

Real Economy Sector: Problems Of Financing And Investment

Bozorov Alisher Ruzimurodovich,

Tashkent financial institute.

Independent Researcher

Abstract. This article discusses how important the securities in the real sector are in Uzbekistan. The problems and solutions of the real sector in equity in Uzbekistan are presented. The results and conclusions of the study, the recommendations made by the authors, are aimed at improving the efficiency of functioning and competitiveness of the real sector of the country's economy.

Keywords: Real Sector, Real Sector Financing, Stock Market, Market Liberalization, Gross Domestic Product, Bank.

Introduction

The real sector of the economy, being the basis of the economy of Uzbekistan, determines the level of its development and specialization. It includes the production of competitive and high-tech products, which allows to meet the demand and interests of consumers in the foreign and domestic markets. The following sectors belong to the real sector of the economy:

- building,
- industry,
- energy.

That is the sector where GDP is created.

In the course of destructive changes and market transformations, the real sector has turned out to be and continues to be split into two parts: sectors that are oriented to the external market or the so-called export-oriented sectors (industries of the fuel and energy complex, metallurgy, chemical industry) and service industries (transport) which bring most of the profits in the country and form the bulk of budget revenues and effective demand in the domestic market of the country; all other sectors focused mainly on the domestic market, many of which are not sufficiently profitable due to low competitiveness (with the exception of trade, construction and some others), effective demand generated by these

industries is not high. The problem of the development of many sectors of the real sector of the economy is that the government has paid little attention to industrial policy and its structural transformation. Only recently have programs for the development of the manufacturing industry and other competitive sectors, energy efficiency and energy saving, have been developed.

The industrial policy formed at the same time should be aimed at ensuring economic growth by reducing commodity dependence, diversifying production, providing for the priority development of the science and innovation sphere, advancing the development of processing sectors of the economy and high-tech industry, improving the competitiveness of products and services provided both in the domestic and and foreign market. The main goal of such a policy should be to create conditions for the organization, development of competitive and efficient industries. The study of existing problems in this area is extremely important, since a highly efficient and competitive real sector of the economy can become a source of economic growth and positive socio-economic effects in the present and future. Achieving this goal requires the solution of many tasks, including organizational, managerial, financial and investment support.

One of the main problems in the economy of our country is the use of foreign investments, budgetary funds and bank loans, which are the main means of financing the enterprises of the real sector. Transparency of the stock market in the country as well as incompleteness of the stock market on securities market is one of the main problems in the development and competitiveness of the real sector.

The securities market affects the development of the economy and this effect can be divided into direct and indirect [1].

The direct impact is that in any country in the world the securities market can be divided into two main parts - primary and secondary. The primary market combines the phase of designing a new issue of securities and their initial placement. The primary securities market is defined as the relationship that arises when issuing or at the conclusion of civil law transactions between persons who

assume liabilities on securities issues, and between the first investors, professional participants of the securities market, as well as their representatives [2].

The main feature of the primary market is the disclosure of information about the issuer, which allows you to make an objective choice of securities for investing funds. Only when issuing on the primary securities market does the real capitalization of the company that conducted it increase. The stock market is a mechanism for financing the real sector of production. In countries such as the United States and the United Kingdom, the securities market in terms of the volume of attracted resources is many times ahead of the banking market. The securities market has an indirect effect on economic development, in many respects through the secondary market.

The secondary market is the market in which securities previously issued on the primary market circulate. The secondary securities market is based on operations that arise during the redistribution of areas of influence of investor investments, as well as investors, who are seeking to receive speculative income [2]. The main feature of the secondary market is the ability to trade quickly and extensively, the ability to absorb significant amounts of securities in a short time with small changes in rates and at low implementation costs. Outwardly, the secondary market looks (and to some extent really is) a purely speculative process, the scope of which may seem redundant and reprehensible. In fact, it is the resale process that creates a mechanism for capital flow to the most efficient sectors of the economy. Shares and bonds of the most profitable companies and entire sectors of the economy grow in price, increase the number of people willing to have these securities, which makes it possible to issue new securities and new capital raising [3].

The results and conclusions of the study, the recommendations made by the authors, are aimed at improving the efficiency of functioning and competitiveness of the real sector of the country's economy.

Main part

Over the years of independence, the trend of a gradual reduction in the share of agriculture in the GDP structure (from 32.4% in 1995 to 19.7% in 2017) persisted, which is associated with a further expansion of the development potential of industries and services. At the same time, the decline in the share of agriculture in GDP occurred against the background of positive average annual growth rates of agricultural products. Thanks to the measures taken for diversification, modernization, technical and technological renewal of industries, the growth of total industrial output and the share of industry (including construction) in the GDP structure from 27.8% in 1995 was ensured. up to 34.1% in 2017 At the same time, the development of the service sector is one of the most important factors in the growth of the country's economy, increase in employment and increase in incomes of the population. As a result of the implementation of consistent measures to reform the sphere of services and services, this industry in a short time has become the most dynamically developing sector of the economy. The share of the service sector in GDP increased from 39.8% in 1995 to 46.2% in 2017. [4]

Table 1

Indicators of real sector growth in Uzbekistan for 2016-2018 [4]

| | 2016 year | 2017 year. | 2018 year |
|-------------------------------|-----------|------------|-----------|
| Gross domestic product | 199 325,1 | 249 136,4 | 407 500,0 |
| Industrial products | 111 267,2 | 144 185,3 | 145 000,0 |
| Rural, forestry and fisheries | 48 431,1 | 69 504,2 | 199 537,4 |
| Fixed investment | 49 476,8 | 60 719,2 | 107 333 |
| Construction works | 29 265,8 | 34 060,8 | - |
| Cargo turnover, mln. km | 91,2 | 66,9 | 70,6 |

| | | | |
|--------------------------|-------|-------|-------|
| Passenger turnover, mln. | 110,4 | 129,5 | 134,4 |
|--------------------------|-------|-------|-------|

In 2018, the GDP volume increased by 2 times in comparison with 2016, while the share of dekhkan and forestry in domestic production was almost 50%. However, we can see that the growth in the share of the industry is not high. The main reason for this is the financing of the real sector.

The cardinal transformations of the economy associated with the transition to market economy conditions affected all spheres of the country's life and were accompanied by a decline in production, a high rate of inflation, and a deterioration in the standard of living of the majority of the population. The situation in the investment sphere was especially difficult. The sharp decline in investment led to the depreciation of fixed capital.

In the current situation, the key direction of the economic policy of Uzbekistan is the constant increase in the efficiency and development of the financial market, and especially its stock segment, at a qualitatively new level that meets the development needs of the country. In the conditions of market formation and development of the domestic economic system, building up the investment potential largely depends on solving the problems of development and improving the efficiency of the securities market.

To implement this direction of economic policy, the stock market should have an appropriate institutional structure in which banks, as professional market participants, occupy a crucial place. The problems of ensuring the sustainability of the bank's work in implementing measures to rehabilitate and further improve the efficiency of the banking system make it necessary to work out a new strategy and tactics for banking management and functioning in the securities market. The current decline in the profitability of the financial market as a whole and its individual segments leads commercial banks to expand the scope of their activities. In developing the range of operations and services provided by commercial banks,

expanding the investment direction, a special place is occupied by the diversification of operations and services in the securities market.

The prospects for the domestic stock market are determined by its growth potential. This is possible, first of all, on the basis of the planned development of the privatization process of certain state enterprises, the entry of enterprises into the stock market as a result of the accelerated pace of their economic development and the achievement of a certain level. The problem of renewal of fixed capital, alternative financing of various sectors of the economy in the phase of revival and recovery of the reproduction process implies an expansion of the issue of securities.

Banking institutions are the most active participants in the securities market, which can carry out a wide range of professional and non-professional operations.

Macroeconomic stabilization within the country has significantly increased its attractiveness as a potential investment object in the eyes of foreign strategic investors. The most authoritative global rating agencies recognized the success of the economy, which affected the sovereign credit rating and the ratings of private Uzbek companies.

Considering the above, it can be said that, on the one hand, at present the economy of Uzbekistan needs significant investment injections, and on the other hand, a situation has developed where foreign investors' funds are a potential source for mobilizing investment resources. Moreover, there are all prerequisites for this mechanism to start working directly for the needs of the real sector.

To achieve this goal, the following tasks were set and solved:

- a study of the place and role of investment in the country's economy based on the analysis and synthesis of existing modern theories in the field of investment;
- search for the main directions of activation of the securities market in financing investments; development of recommendations for increasing the investment attractiveness of Uzbekistan banks and improving the elements of the regulatory system.

An important role in enhancing the investment process in a developing economy of Uzbekistan is played by commercial banks, which are designed to accumulate temporarily free funds of the population and direct them to the investment sector of the real sector of the economy, in accordance with their investment priorities. Fortunately, the conditions of our country's investment climate create all the necessary prerequisites for this.

The main goal of attracting and using bank investments - investment in the real sector of the economy - has not been achieved. There is a weakness and inefficiency of state regulation of the use of foreign capital.

At the present stage of development of our republic, investment activity is one of the priorities in the long-term development of any bank.

In our country there is political stability in society, there are no interethnic conflicts, the vast natural resources of the country, such as oil, gas, precious, non-ferrous and ferrous metals, the huge potential of the agro-industrial sector, large reserves of other mineral resources create all favorable prerequisites for a confident future. .

At the same time, considerable work remains to be done to develop and improve the Uzbekistan securities market, as well as to stimulate banks for the investment needs of the real sector.

The primary tasks in this regard are the activation of the national stock market, the creation of an efficiently operating system of investment funds, and more active integration into the world economic system.

Conclusion

It should be noted that the government actively promotes the development of investment relations in Uzbekistan.

To develop and strengthen investment relations in Uzbekistan, the government plans to implement a number of measures aimed at:

- strengthening the role of the state as a guarantor of the implementation of a favorable, predictable regulatory and legal regime for the economic activities of domestic and foreign investors, publicity of the state investment policy pursued;
- Introducing the immunity of domestic investors in relation to the entry into force of legal norms worsening the conditions of domestic investments in terms of investor relations with the state, providing legislative guarantees to investors in maintaining stable business conditions[7];
- implementation of effective legislative and practical mechanisms to protect the interests and rights of investors in the implementation of investment projects;
- liberalization of the market of investment projects by simplifying the procedures for coordination and obtaining permits for their development and implementation;
- providing investors with the opportunity to obtain reliable information about organizations in order to analyze and select investment objects;

Summing up, it can be said that research into the problems of investing in the economy has always been the focus of economics, investments play an important role not only in the banking sector of the economy, but also in the development of the whole country as a whole - they predetermine the overall growth of the economy, therefore with a view to forming a market Securities as a reliable source of investment is necessary to take the following series of activities:

- create a system to improve the financial literacy of the population and potential investors;
- at the state and legislative level to ensure transparency, i.e. openness and availability of documents of financial statements of enterprises and banks - issuers of securities;
- open stock exchanges or centers for trading securities in every region of the country.

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