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**SOME ASPECTS OF IMPROVING STATE ENTERPRISES' ACTIVITY IN  
THE STOCK MARKET  
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**Abstract**

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**Keywords:** state enterprises, stock market, bond, issue, share, authorized capital, investment.

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In the article, state enterprises and some aspects of their activity in the stock market are studied based on the researches of economists. Today, the activities of state-owned enterprises and their indicators and participation in the stock market are analyzed on the example of UzbekneftegazJSC . In particular, the authorized capital, composition of shareholders and practice of bonds of " Uzbekneftegaz " JSC were studied. Based on the study of state enterprises and their activities in the stock market, relevant conclusions and suggestions were formed.

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**INTRODUCTION**

Increasing the share of the corporate sector in the economy, as well as reducing the participation of the state, are among the issues that need to be solved in most developing countries. We can observe state participation in most of the existing joint stock companies in our country. Investment attractiveness, financial results, investment activities, as well as participation in the stock market cannot be said to be satisfactory in all of these enterprises. The lack of competition, low demand for buying securities, low supply of financial instruments with investment attractiveness are among the aspects that negatively affect the development of the local stock market. The high share of the state in joint-stock companies also plays a role in the occurrence of these aspects. Today, it is important to develop the stock market in Uzbekistan and increase the participation of joint stock companies in the stock market. Therefore, it is urgent to study the issues of expanding state enterprises and their participation in the stock market.

**LITERATURE REVIEW**

"Increasing the salary of employees in state-owned enterprises may depend on the results of comparison with the average salary of employees, which does not play a motivating role . Therefore, in the future, it is necessary to provide institutional support in the reform of wages, as well as in increasing the efficiency of production and activity of state enterprises "[1].

"State-owned enterprises can be of strategic importance for many countries . Due to political reasons or practical situations, some of these enterprises may remain fully state-

owned. The lack of stock sales in such businesses prevents a realistic market-based valuation from occurring. It is necessary to develop new tools and mechanisms to ensure accountability and efficiency of fully state-owned enterprises, especially state-owned enterprises in the mining and banking sectors" [2].

"Globalization, technological progress and increased competition have changed the conditions for many state-owned enterprises. Consequently, the state as the owner had to adapt the portfolio of companies over time . There are different approaches to the practice of development of state enterprises , one of the main of which is the practice of privatization" [3].

studied from a theoretical and empirical perspective , as such activities involve politicians, investors, consumers and workers. In general, the main goals of privatization of state-owned enterprises are to increase state revenues, increase economic efficiency, reduce state interference in the economy, expand share ownership, ensure the possibility of introducing competition, subject state-owned enterprises to market discipline, and develop the national capital market" [ 4].

Current literature focuses on the issues of whether state enterprises should implement mixed ownership reform, the impact of mixed ownership reform, and the impact of the level of capital reform on enterprise development. Due to various factors such as the country's basic situation, stage of development, political objectives and characteristics of different types of capital, the impact of capital reform for state-owned enterprises, the quality of development varies from country to country " [5].

" In state-owned enterprises, the state can perform a number of tasks related to this enterprise and its securities . In particular:

- full ownership of the voting shares of the joint-stock company ;
- ownership of the control package of shares of joint-stock companies;
- ownership of a certain share in the authorized capital of a joint-stock company;
- introduction of gold promotion practice"[6] .

"The state's presence in the economy directly reflects the state's share in the country's capital market... The state indirectly participates in the rehabilitation of the loan portfolio within the framework of programs to support entrepreneurship, construction and agriculture . It should also be noted that it is difficult for banks to obtain significant and stable financial resources in a relatively small and poorly diversified economy" [7].

Taking into account the opinions of the above scientists, we should emphasize that it is important to increase the activity of state enterprises in the stock market and, through this, to pay attention to the issues of enterprise development and privatization.

## **RESEARCH METHODOLOGY**

In this article, methods such as systematic approach, scientific abstraction, analysis, and synthesis are used in the analysis of state-owned enterprises and their participation in the stock market.

## **ANALYSIS AND RESULTS**

Issues of state asset management in Uzbekistan are regulated by the State Asset Management Agency of the Republic of Uzbekistan. According to this agency, today there are 2240 state-owned enterprises in our country, including 867 state enterprises, 225 joint-stock companies and 1148 limited liability companies [8]. If we analyze the state share in joint-stock companies, today there are 606 joint-stock companies in our Republic. So, we can see that more than 37 percent of the number of existing joint-stock companies, or if we compare the share of total joint-stock companies in the authorized capital, more than 80 percent of the capital belongs to the state [9]. The high state share in joint-stock companies in our country is

one of the factors that hinders the development of the stock market today. In order to reduce the state share and develop the stock market, measures are being taken to increase the activity of enterprises with a state share in the stock market. In order to analyze the participation of state enterprises in the stock market, below, we will focus on the participation of JSC "Uzbekneftegaz" as a state enterprise in the stock market.

**Table 1**

**Analysis of the share capital of JSC "Uzbekneftegaz" [10]**

No	Composition of shareholders	Share, in percent	Total number of shareholders			Share nominal value, soums	Total number of shares	Volume of share issue (million soums)
			Legal entities	Individuals	Foreign investors			
1.	State	99.94	30	57 497	177	500	42 486 946 702	21,243,473.35
2.	Foreign shareholders	0.05						
3.	Other shareholders	0.003						

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**Table 2**

**Analysis of Eurobonds issued by JSC "Uzbekneftegaz" [10]**

No	Basic information	Indicators _
1.	Name of the issuer	"Uzbekneftegaz" JSC
2.	Organizing managers	Bank GPB International SA (Gazprombank) Citigroup Global Markets Limited JP Morgan Securities plc MUFG Securities EMEA plc
3.	The volume of securities offered	700 mln. US dollars
4.	The date	16.11.2021
5.	Interest rate	4.75%
6.	Period	7 years
7.	Trustee	BNY Mellon Corporate Trustee Services Limited
8.	Principal fee agent	The Bank of New York Mellon, London Branch
9.	Registrar and transfer agent	The Bank of New York Mellon SA/NV, Dublin Branch

"Uzbekneftegaz" JSC will place its Eurobonds issued in November 2021 on the London Stock Exchange and raise 700 mln. managed to attract capital worth US dollars . It should be noted that the annual interest rate of Eurobonds has been reduced from 5% to 4.75% (Table 2).

**Table 3**

**Analysis of participation of organizing managers in the emission of Eurobonds issued by JSC "Uzbekneftegaz" [10]**

No	Organizing managers	Principal repayment amount of Eurobonds
1.	Bank GPB International SA (Gazprombank)	175 mln. US dollars
2.	Citigroup Global Markets Limited	175 mln. US dollars
3.	JP Morgan Securities plc	175 mln. US dollars
4.	MUFG Securities EMEA plc.	175 mln. US dollars

JSC "Uzbekneftegaz" has 4 banks, namely Bank GPB International SA (Gazprombank), Citigroup Global Markets Limited, JP Morgan Securities plc and MUFG Securities EMEA plc. with organizing managers as signed the contract on November 12, 2021. According to him , these participants will receive the same amount, ie 175 mln. We can see that it has committed in the amount of US dollars (Table 3).

**Table 4**

**indicators to be achieved as a result of the implementation of the capital market development program in 2021-2023 [11]**

No	Indicator name	Unit of measurement	2020 (in practice )	2021 year (plan)	2022 (plan)	2023 (plan)
1.	Market capitalization based on free float	trillion soums –	1.9	4.9	14.5	45
2.	Total value of securities in free circulation	In percent (relative to GDP)	0.3	0.7	1.9	5
3.	Total value of corporate bonds	trillion soums –	0.16	0.75	1.88	3.94
		In percent (relative to GDP)	0.03	0.1	0.3	0.5

Table 4 shows the target indicators to be achieved as a result of the implementation of the capital market development program in 2021-2023, reflected in the Decree No. PF-6207 of the President of the Republic of Uzbekistan "On measures for further development of the capital market" information is provided. We can see that the plan indicators for the stock market and its financial instruments until the end of 2023 have been determined. In order to achieve these indicators, we must emphasize the need to expand the activity of state enterprises in the stock market.

## CONCLUSION

The following conclusions can be drawn based on the study of state-owned enterprises and their activities in the stock market.

1. A high share of state-owned enterprises in the economy slows down economic development. In such a situation, the state should take measures to reduce its share in the economy, i.e. privatization. Implementation of privatization through the stock market will be beneficial in many ways. In addition to the privatization of enterprises, it is possible to achieve positive results such as development of the stock market, expansion of the composition of stock market participants, and a large amount of capital injection into enterprises.

2. Placement of bonds on local and international stock markets by state-owned enterprises allows to attract cheap and large-scale financial resources to expand the activities of state-owned enterprises and implement new projects. In addition, such practices increase the investment attractiveness of state enterprises and increase the market value of the enterprise. Also, participation in the international stock market will create an opportunity to attract foreign investors.

3. By expanding the participation of state enterprises in the stock market, it creates an opportunity to generate additional income of the population from the stock market, and to attract free funds in the hands of the population to the economy.

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