The Ways of Improving Market Mechanisms of Financing Investment Activities in Uzbekistan

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Abstract: Nowadays a large-scale work is being carried out in the republic to increase the investment flow to our country, to improve the market mechanisms of financing investment activities, to improve the investment environment as a basis for encouraging the activities of investors, to strengthen competition between economic sectors and effectively regulate investment activities.

Key words: Market Mechanisms, Financing, Investment.

At this point, the existence of problems are waiting to be solved regarding the implementation of the current market mechanisms of investment financing and some mechanisms that are actively used in the advanced foreign experience, and it is necessary to improve the measures taken in this area.

On December 20, 2022, the head of state Sh. Mirziyoyev's addressed “Murojaatnoma” to the Oliy Majlis and the people of Uzbekistan and stated “...we will further improve the conditions for increasing local and foreign private investments in the economy. We have managed to increase the volume of investments from 30% of GPR in the last six years. Next year, about 30 billion dollars of investment will be attracted, of which 25 billion dollars will be private investments. In particular, we will launch more than 300 projects with a total value of 8 billion dollars, and 40 new large-scale projects will be launched”.

Ensuring the implementation of these tasks indicates that the improvement of the scientific and methodological foundations of investment financing is an urgent issue.

At the same time, it is necessary completely and effectively use the possibilities of privatization and public-private partnership in attracting active investments.

The growing demand for investments in foreign countries is due to the fact that many companies use different methods of attracting them. In particular, placement of shares of companies on the basis of IPO in the primary market is a way to increase their capital. This method provides the fairest assessment of the market value of assets.

Listed companies will be required to meet high standards of financial and business disclosure, as well as create investment appeal for potential investors.

An important factor for investors is the high liquidity of the company's shares and their profit due to the increase in their value. Over time, business owners can sell a portion of their stock portfolio on the open market or use it as collateral for a loan. Granting company stock options can lead to long-term incentives for key employees. By placing the shares of the company on the rightly selected stock market, the company is more widely known in the market, and the trademarks are established.
Companies can raise huge amounts of money if they attract investors by placing their shares on the stock market through an IPO. In particular, as a result of the organization of the IPO practice, the US General Motors company increased its capital by 23 billion, Rural Economy Bank of China achieved an increase 22 billion US dollars.

As a result of the conducted research, we also carefully studied the companies that were among the top ten in the history of the stock market in terms of investment attraction, and that attracted a large amount of capital as a result of the initial public offering of shares. In 2019, the most successful public placement in the world was carried out by Saudi Aramco, the state oil company of Saudi Arabia.

Table 1 The 10 largest IPO transactions in the history of the stock market

<table>
<thead>
<tr>
<th>№</th>
<th>Name of the company</th>
<th>Amount of invested capital (US dollar)</th>
<th>Activity field</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Saudi Aramco (Saudi Arabia)</td>
<td>25.6 billion</td>
<td>Oil company</td>
</tr>
<tr>
<td>2</td>
<td>Alibaba (China)</td>
<td>25 billion</td>
<td>Internet sales</td>
</tr>
<tr>
<td>3</td>
<td>Visa (USA)</td>
<td>17.9 billion</td>
<td>Payment system</td>
</tr>
<tr>
<td>4</td>
<td>Enel S.p.A (Italy)</td>
<td>16.5 billion</td>
<td>Electric energy</td>
</tr>
<tr>
<td>5</td>
<td>Facebook (USA)</td>
<td>16 billion</td>
<td>Information technologies</td>
</tr>
<tr>
<td>6</td>
<td>General Motors (USA)</td>
<td>15.8 billion</td>
<td>Automobile industry</td>
</tr>
<tr>
<td>7</td>
<td>Deutsche Telekom (Germany)</td>
<td>13 billion</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>8</td>
<td>AT&amp;T Wireless (USA)</td>
<td>10.6 billion</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>9</td>
<td>Kraft Foods (USA)</td>
<td>8.7 billion</td>
<td>Food industry</td>
</tr>
<tr>
<td>10</td>
<td>Uber (USA)</td>
<td>8.1 billion</td>
<td>Platform</td>
</tr>
</tbody>
</table>

If we analyze the data of the table, the company "Alibaba group" was the company that successfully conducted the largest IPO operation in the history of the stock market since 2014 (Alibaba group - for 25.0 billion US dollars). In 2019, this result changed, because the largest IPO in history (Saudi Aramco - 25.6 billion US dollars) was successfully conducted by the company "Saudi Aramco".

We should emphasize that underwriters play a very important role in the successful organization of IPO and SPO operations. The Saudi Aramco company also attracted large institutional investors (banks, investment banks, investment companies, credit organizations and others) as underwriters. We can observe that institutional investors are acting as lead managers, financial advisors and international coordinators in the world's largest IPO operation. This, in turn, shows that institutional investors play an important role in IPO practices.

The IPO conducted by the Saudi Aramco company included several aspects. In particular, it is designed to attract capital with higher returns than other investments, including additional investments that better meet the needs of the cocktail market or diversify Saudi Arabia's sources of income.

In 2023, the President decided to implement a large privatization program, including the sale of about 1,000 enterprises.

At the same time, in 2023, the shares of our 10 largest companies and commercial banks will be publicly and transparently traded for our citizens based on the IPO mechanism.

In conclusion, the implemented privatization will serve to attract foreign investors to our country, reduce the state participation in the economy, develop the capital market and put the idle funds of the population into circulation.
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