



PRIVATIZATION PROCESSES AND THE CURRENT STATE OF THE REGIONAL SECURITIES MARKET OF NAMANGAN REGION

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ABSTRACT

The article highlights the stages of privatization in the Republic of Uzbekistan, in particular its current stage - the sale of government shares in large enterprises. The current state of the regional securities market of the Namangan region is analyzed, the existing problems of the further development of the stock market are identified and proposals for their elimination are given.

KEYWORDS: *privatization, financial market, securities market, jointstock companies, capital market, investment intermediaries and consultants.*

1. INTRODUCTION

The phased privatization in Uzbekistan can be defined as: the stage of small privatization (1992-1993), during which the targeted orientation of privatization was shown - this is the process of housing privatization. The possibility of redemption by members of labor collectives of the repurchase of the shares of their enterprises on preferential terms, as well as the preferential procedure for privatizing the property of state farms by collectives of agricultural enterprises; the stage of large-scale privatization (1994-1998), characterized by the massive transfer of enterprises to joint-stock companies; a stage characterized by the definition of a list of objects not subject to privatization (early 1998), which continues to this day.

Currently, the process of privatization of almost all facilities and enterprises not included in this list is ongoing. Consider several periods of the last stage of privatization.

It was noted above that the last stage of privatization involved the sale of government shares in large enterprises, and this process has been ongoing to this day.

So, according to the regional branch of the Namangan Oblast State Assets Management Agency for 2019, it was noted that on the basis of decrees of the President of the Republic of Uzbekistan and decisions of the Khokim of the oblast for 2019, 87 state assets (state share and real estate) were put up for auction through an electronic trading platform "E-IJRO-AUKSION" RSE "Tashkent". In particular, on the basis of a decree of the President R. Uz. No. PU-4300 dated April 29, 2019, the state shares of 4

regional joint-stock companies (Uchurgon Yoʻr JSC, Namangan Tola Textile LLC, Namangan Wine JSC, Namanganagromash LLC) were put up for sale.

Of these, state shares of 3 enterprises were sold in the amount of 46.7 billion soums. (Uchurgon Yoʻr JSC state share - 51.7 percent, 22.6 billion soums, Namangan Tola Textile LLC state share - 51.0 percent, 17.6 billion soums, Namanganagromash LLC state share - 91.5 percent, 6.6 billion soums.). Currently, work is underway on the implementation of a block of shares of Namangan Wine JSC state. a share of -57.24 percent, for a total value of 20 billion soums. through the RSE "Toshkent".

On the basis of the President's decision No. PR-5656 dated February 5, 2019, the state share of 5

business entities is envisaged (Korakul Sharob Savdo LLC, Yangyrgon fog mist Sharob Savdo LLC, Chortoog fog Sharob Savdo LLC, Capitalagroimpex LLC and LLC "Koyoshli yurt Uzumi"). Of them state. shares in 4 companies were sold for a total amount of 5.1 billion soums. (LLC "Korakul Sharob Savdo" - 100.0 percent state share, 789.2 million soums, LLC "Yangyrgon fog sharob savdo" - 100.0 percent state share, 1.6 billion soums, LLC "Chortokum fog" Sharob Savdo" - 100.0 percent state share, 2.6 billion soums, Capitalagroimpex LLC - 21.9 percent state share, 84.8 million soums).

Gos. the share - 7.5 percent of Kueshli yurt Uzumi LLC was put up for auction through the electronic trading platform E-IJRO-AUKSION for the amount of 173.7 million soums.

Including 57 units of real state property put up for sale with a cost of "1 soum", with the condition of



attracting investments of 14.9 billion soums and the creation of new 641 jobs, were sold in the amount of 1.08 billion soums.

According to the Presidential decree dated 10/10/2018, under No. PU-5552, agreements were signed on the transfer of 23 state-owned facilities with a "0" value directly, with the condition of attracting investment in the amount of 473.5 billion soums. and the formation of 2100 new jobs for a period of 3 years.

I analyze the fulfillment of social and investment obligations in the region, it should be noted that as of 01.01.2020, 93 sales contracts were signed (of which 29 with the cost of "0" soums and 64 at the realized price) with conditions for attracting investments for a total value of -38, 0 million dollars USA and 93.3 billion soums as well as the formation of 2564 jobs. Execution amounted to 42.02 billion soums. and 1119.0 thousand dollars. USA. Attraction of investments continues.

Since the beginning of the year, 38 contracts (compared to the previous period 2.5 times) attracted investments of 48.3 billion soums, which allowed these enterprises to start work and provide 1276 new jobs (an increase compared to the previous period amounted to 1.1 times).

For example, in the Kasansai district with a "0" value, the building and equipment of OJSC 89 "Motorcade" were sold. The investor of SOFIYA SOF TEKSTIL LLC has invested 5.1 billion soums. and organized the production of socks and storage of agricultural products, whereby created 82 jobs.

In the Yangikurgan region, in the Zarbdor IFI in an empty section of the hospital and facilities, OOO ISKOVOT SHIFO MASKANI invested 2.8 billion soums. and created 35 new jobs.

In the Pap district, through the sale of the building and facilities of the former "Asab Kasalliklari" dispensary with a "0" value, the investor "LITTLE TALENTS" NTT invested 500 million soums, organized a modern non-governmental educational institution and created -33 jobs.

In the Norin region, in the MFI "Norinkapa", in the empty building of the clinic "Norinkapa", a medical care center was established by the investor Soglik Garovi of a private enterprise, -2.1 billion soums were invested. and organized - 44 new jobs.

In the city of Namangan, in the empty building "Akhborot Tizhorat Markazi", 2.2 billion soums were invested by the investor of AISHA HOME TEXTILE LLC, whereby a Design Center was created and 75 jobs were created.

Investment obligations were not fulfilled by 8 parties to the agreement, compared with last year by - 5 more. The agreement with them was terminated.

As of 01.01.2020, there are 154 enterprises with state ownership in the region, of which: -5 AO, 58- LLC, 91- unitary enterprise.

Based on the order of the President R. Uz. dated December 11, 2019 on the transformation of enterprises with a state share of ownership into other forms of ownership, certain proposals were developed and submitted to the republican working groups by the founders of these enterprises.

In particular: - 7 enterprises were asked to change the form of ownership, 61st to realize the state's share in the authorized capital, 37 enterprises to complete their activities, in the 1st to partially realize the state's share. property, in the first - to implement with the condition of partnership of the state, in - 47 to leave in the introduction of the state.

The shareholder - Agency (founder) at the end of 2018 received a net profit of -11.8 billion soums. from 11 enterprises (2- AO and 9- LLC). Dividends were received in the amount of 5.9 billion soums, including the state share in them amounted to 3.3 billion soums.

Currently, there are 91 state-owned unitary enterprises in the region, 60 of which are operating; for 9 months of 2019, net revenue from production and services amounted to 270.4 billion soums, and net profit - 12.0 billion soums.

Of the remaining 31 enterprises, 21 are in the process of liquidation, 9 are inactive.

Based on the order of the Cabinet of Ministers dated 11/15/2019, for No. 24/12993 in the region, there are 8 enterprises (Namangandonmahsulotlari JSC, Namangan Tola Textile LLC, Uchurkon YoF LLC, Korakl Sharob Savdo LLC, Chortoq LLC fog sharob savdo ", LLC " Koyoshli yurt Uzumi ", LLC " Yangyrgon sharob savdo ", LLC " Namanganagromash ") approved the program " road maps " for 2019-2020 for the rehabilitation of low-profitable, unprofitable and unprofitable enterprises.

19.6 billion soums were invested in these 8 enterprises over the 11 months of 2019, which allowed to increase net revenue by 115.4 billion soums and thereby earn a net profit of 25.8 billion soums. At the same time, inventory worth 14.9 billion soums was realized, receivables in the amount of 3.4 billion soums were recovered.

For example, the net revenue of Uchurgon-yo JSC for the 11 months of 2019 amounted to 80.0 billion soums, the growth amounted to 1.12 times compared to the previous period.

For 15 low-profitable and unprofitable shopping malls and markets in 2019, regional roadmap programs were compiled. This allowed 8 shopping malls and markets to improve their financial situation.

In total, 1,113 cases were considered on bankruptcy issues by regional economic courts: 375 enterprises declared bankrupt in 2018 and did not complete bankruptcy proceedings in 2019, 738 enterprises declared bankrupt on January 1, 2020.



Out of 375 enterprises - 374 were removed from the state register, 1 enterprise continues bankruptcy proceedings.

Out of 738 enterprises, 252 completed bankruptcy proceedings and were removed from the state register.

During the reporting period, a total of 626 enterprises were removed from the state register. Of these, 33 enterprises by decision of the court continue their activities as a result of financial recovery. Currently, bankruptcy proceedings are ongoing in 487 enterprises.

In 2019, the Regional Agency for State Assets Management established a cash receipts plan for all sources in the amount of 4.5 billion soums.

Of these, 3.1 billion soums. from the sale of real estate, 100.0 million soums. from the sale of land, 1.2 billion sums from rent and 100 million sums. - other income. In 2019, the regional administration received 32.47 billion soums from all sources. and the established plan was implemented 7.2 times.

If we consider the structure of revenues, we can note that the greater share in them amounted to 2.2 billion soums from the sale of real estate, 201.3 million soums from the sale of land plots, and 28.77 billion soums from the sale of state from the lease - 828.2 million soums, fines and penalties amounted to 93.2 million soums.

The funds received went to the Agency in the amount of 31.28 billion soums, to the local budget - 634.4 million soums.

Regarding the implementation of the legal and legislative framework, it can be noted that the orders, orders, agreements and drafts of other legal documents of the Office were examined for compliance with the law. During the year, 363 orders passed a legal examination. In the event of a conflict between legal entities and individuals, measures were taken to resolve them or refer cases to the judiciary.

During 2019, the Office drew up a total of 118 contracts, of which 84 were sale contracts, 34 were others.

Out of 28 claims submitted in 2019: 5 satisfied, 6 rejected, 8 relatively satisfied, 5 completed, 2 not approved, 2 considered.

As a defendant, 20 claims were submitted: of which 2 were fully satisfied, 14 were rejected, 3 were not considered, 1 process was completed.

During the analysis of receivables and payables owned by the Office, measures were taken to reduce them, as a result of which, by the end of the year,

318.5 million soums were recovered. accounts receivable.

Considering the leasing of state property, it can be noted that during 2019, 206761, 31 square meters were leased. m. in 1797 subjects - rent to recipients: of them 149879.44 sq.m. - 1322 subjects of small business and private entrepreneurship due to which assistance was provided in the creation of 2760 jobs.

In the region, a register of non-residential premises owned by the state and provided for their rental is maintained. The information is updated weekly and the information is posted on the websites of the Chamber of Commerce and Industry and the State Assets Management Agency of the Republic of Uzbekistan, in addition, information is posted in the advertisements of the regional newspapers Namangan Kagiqati and Namangan Truth.

Organization of tendering of leased objects of state property is carried out at online auctions at the electronic auction site "E-IJRO AUKSION" in accordance with the decision of the Cabinet of Ministers R. Uz. dated June 16, 2018, No. 454 "On approval of the Charter on the procedure for electronic bidding for the sale of state property and leasing it."

In particular, as at December 31, 2019, a rental plan was set up - 9979, 46 square meters. m. - 55 free state. objects. Measures are being taken to lease them.

From the side of the state asset management agency in 2019, 4,881.72 million soums were attracted through the lease of state-owned facilities. , 1092.3 million soums. It was directed to the appropriate budget, 897.3 million soums to the corresponding fund, 2207.0 million soums to the income of lessors of state property on whose balance it is listed.

3. RESULTS AND DISCUSSIONS

As of 01.01.2020, we can consider the regional sectoral structure of enterprises with state ownership and by district as of 01.01.2020 according to table No. 1.



1-Table
Information About Enterprises With State Ownership In The Namangan Region As
Of 01.01.2020.

№	City and regions	Prep with state debt	Including by industry							
			Infor tech and communes	Kom neg, builds and rendered services	Hard Prom and Finance	Lay down prom mash system and electronics	SOC, tourism and pharmacist	Neftgaz , chemical industry	agricul tural and food prom	Prom zone invest.
1.	Namangan city	67	5	37	3	2	15	-	3	2
2.	Kosonsoy region	4		3						1
3.	Mingbulaq region	6		4			1		1	
4.	Namangan region	7		5					2	
5.	Narin region	8		5			2			1
6.	Pop region	12		9			1		1	1
7.	Turakurgan region	11		8			1		1	1
8.	Uychi region	5		4			1			
9.	Uchkurgan region	6		4			1		1	
10.	Chartaq region	9		5			1		3	
11.	Chust region	10		7			1			2
12.	Yangikurgan region	9		6			1		2	
	Total	154	5	97	3	2	25	0	14	8

Analyzing the higher table on enterprises with state ownership in the Namangan region as of 01.01.2020, it can be noted that of the total number of enterprises, the largest indicator of enterprises with state ownership in industries is in the communal sector, construction and services – 97 enterprises (63%) , the next place is occupied by 25 enterprises (16.2%) - social industries, tourism and pharmaceuticals, 14 enterprises (9%) - agriculture and the food industry and scanty shares - 8, 5, 3, 2 units. (5.2%, 3.2%, 1.9%, 1.3%) –industrial zones and investment, information technology and communications, heavy industry and finance, light industry, mechanical engineering and electronics, respectively.

Analyzing the foregoing, the following conclusions can be drawn. The privatization

processes in the region are continuing, and there is a tendency to further sell the share of state property, both directly to the buyer with a certain set value, and at zero cost, with the condition of attracting the established volumes of investments and creating jobs at the enterprise.

To fulfill the established tasks, the Center for Coordination and Control of the Securities Market was transformed into a State Asset Management Agency, which was fully staffed by highly qualified personnel, their number was increased from 20 to 50 people.

In the region, together with the relevant authorities, the concept “Strategy for the development of the capital market” was developed. An interdepartmental Council for the development of the capital market was created. To develop a strategy



for the development of the capital market, technical assistance of \$ 700 thousand was attracted. US funds EBRD and ADB. Emissions were recorded - 14.7 trillion. sum

150 billion soums of shares and corporate bonds - Infinbank (100.0 billion soums) and Asia Alliance Bank (50.0 billion soums).

Based on government decisions, in 2019, work continued on the placement of -20 percent of the shares of Quartz JSC, at the first stage -5 percent, 25%, IPO Zhizzakh plastic, 12%, SPO UzRHAB and 10%, SPO Aloka Bank.

For only 7 months of 2019, the capitalization of the AO quotation list compared to the previous similar period increased by 10.1 5 and amounted to 25 trillion. sum.

In order to further improve the infrastructure, -1.8 billion soums were involved.

However, on the way to the development of the financial market there are a number of problems that need to be addressed. One of the problems is the lack of highly qualified personnel, investment intermediaries and consultants. To solve this problem, in our opinion, it is necessary to improve the qualifications of participants in the regional securities market by attracting experienced foreign investment intermediaries and consultants, streamline the procedure for participating in the stock market and issuing licenses for this activity.

Another problem in our opinion is the lack of free circulation, which is one of the standards of liquid instruments of government securities (treasury bonds and bonds) for investors in the capital market.

It is necessary to develop a draft regulatory documents providing for the participation of individuals and non-residents in this market.

Lack of JSCs meeting all listing requirements is also one of the existing problems. To do this, it is necessary to develop a system of effective communication and agreement between a strategic investor, participants in the securities market and the Agency for the Development of the Capital Market when compiling a list of companies with state ownership selected for sale.

The next problem holding back the further development of the financial market is the lack of a system of protection (hedging) from risks associated with currency risks. For this, it is necessary, together with the consultants of the EBRD and ADB, to develop proposals for the development of a Strategy for minimizing currency risks, proposals for the use of derivative securities and instruments, and the introduction of appropriate amendments to the legislation on the securities market.

The development of an effective system for the further development of the capital market and the further attraction of foreign investment, the expansion of private property and the formation of the capital market as one of the main sources of

financing the national economy is also one of the main directions for further improving the financial market.

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