

DIRECTIONS OF BUSINESS DEVELOPMENT THROUGH PRIVATIZATION OF VACANT OBJECTS IN UZBEKISTAN

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Abstract:

In the article, the opinions of the world's leading scientists on the directions of business development through the privatization of vacant objects in Uzbekistan were studied, the main indicators of privatization were studied, the advantages and disadvantages of privatization and the methods of privatization of state property were analyzed, the revenues from the sale of state property were analyzed by region, and the vacant objects in Uzbekistan were analyzed. Reasoned conclusions and suggestions on directions for business development through privatization were developed, and recommendations for application in our country were given.

Keywords: privatization, business development, investment environment, enterprise, state property, business.

Introduction

Introduction

The 27th goal of the "New Development Strategy of Uzbekistan" aims to increase the turnover of the stock market from 200 million to 7 billion US dollars in the next 5 years. This goal cannot be achieved without investment funds. The second big wave of privatization is starting in Uzbekistan. But it is of no importance to ensure the participation of ordinary people. The result can be seen in the example of the failure of the privatization of the mortgage bank. How to involve ordinary Uzbeks in the process of privatization. The question of how ordinary people can become shareholders should be the central issue in privatization processes.

The list of large state enterprises and economic associations to be transformed by the Decree of the President of the Republic of Uzbekistan dated October 27, 2020, No. PF-6096, "On measures to accelerate the reform of state-owned enterprises and privatization of state assets," was approved. This list includes 32 state-owned enterprises, 22 of which are economic societies. The issues of accelerating the transformation processes in large economic societies are also addressed in the Decree of the President of the Republic of Uzbekistan dated April 8, 2022, No. PF-101, "On further reforms to improve the business environment and create conditions for sustainable economic growth through the development of the private sector.". The decree also defines the following as one of the main directions of increasing the role of the private sector in ensuring economic growth, creating favorable conditions for the development of the private sector in all sectors and areas: the

transformation of state-owned enterprises and commercial banks and the acceleration of privatization, reducing the share of inefficient enterprises in the economy by reducing the quality stimulate the increase of investments and high productivity technologies based on the principles of environmental, social and corporate governance (ESG); stimulating the development of various segments of the financial market due to the further liberalization of the money and capital markets, thereby creating conditions for the creation of alternative sources of financing for privatized and transforming enterprises.

Review of literature

In the process of analyzing the literature on the topic, we witnessed that several leading economists and specialists conducted scientific research on the directions of business development through the privatization of vacant objects in Uzbekistan and the directions of increasing the efficiency of the state financial control bodies, which are as follows: In particular, In recent years, scientific works by both local and Western scholars have been published on the study of the theory and practice of privatization. In the study of the role of the state in the institutional approach in the market economy, the services of J. Stiglitz are of great importance, in which "the motivations of the economy in the state that identified the "market defects" were studied" (Stiglitz Dj., 1997). Also, R. Kapelyushnikov, R. Nureev, V. Tambovtsev, and L. state regulation of the economy within this field. He studies the ideas promoted by Yakobson and others (Kapelyushnikov R.I., 2007, Yakobson L.I., 1996, Nureev R.M., 2005).

The research works of S.S. Gulyamov, D.N. Rahimova, Sh.N. Zaynutdinov, N.M. Rasulov, M.S. Saidov, and D.Kh. aimed at creating theoretical foundations. In their scientific research, transformation of property forms, improvement of corporate management models, and issues of the development process of shareholding enterprises were expressed (Gulyamov S.S., 2004; D.N. Rakhimova, Sh.N. Zaynutdinov, 2006; Saidov M.S., 2009; Suyunov D.Kh., 2008). In particular, according to A.A. Hashimov's research, "special attention is paid to the scientific and methodological aspects of the development of management of corporate structures in the conditions of expropriation and privatization of property (A.A. Hashimov, 2003). R.I. Yaushev's scientific research "is devoted to the problems of integrated corporate structures and management of enterprises with state participation in the capital of the founders (Yaushev R.I., 2004). M.B. Khamidulin "thought about the development of the stock market and the role and importance of the Supervisory Board in joint-stock companies" (Khamidulin M.B., 2007). The issues of the privatization of joint stock companies in Uzbekistan are expressed in the scientific research of scientists such as B.B. Berkinov. "The modern characteristics of corporate governance are essentially broad and simultaneously embody various functions in organizations, including management, finance, accounting, business law, business ethics, and economics. Also, privatization and privatization are economic mechanisms that allow the state to actively participate in economic relations. The main factor in privatization and expropriation is the efficiency of property management" (Berkinov B.B., 2004).

According to S.I. Komaritsky, "privatization usually means a legal institution in the field of regulation of property rights, which means the cancellation of the right to own certain property and the emergence of private property rights. Since privatization always implies the abolition of state property rights, public relations are characteristic of these relations. This requires the development of some general, publicly defined rules for such an exchange of property" (Komaritsky S.I., 2000).

Research methodology

Directions of business development through privatization of vacant objects in Uzbekistan economic research methods such as studying the research conducted by world scientists and economists, data analysis, synthesis, and logical thinking were widely used.

Analysis and discussion of the results

In turn, the concept of "privatization" is characterized in two ways: broad and narrow. In a broad sense, privatization refers to the transfer of state property to private ownership. In a general sense, it is the transfer of state and local property to the private property of individuals or legal entities through a paid or free transfer.

The most important task in the transition from a planned economy to a market economy is the privatization of state property. The reduction of the size of the public sector as a result of the privatization of state property is an important feature of the development of the public sector in the transitional economy. A broad interpretation of the concept of "privatization" includes a general reduction of public intervention, including direct financial intervention.

Table 1 Advantages and disadvantages of privatization

Advantages	Disadvantages
Costs are reduced.	Stratification occurs
Production will increase.	Prices will skyrocket.
Budgetary taxes will multiply	Dissent and debate will abound.
Monthly salaries will increase.	One person owns a place that belongs to many.
A healthy, competitive environment is created.	May be taken over by corrupt groups.
Administrative bureaucracy is reduced.	
Production efficiency has increased.	

Source: Prepared by the author based on an analysis of economic literature.

In short, the economic and financial condition of state-owned enterprises and organizations was satisfactory for the first years of independence. After all, for a country that has just started to have a free economy, the mechanism of state regulation of the economy is more in demand. In this case, the state established many enterprises and kept them under its control, even if only temporarily, until they reached a period when they could operate independently. Sooner or later, it will be necessary to put an end to this practice, and

therefore the first law and norms, "On Privatization of State Property," will be developed. At the very least, it is organized on the basis of a public-private partnership. But these changes are not enough. Because if state assets remain in the hands of only a few big investors, it will turn into a privatization practice that can do more harm than good. For example, it is characterized by the disappearance of competition, the weakening of the state or government, and the emergence of a hidden and corrupt economy. The reason for this is the limited approach to privatization and other problems that we mentioned above. In practice, there were only 2 approaches, and this has now increased to 8 methods in accordance with world requirements:

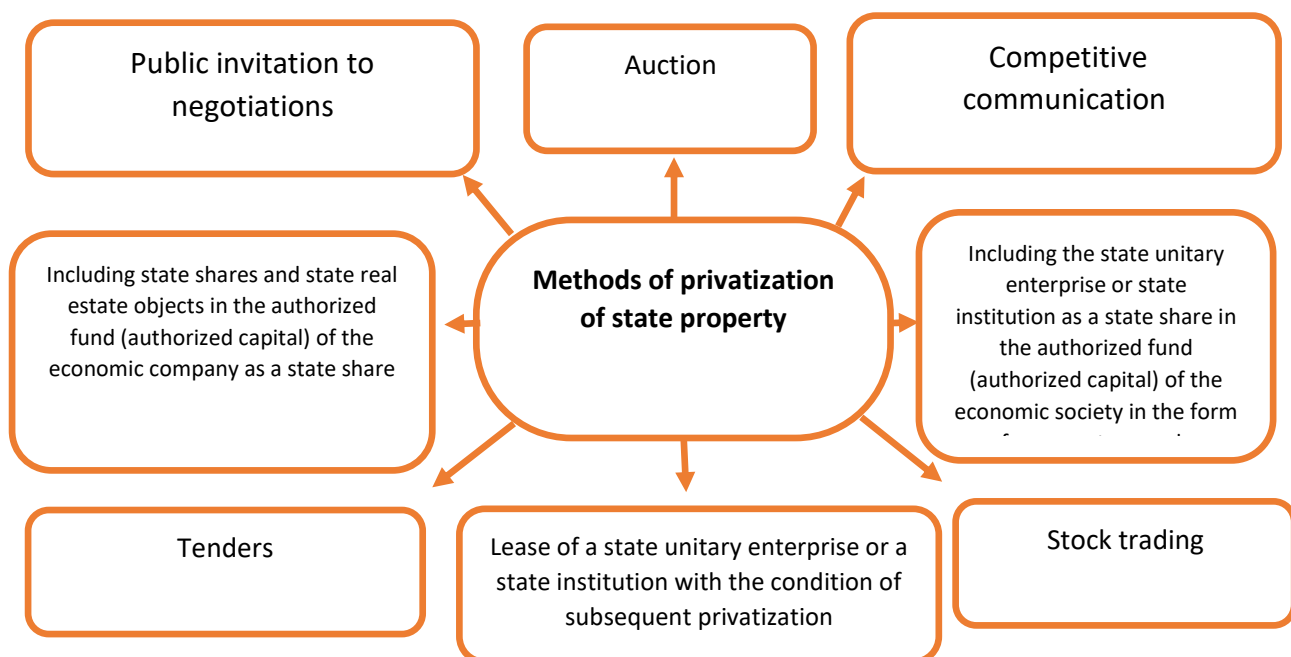


Figure 1. Methods of privatization of state property

Source: Prepared by the author based on an analysis of economic literature.

The characteristics and principles of the current stage of privatization are as follows:

- further strengthening of the legislation on the protection of private property and the right to private entrepreneurship;
- fundamentally changing attitudes and approaches to privatization, auctioning shares of enterprises belonging to the leading sectors of the economy;
- the priority of attracting investors with investment obligations aimed at the development of enterprises and ensuring the effectiveness of the sale of state property to private investors;
- sale of loss-making, low-profit, unpromising state-owned enterprises and the state's stake in them to private property at zero purchase price in exchange for investment obligations.

In our country, the State Assets Management Agency is taking significant measures to create

favorable conditions for the establishment and effective operation of business entities. Business registration and voluntary liquidation have been simplified and regulated. In January–September 2022, the total amount of funds received by the State Assets Management, Transformation, and Privatization Fund was \$3,833.7 billion. amounted to 6,714.8 billion soums in January–September 2023. amounting to 1.8 times compared to last year. In January–September 2023, income from other sources made up the smallest share, that is, 5.8 percent of the total income.

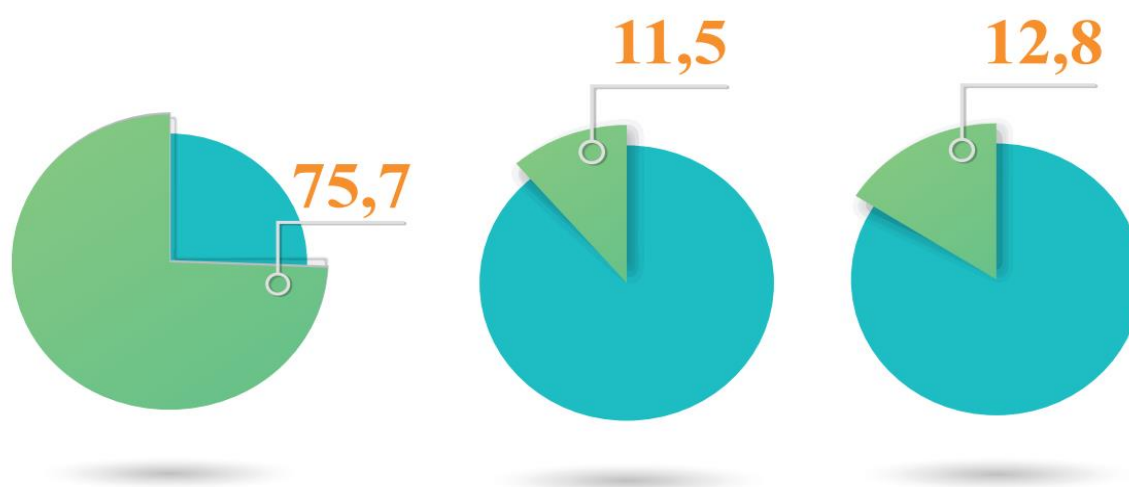


Figure 2. Income from the sale of state property in the region

Source: Prepared by the author based on the information of the State Statistics Agency of the Republic of Uzbekistan.

In terms of regions, the main part of the revenues from the sale of state property went to the central office of the agency (75.7% of all revenues), the city of Tashkent (11.5%), Tashkent (4.1%), Fergana (1.5%), Samarkand (1.3%), Khorezm (0.9%), Bukhara (0.8%), and Kashkadarya (0.8%) regions contributed.

In order to effectively use the state non-residence fund, 20,072 lease agreements were signed for the lease of objects in January–September 2023.

5. Conclusions and Suggestions

Having studied the above practices, in order to reduce or sell the state share in joint-stock companies with a state share, it is necessary to involve underwriters on the basis of a contract in the public placement of shares and determine the price range of the shares based on the performance indicators and prospects of the joint-stock companies, the real demands of potential investors, and the dynamics of share price changes. . Also, there are a number of systemic problems in the management of state-owned enterprises:

The non-classification of state property into republican and municipal property and the lack of directly applicable legal documents providing for the implementation of state property

management and privatization through transparent mechanisms remain two of the main problems.

Due to the lack of ownership criteria for state-owned enterprises, the participation of state-owned enterprises in the economy remains high as a result of the lack of a systematic approach to the operation of state-owned enterprises in areas where the private sector is successfully operating and competition is developed.

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