

## THE OBJECTIVE AND SIGNIFICANCE OF PRIVATIZATION OF OBJECTS WHICH ARE STATE DEATH IN OUR COUNTRY

Raimjonova Madina Asrarovna

Professor of the Tashkent State University of Economics

### **Abstract:**

The article examines the opinions of leading scientists around the world on the importance and importance of privatization of state-owned objects in our country. The main indicators of privatization are studied, the proceeds from the sale of state assets are analyzed, the number of privatized enterprises and objects is analyzed, the importance and importance of privatization of state-owned objects in Uzbekistan-based conclusions and proposals were developed, and recommendations for application in our country were made.

**Keywords:** privatization, investment environment, enterprise, state assets, business.

### **Introduction**

Today and in the near future, success depends on the development of the capital market and the privatization of state property, reducing the influence of the state on the activities of economic entities, improving corporate governance in the activities of privatized economic entities, and the development of large business structures and prospects for the development of entrepreneurial activities.

In this regard, in the Decree No. PF-60 of the President of the Republic of Uzbekistan dated January 28, 2022, in the development strategy of New Uzbekistan for 2022-2026, the development of the capital market is recognized as one of the necessary conditions for ensuring the stability of macroeconomic growth rates, in particular, in the next 5 years, the turnover of the stock market is 200 million US dollars to 7 billion US dollars, gradual liberalization of capital movement in our country and privatization of large enterprises and their shares (shares), including through the stock exchange, completion of transformation processes in commercial banks with state shares, private sector in bank assets by the end of 2026 In order to increase its share to 60% [1] and attract foreign investment funds to the capital market, the tasks of placing state or corporate "Sukuk" bonds in the stock markets in accordance with international legislation and standards have been set. This creates the need to identify current problems in all segments of the capital market and develop scientifically based ways to solve them. It should be recognized that in recent years, a number of works of practical importance have been implemented in our republic on the improvement of the mechanisms for carrying out transactions in the capital market.

## 2. Review of Literature

In the process of analyzing the literature on the subject, we witnessed that several leading economists and specialists conducted scientific research on the importance of privatization of state-owned objects in our country, which is as follows: Among them, in particular, books published by Es Savas and Eliot Slar present the main theoretical and empirical arguments for and against privatization. Scholars argue that private enterprises are more efficient than state-owned enterprises because of economies of scale, higher labor productivity, and fewer legal constraints. Savas, a proponent of privatization, describes privatization theory, practice, and alternative service delivery mechanisms that demonstrate the appropriate use of various privatization methods [2].

Elliot Slar criticizes standard market proposals for privatization and says that "proponents of privatization should proceed with caution."

While the presence of the private sector ensures the formation of competition for financial incentives in the market, the public sector, in most cases, does not see the achievement of economic goals as its main goal. In other words, the public sector does not have enough motivation to maximize output and allocate resources efficiently, which causes the government to run high-cost, low-profit enterprises. Privatization is aimed directly at the priority of economic goals over political goals, which leads to the development of a market economy. "It is necessary to privatize the state property in the country year by year because the wrong policy of the government and corruption in the government agencies can play a big negative role in economic growth [3]." Through privatization, the government's role in the economy is reduced, so the government is less likely to have a negative impact on the economy.

The theory of privatization put forward by Margaret Thatcher in 1970 increases market competition and economic efficiency, improves the ability of consumers to demand their rights, and serves to increase the integration of a number of public services [4].

In fact, De Soto considers the absence of formal property rights to be "a missing piece in economics." Moreover, the burden of private property limits the amount of goods and services that can be exchanged in the market. An important effect of well-protected property rights is that state-holding companies create strong personal incentives, which are one of the important factors for achieving their long-term growth. By creating strong incentives, property rights lead to increased investment as people move toward economic efficiency knowing their property is safe and secure.

A common interpretation of Coase's idea is that markets fail if property rights are not clearly defined, and the solution to this problem is to allow people to negotiate with each other until they find the perfect solution [5].

## 3. Research methodology.

In our country, economic research methods such as studying the importance of privatization of state-owned objects, studying the research conducted by world scientists and economists, collecting data, analyzing the collected data, synthesizing, and logical thinking were widely

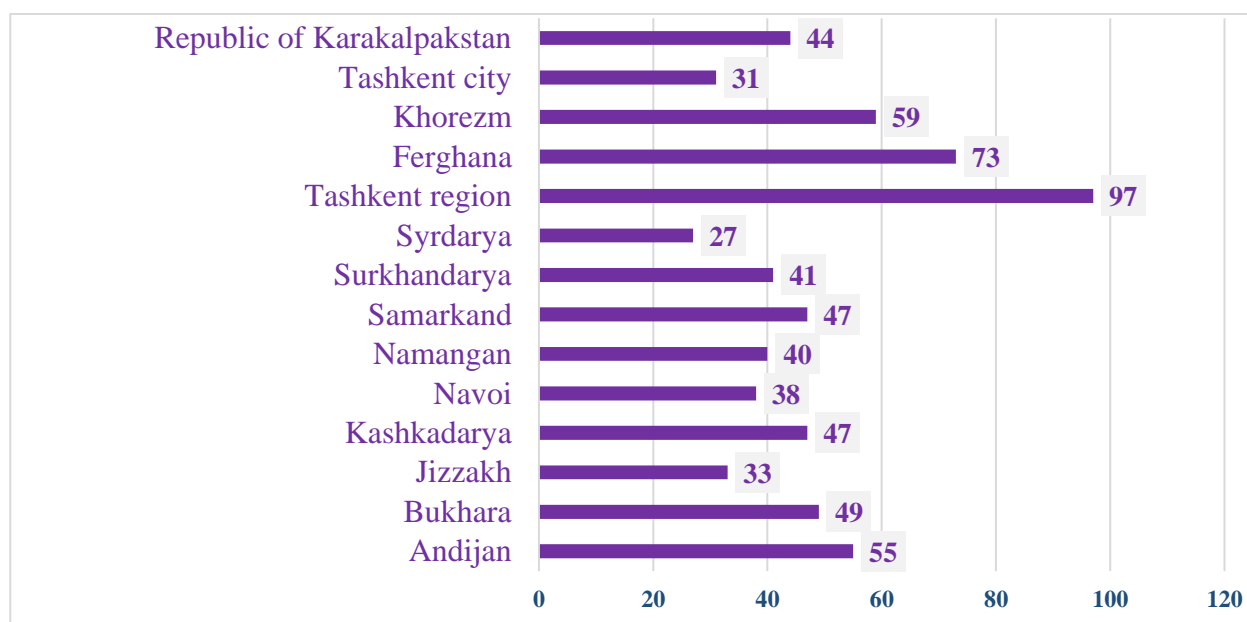
used.

#### 4. Analysis and Discussion of the Results

Ensuring the diversity of forms of property and the primacy of private property in the formation and development of the market economy makes the privatization of state property and the elimination of its monopoly status an important issue. The transition to the market, the establishment of a market economy instead of a non-market management method, the fragmentation of the state economy, and the creation of competitive types of economies are among the main problems.

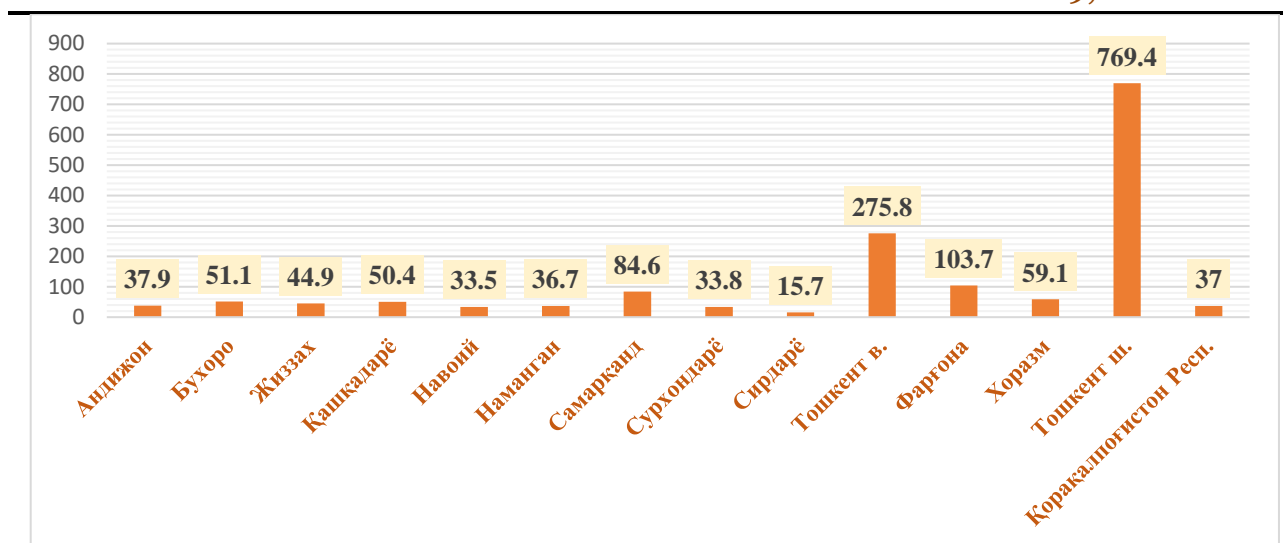
In developed countries, privatization affects the financial market, resulting in an increase in the supply of shares for sale. This will not involve any costs and will lead to a reduction in the demand for consumer goods. Because it is useful, citizens are happy to actively participate in the sale of state property. Privatization is the acquisition by individuals and non-state legal entities of publicly owned objects or shares of state joint-stock companies from the state.

According to the information provided by the State Asset Management Agency of the Republic of Uzbekistan, 681 enterprises and facilities were privatized in January–September 2023.



**Picture 1: The number of privatized enterprises and objects (as of January–September 2023) [6]**

From the data in the above picture, we can see that the largest number of privatized objects in the reporting period was in the Tashkent region: 97 (14.2%), Ferghana region: 73 (10.7%), Khorezm region: 59 (8.7%), and Andijan region: 55 (8.1%).



**Figure 2. Proceeds from the sale of state assets (as of January–September 2023, billion soums) [7]**

If we analyze the proceeds from the sale of state assets as of January–September 2023, Tashkent city received 769.4 billion soums, i.e., 11.5%; Tashkent region received 275.8 billion soums, 4.1% interest; Fergana billion soums, i.e., 1.5 percent; Samarkand 84.6 billion soums, i.e., 1.3 percent; Khorezm 59.1 billion soums, i.e., 0.9 percent; Bukhara 51.1 billion soums, i.e., 0.8 percent; and Kashkadarya 50.4 billion soums, i.e., 0.8 percent was accounted for by regions.

## 5. Conclusions and Suggestions

Having studied the above practices, in order to reduce or sell the state share in joint-stock companies with a state share, it is necessary to involve underwriters on the basis of a contract in the public placement of shares and determine the price range of the shares based on the performance indicators and prospects of the joint-stock companies, the real demands of potential investors, and the dynamics of share price changes. Engaging experienced underwriters will ensure a successful public offering.

The efficiency of joint-stock companies is of great importance in ensuring the social and economic development of the country. Because the activities of joint-stock companies, which are considered large industrial enterprises, serve to increase the income of the state budget, increase the level of employment and well-being of the population, ensure a positive balance of payments as a result of the successful implementation of export operations, and reduce the volume of imports due to the implementation of large-scale localization programs.

## References

1. Decree of the President of the Republic of Uzbekistan dated January 1, 2022, No. PF-60, "On the Development Strategy of the New Uzbekistan for 2022-2026"
2. Sclar, Elliot, 2000. Vy n e vseгда poluchaete to, za chto platite: ekonomika privatizatsii.

Ithaca, New York: Izdatelstvo Cornell'skogo Universiteta.

3. Savas, ES. 1987. Privatization: the Key to Better Governance. Chatham, NJ: Chatham House.
4. Warner, ME 2012. Privatization and management of urban households: permanent problems of efficiency, holosa, and integration, Cities, 29 (Prilozhenie 2), p. 38–43.
5. Feigenbaum, Harvey Jeffrey Hoenig. 1994. "Politeskie osnovy privatizatsii: typology.". Mirovaya Politika 46 (January 1994): 185-208.
6. The information of the State Statistics Agency of the Republic of Uzbekistan.