PROBLEMS OF ASSESSING THE ROLE AND RATING OF THE NATIONAL MARKET FOR PROPERTY VALUATION SERVICES IN THE ECONOMY OF UZBEKISTAN

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─────────────── **ABSTRACT** ───────────────
The article provides an analytical assessment of the role of the national market of property valuation services in the economy of Uzbekistan. Issues related to the solution of the problems of rating and ranking of valuation companies operating in this market were considered.
KEYWORDS: *the role of the market of property valuation services in the national economy, the rating and ranking system of valuation organizations and its problems.*

INTRODUCTION

On the basis of large-scale and consistent reforms implemented by the state in Uzbekistan, an effective property system based on various forms of ownership and a market for property valuation services (MPVS) have been formed, which plays an important role in determining the efficiency of property in economic turnover. The necessary legal framework and economic conditions for the functioning of this market are being gradually created. However, the impact of macroeconomic policy on the MPVS and the role of this market in the national economy in Uzbekistan has not been analyzed, and the problems of assessing the rating of valuaiton organizations operating in it have not been adequately addressed. However, the rating and ranking of value-added organizations in the world is recognized as a special production process and business, their products as a market commodity and indicator, a set of them as a whole economic category and the field of practical and scientific activities related to this category.
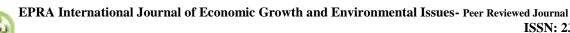
In general, on the one hand, the importance [4] of the Digital Uzbekistan 2030 Strategy [1] and the failure to comply with the President's instruction [2] to introduce a rating of valuation organizations assigned by valuation organizations based on their position in the MPVS and other criteria, on the other hand, the fact that the role of the MPVS in the national economy is under The impact of macroeconomic policy has not been assessed, the absence of any methodology and rating agency that allows determining the rating and ranking of valuation organizations in accordance with the current conditions and requirements of Uzbekistan's development determines the relevance and necessity of this article.

LITERATURE REVIEW

It can be seen that there is a lack of systematic research on the impact of macroeconomic policy on the MPVS abroad and in Uzbekistan and the role of this market in the national economy. In this regard, in the context of the macroeconomic policy of the state, only the development trends and problems of the MPVS, the role of this market in the economy were analyzed in the context of the macroeconomic policy of the state [3]. However, this study does not address the issues of rating and ranking of valuation organizations.

Although a lot of scientific work has been devoted to the rating and ranking of valuation organizations in foreign countries [4-7, 9-15], but on the basis of them the issue of rating and ranking of valuation organizations in Uzbekistan has not been studied separately.

Research methods on the subject of this article have not been developed by foreign and domestic scientists and experts.

The above indicates the relevance and necessity of conducting research on the topic of this article.

RESEARCH METHODOLOGY

For the purpose of this research, a systematic approach, data observation, selection, generalization, grouping, comparison, statistical processing, econometric analysis and other methods were used.

ANALYSIS AND DISCUSSION OF RESULTS

As a confirmation of the positive changes in Uzbekistan, the dynamics of the MPVS in the context of macroeconomic (fiscal, monetary, investment policies) policy given in Table 1 can be cited.

Table 1.

Macroeconomic policy indicators and the dynamics of the MPVS, %[1]

Year	Invest-ments X1	Mone-tiza-tion X2	Refinan-cing rate X3	Infla-tion X4	Income tax * X5	GDP growth X6	MPVS Y
2000	1,0	10,2	32,3	29,2	31	3,8	1,1
2001	3,7	10,2	26,8	26,6	26	4,2	1,2
2002	3,6	9,4	34,5	21,6	24	4,0	1,4
2003	4,8	9,3	27,1	3,8	20	4,4	1,5
2004	7,3	10,3	18,8	3,7	18	7,4	1,6
2005	5,7	14,2	16,0	7,8	15	7,0	1,7
2006	9,3	14,9	14,0	6,8	12	7,5	1,8
2007	25,8	18,5	14,0	6,8	10	9,5	1,8
2008	34,1	17,2	14,0	7,8	10	9,0	2,0
2009	24,8	19,5	14,0	7,4	10,0	8,1	1,9
2010	8,7	20,8	12,0	7,3	9,0	8,5	1,7
2011	3,8	21,7	12,0	7,4	8,0	8,3	2,5
2012	12,7	22,0	12,0	7,0	8,0	8,2	1,8
2013	12,1	24,3	12,0	6,8	8,0	8,0	1,6
2014	9,8	25,2	10,0	6,1	8,0	8,0	1,4
2015	9,7	26,9	9,0	5,6	5,0	7,9	1,42
2016	9,6	27,6	9,0	5,7	5,0	6,8	1,44
2017	7,1	27,7	9,0	14,4	5,0	5,3	1,5
2018	12,4	27,6	14,0	14,3	5,0	5,4	1,1
2019	19,5	26,6	16,0	15,2	4,0	5,6	1,26

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[1] Source: Compiled by the author on the basis of data from the State Statistics Committee, the Central Bank, the Ministry of Finance and the State Assets Management Agency (DABA). Note: *- for small business. At the same time, in the context of macroeconomic policy, in accordance with the concept of the dynamics of the MPVS, indicators X1, X2, X3, X4, X5, X6 are considered as factors influencing the Y indicator.

The analysis of the data in Table 1 shows that although the amount and dynamics of macroeconomic indicators are positive, the development of the MPVS in terms of size and other indicators remains extremely low compared to these indicators.

Table 2.
Property valuation services market indicators and trends in
their role in the economy. [2]

Year	Number of valuation organizations	MPVS size, billion soums	The role of the MPVS in the economy (in relation to GDP,%)
2000	401	1,5	0,046
2001	389	1,7	0,034
2002	372	2,1	0,028
2003	358	2,6	0,026
2004	327	3,2	0,026
2005	314	3,9	0,025
2006	287	4,7	0,022
2007	251	5,5	0,019
2008	39**	7,5	0,02
2009	106	8,4	0,017
2010	114	10,1	0,016
2011	127	12,7	0,019
2012	135	14,3	0,017
2013	152	16,8	0,018
2014	172	19,4	0,016
2015	195	23,5	0,015
2016	214	28,7	0,014
2017	226	36,2	0,013
2018	187*	49,21	0,012
2019	170	62,15	0,0123

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[2] Sourse: Compiled by the author on the basis of data from the State Statistics Committee and DABA. Note: * - The Resolution of the President of the Republic of Uzbekistan No. PP-3764 of June 1, 2018 "On measures for the further development of the valuation services market" is another reform of the mechanism of this market and has not yet had a significant impact on increasing the role of the MPVS in the economy in 2018 and 2019; ** – Due to the Decree of the President of the Republic of Uzbekistan dated April 24, 2008 No. PP-843 "On further improving the activities of valuation organizations and increasing their responsibility for the quality of services provided", all existing 848 qualification certificates and 242 licenses were revoked. In 2008, the total number of newly issued certificates was 334 and the number of licenses was 39. Prior to this decision, licenses were issued for all types of valuation, in which the valuation was carried out by 1 private entrepreneur..

Given, for example, that in 2018 and 2019 the volume of MPVS was 49.21 billion soums and 62.15 billion soums, respectively, its role in the economy (% of GDP) is still very low, ie 0.012% and 0.0123. % can be seen in Table 2. In general, the role of the MPVS in the economy (in relation to GDP,%) in 2019 decreased by 4 (four) times compared to 2000 (ie 0.046% in 2000, 0.0123% in 2019).

The impact of macroeconomic policy on the development of the MPVS (ie its role in the economy) can be seen from the results of econometric analysis based on the indicators (taking into account that in 2017-2019, economic growth was adjusted in the context of a sharp rise in inflation and the intensification of reforms) in Table 1 (obtained using the computer program Eviews), ie from those shown in Table 3.

Table 3.
The final conclusion

Regression statistics			
Multiple R	0.816565438		
R-squared	0.666779114		
Adjusted R-квадрат	0.512984859		
Standard error	0.233642373		
Observations	20		
	Coefficients	Standard error	t-statitsics
Y-intersection	2.322157543	1.214015	1.912791
X 1 variable	-0.01355844	0.009665	-1.40282
X 2 variable	-0.06605167	0.031483	-2.09803
X 3 variable	0.008693605	0.026326	0.330234
X 4 variable	0.018108632	0.016373	1.106012
X 5 variable	-0.06692397	0.034953	-1.91468
X 6 variable	0.169237293	0.071128	2.379325

Based on this Table 3 (final conclusion), the following regression equation can be obtained.:
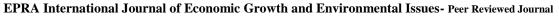$$Y = a - b_1 * X_1 - b_2 * X_2 + b_3 * X_3 + b_4 * X_4 - b_5 * X_5 + b_6 * X_6 + e$$

The statistics within this function (equation) and the relationships between them are given in Table 3, and their analysis revealed that the size of MPVS (Y) has a negative sign with factors X1, X2, X5 and a positive sign relationship with factors X3, X4, X6.

Thus, based on the analysis of the data in Table 1, Table 2 and Table 3, we can conclude that the activities (volume) of the MPVS currently do not fully meet the requirements of modern macroeconomic policy of the state.

The low role of the MPVS in the national economy, its significant lag behind the growth dynamics of macroeconomic policy indicators, means that there are still various problems in this market. In other words, the problems of the MPVS in Uzbekistan are the imperfect legal framework of this market, underdeveloped institutional structure and strong regional imbalances, unlicensed valuation activities, professionalism of employees and low quality of their services, imperfect valuation, corruption and confidential business elements, lack of information transparency and competitiveness of valuation organizations, the lack of a system and methodology for assessing and ranking rating agencies, as well as the importance of reliable and high-quality ratings in their transparent development based on fair competition and their choice by potential clients. recognized as an objective necessity. The introduction of the concept of fair value [3] into the practice of valuation activities and the effective implementation of the objectives of the Digital Uzbekistan-2030 Strategy [1] by the MPVS, as well as the important role of rating and ranking agencies [2], not only place great trust, responsibility and accountability on them, but in the context of transformation, the need to regularly provide them accurate, fast and reliable data in the prescribed manner. The existing problems are mainly related to the mechanism and quality of valuators, the development of MPVS on the basis of transparent and fair competition, accurate, fast and reliable assessment of the rating and ranking of valuators and their comprehensive solution in the context of global digital relations. The need to achieve a comprehensive solution to these problems in accordance with the goals and requirements of the Development Strategy of the Republic of Uzbekistan, based on international experience in rating assessment, requires this study.

Currently, the global market for rating services is characterized by an oligopoly, in which more than 100 rating agencies operate. However, the share of New York's so-called "big three" rating agencies is about 90% of the market: Standard & Poor's (S&P) - 40%, Moody's - 40% and Fitch - 10%

[5]. Indeed, the cost of the services of these international rating agencies (including A.M. Best Company Inc., Duff and Phelps, etc.) is very high [6]. It should be noted that for a long time and until now in Uzbekistan there were no separate rating agencies engaged in rating the reliability of valuation organizations, and the agency "Akhbor-Rating" [7] did not do this because it does not specialize in the market of property valuation services. For these and other reasons, valuation organizations in Uzbekistan are not yet fully ready to use the services of international rating agencies.

CONCLUSION

The complex solution to the problems of the MPVS, according to international and national experts, is associated with the digital transformation of this market [4, 8].

In general, so far, the reform measures [2] related to the development of the MPVS (as a solution to existing problems) have not yielded sufficient results, according to the analysis of the data in Tables 1-3. In particular, Presidential Decree No. UP-6079 dated October 5, 2020 [1] defines the objectives of the corporate sector, and Presidential Resolution No. PQ-4381 dated July 1, 2019 sets the task "Based on the monitoring of valuation reports conducted by the Association of Valuation Organizations of Uzbekistan and the Society of Valuators from On January 1, 2020, the availability of competent valuators in the state, to approve the proposals of this valuation organization to introduce a rating of valuation organizations by market position and other criteria and publish it on the websites of public organizations" attention. At the same time, the MPVS is not as developed as in developed countries, where there is a low competitive environment and state licensing of valuation activities has been canceled, but the mechanism of work of valuation organizations and the regulatory framework for their rating is not sufficiently developed, at the same time, self-regulatory non-governmental non-profit organizations are not empowered to perform regulatory functions, and the legal basis for this has not been developed.

It can be said that a comprehensive solution to the above problems is inextricably linked with the introduction of a system and methodology for assessing and ranking the activities of valuation organizations, the introduction of a self-coordination mechanism in the regulation of MPVS and the digital transformation of MPVS. In connection with the abolition of licensing of many types of activities in Uzbekistan, including activities with real estate, including valuaiotn activities, the law "On valuation activities" (including "On activities with real estate") was canceled and instead of all canceled laws it is advisable to develop a new law "On the mechanism of self-coordination of unlicensed activities" and

early adoption by the Oliy Majlis of the Republic of Uzbekistan. This bill also provides rules governing the relationship between valuation organizations and the evaluation of the rating and ranking of valuators.

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