure the implementation of Decree No. 6167 of the president of the Republic of Uzbekistan dated February 11, 2021 "on the further acceleration of the processes of privatization of state assets". This will increase the efficiency of privatization processes, ensure transparency and further improve the opportunities for market evaluation.

CONCLUSIONS AND SUGGESTIONS

The place of conclusion can be said that in corporate structures where there is a state share, it is necessary to introduce a system for exercising control at the end of the fiscal year over the consideration of alternative options in attracting financial resources, especially capital of an investment nature, and the choice of the most optimal option. Because justification of the fact that at the end of the year Enterprises attracted resurs on the basis of the most optimal option will lead to the fact that in the future there will be an opportunity to reduce costs in borrowed capital and lower the cost of capital. This has a positive effect on the level of capital profitability and increases the chances of increasing profits by reducing costs.



Taking into account the above, the following should be taken into account when corporate structures increase the possibility of using stock market instruments in attracting financial resources:

- development of the activities of consulting institutions that provide services with opportunities to assess the market situation when attracting resources in the financial market;

- Creation of such an information resource for corporate structures as the "information portal about the financial services of commercial banks intended for individuals", which was launched as a test in 2022. In this case, the formation and constant updating of a database based on accurate calculations of the price of capital in the market by each type of instruments of the financial market (loans and stock instruments);

- Organization of practical trainings for financial managers of corporate structures on resource attraction through the sale of stock market instruments.

- it is necessary to carry out internal "benchmarks" for the implementation of new types of stock market instruments in stock exchange trading.

This has a positive effect on the development of the stock market as an alternative to the loan market in the Capital Market of Uzbekistan.

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