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## DEVELOPMENT PROSPECTS OF THE CAPITAL MARKET INFRASTRUCTURE

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## ABOUT ARTICLE

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**Abstract:** The article discusses the prospects for the development of capital market infrastructure in Uzbekistan and improving its efficiency. Theoretical studies on the problems of attracting investment in the capital market, opinions of scientists in the field are widely covered. according to the results of the research, suggestions and recommendations of the researcher are given.

## INTRODUCTION

In economic practice, the term "investment" is widely used in legislation, in the preparation of various types of projects in scientific literature, in business plans, etc. In the "Economic and Financial Explanatory Dictionary", the word "investment" is defined as the concepts of "capital", "capital investments", "capital funds", that is, it interprets investments in the sense of placing funds in the fixed capital necessary for the activity of market entities (Berner and Kolli, 1994). "Investments reflect the sum of expenses spent on industry, agriculture, transport and other sectors as long-term investments"(slovak, 1984). Sharp (2000) in his textbook "Investment" defines that "Investment is the giving up of some value in the present for the purpose of obtaining value in the future." The scientist interprets the term "investment" as follows: "it is parting with money today for future profits" and believes that "investment can be made in real or financial assets." The mechanism of attracting investment through the capital market in Uzbekistan has been studied theoretically and practically for many years by industry scientists. But it is impossible to keep this mechanism in one state. It keeps changing according to the market demand and needs. Attracting investment is primarily determined by the ability to correctly analyze the market environment. Directly analyzing the state of the investment environment and investment resources of the Republic of Uzbekistan abroad, private investment resources of the enterprise are the leading source of financing of capital and financial resources, so it should be emphasized that they are limited. Currently, the main task for the enterprise is to find a solution to the problem of attracting foreign investors in addition to financing its investment needs.

Attracting investment is one of the priority tasks of Uzbekistan's industrial policy. The importance of foreign direct investment is determined not only by its ability to make investments above the level of

national savings and to modernize the production base. Importing technological equipment, modern methods of management and organization of production, opportunities to use trademarks and know-how of world-famous companies, access to world markets of multinational companies in order to further expand the export of products is another important basis of foreign direct investment. have and so on. Until now, there were a number of shortcomings in the mechanism of attracting investment through the capital market in Uzbekistan. Decree No. 6207 of the President of the Republic of Uzbekistan dated April 13, 2021 "On measures to further develop the capital market" specifically recognizes the existing shortcomings in the field. Today, there are a number of urgent problems and shortcomings that await their solution in connection with the further development of the capital market, the formation of a competitive environment and the promotion of increasing the liquidity of the stock market, including:

- there is no state strategic planning system in the field of capital market development;
- most of the transactions carried out on the stock market (more than 70 percent of the volumes on the stock exchange) are contributed by state-owned enterprises;
- the liquidity of the securities market is low, there is a need to develop the secondary market of state securities, there are not enough types of financial products put into practice, state stock packages are not sold on the basis of the "one share one lot" principle, and the interest of business entities to attract funds in the securities market is low;
- efforts to attract large institutional investors with long-term financial resources to the capital market are slow; the market infrastructure is insufficiently provided with modern information and communication systems, as well as the capabilities of local systems are used inefficiently in this area;
- capital market infrastructure at the regional level is completely underdeveloped;
- in the field of the capital market, there is a lack of highly qualified specialists who can actively promote and implement measures to increase market capitalization;
- there are many legal documents that provide for disproportionate regulation of the industry and do not meet modern market requirements and international standards; corporate relations are not organized based on modern approaches.

Today, increasing the competitiveness of the country's economy and modernization of economic sectors requires increasing the possibility of full use of the financial-banking system, especially the opportunities of the capital market. Therefore, the development of the capital market as an alternative source for the deployment of free resources of enterprises, financial institutions and the population, attracting capital is defined as one of the main tasks in the Action Strategy for the five priority directions of the development of the Republic of Uzbekistan in 2017-2021. In order to fully fulfill these tasks, ensure the rapid development of the capital market, and introduce an effective system of investment attraction, as a first step, based on the experience of the world countries, the President of the Republic of Uzbekistan dated January 14, 2019 "Regulation system of state assets management, fight against monopoly and the capital market" based on the Decree No. PF-5630 "On Fundamental Improvement Measures", an independent state body - Capital Market Development Agency was established.

Its main tasks are the implementation of the unified state policy in the field of formation, development, regulation and corporate management of the securities market. Based on this decree, the decision of the President of the Republic of Uzbekistan "On the establishment of the capital market development agency of the Republic of Uzbekistan" dated January 24, 2019 No. The capital market development agent has set himself the goal of developing a strategy for the development of the capital market of our country, and now a draft of the Strategy for the development of the capital market of the Republic of

Uzbekistan for 2020-2025 has been prepared. It is stipulated that the procedure should be determined. Today, 9 investment funds are operating in the capital market of our country.

In fact, eliminating the above problems in attracting investments through the capital market in Uzbekistan will increase the effectiveness of this mechanism. The role and importance of the investment environment is extremely high. The investment environment is a set of economic, political and social factors that predetermine the volatility of foreign capital investments and the possibilities of their effective use in the country. The investment environment is a complex, multifaceted concept and has indicators such as national legislation, economic conditions (crisis, growth, stagnation), customs regime, currency policy, economic growth rates, inflation rates, exchange rate stability, and external debt levels.

The investment climate is a general criterion for the placement of investment resources and, first of all, ensures the profitability of capital funds. "Investment environment means a set of economic, social, organizational, legal, political, ecological, cultural and other conditions aimed at ensuring the effectiveness and safety of investments made in a certain region of the country's economy." It refers to the existing positive and negative aspects of the conditions that determine the feasibility and attractiveness of making investments in a particular area. When we studied the foreign experience that improved the capital market investment environment from scientific sources, we found out that there is an influence of the underlying factors on the investment environment of the capital market.

"Fudan" (Shanghai, China) and Iowa (USA) universities have conducted sociological studies to determine the motives of direct investments made by entrepreneurs of developed countries in the EIH of the People's Republic of China. The data show that in all foreign countries, the factor that took the first place among the motives was the general prospects of international cooperation with a country like the PRC, which has a high domestic market, a high economic growth rate, and a stable internal socio-political situation. The second place is taken by the domestic market of a country with a population of one billion, which has a small range of goods and services from the point of view of developed countries, and an insufficient volume. The third place is occupied by countries with lower qualification and education level, but with disciplined and hardworking people and cheap labor force. Next:

- the availability of tax incentives that are attractive to foreign investors;
- proximity of production forces to markets;
- having rich raw material potential;
- low crime rate;
- that a long-term relationship is established with the host country;
- the ability to continue the general strategy of the corporation;
- export base;
- availability of qualified personnel;
- the possibility of using local raw materials;
- the liberality of the rulers in the country;
- cheap rent.

The President of our country, Sh.M. Mirziyoev, wrote in the "New Uzbekistan Strategy" that "our economic strategy is aimed at attracting large-scale investments into the economy." "We will create the necessary conditions for investment growth to reach at least 25% of GDP in 10 years," they said, adding that the priority direction of the investment policy in the future should be focused on attracting direct investments to the national economy, as well as increasing the volume of domestic investments. An important positive social result of this is the creation of jobs and a decrease in unemployment, an

increase in the income of the population and an increase in the standard of living. As the results of the study show, the scope of the goals of studying and forecasting the dynamics of the labor market at the national and regional levels has expanded considerably. Modernization of the country requires large and targeted investments. The role of labor market forecasts is to provide information on investment solutions for the development of the country's human capital.

Regulating the activities of institutional investors is of particular importance in the development of the economy and improvement of the capital market. I. Atiyas and H. Ersellar, foreign scholars on capital market regulation, have conducted studies, and according to them, there are "ikspost" and "iksante" forms of regulation by the government. According to R. Francioni, J. Frazee and A. Heckmeister, the main goal of regulating the financial market, particularly the capital market as its component, is to ensure financial stability.

In our opinion, it is necessary to clarify the regulatory mechanisms for regulating the activities of institutional investors in the capital market, as well as to improve the infrastructure of the capital market. Investment activity will lead to the expected result only when the conditions for managing all the relations of its participants in the investment process and the corresponding infrastructure (financial system) are established. It makes it necessary to regulate certain procedures and rules regardless of the activity of the general enterprises.

A favorable investment environment has been created for foreign and local investors. Foreign investors not only bring their capital, technology and management experience to national enterprises, but they also open the way to global markets. This is one of the important and first tasks for any country that is going through a transition period. Foreign investment is very necessary as an important direction for the entry of the latest world science and technology achievements and technologies into the transition economy. After all, it allows national economic entities to adapt to developed trade relations, to rationally organize their activities in accordance with world standards. The mechanism of attracting investment through capital market activity in Uzbekistan and increasing its effectiveness will directly depend on the investment environment and the conditions created for investors. For this, it is necessary that all activities to attract investment in the capital market are legally correct. In order to increase the effectiveness of this mechanism, it is necessary to provide practical assistance to local entrepreneurs in attracting foreign investors to their work, and to create the necessary investment environment for the realization of promising projects.

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