
ANALYSIS OF THE CURRENT STAGE OF PRIVATIZATION IN UZBEKISTAN

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Abstract

Keywords:

privatization,
property, owners,
reforms, joint
stock company,
chartered fund,
state share,
stages.

The article is devoted to the analysis of the current stage of privatization in Uzbekistan and its characteristics. It analyzes the definitions given by foreign researchers to the concept of privatization and presents the author's scientifically based definition of this concept. Moreover, the main purpose and tasks of privatization are defined in the study. It is recognized that privatization has reached a new level in Uzbekistan since 2017, and its main features have been identified. The content and nature of the government's decisions in the field of privatization have been analyzed in the work. The article shows the differences and advantages of the new stage of privatization from the previous ones. It also presents proposals for improving the scientific and methodological basis of privatization of state-owned objects in Uzbekistan.

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INTRODUCTION

From the first years of independence in Uzbekistan, special attention was paid to increasing the share of private property in the economy and privatization of state enterprises. At the same time, state participation remains in the leading sectors of the economy and in a number of large enterprises.

In the Message of the President of the Republic of Uzbekistan to the Oliy Majlis dated December 29, 2020, it was emphasized that most state-owned enterprises are not

financially sustainable and that one of the important directions of structural reforms is to accelerate the transformation of state-owned companies and reduce the state's participation in the economy [1]. The task of reducing the state's share in the economy is mainly solved by privatization of state-owned objects. Meanwhile, effective implementation of privatization largely depends on the creation of its perfect scientific and methodological foundations.

The topic of privatization has been in the attention of politicians, economists and lawyers for several years. There are several definitions of the concept of privatization in the economic literature. According to them privatization is a change in property relations, in which state-owned objects are transferred to collective, joint-stock and private ownership [2]. A publication published by the German Society for Technical Cooperation on privatization noted that privatization is usually understood as the transfer of ownership of state-owned enterprises to private individuals. In most cases, as a result of privatization, it is assumed that the privatized enterprises will be transferred to private investors who will be able to actively manage them [3].

In a broad sense, privatization means, in our opinion, not a simple transfer of state property to private property entities. Privatization is mainly carried out to solve certain problems facing the state and society. In addition, privatization implies the fulfillment of certain conditions, for example, payment for the object being privatized or ensuring its effective use and other similar measures. The main goals and objectives of privatization can be the following:

- increase production efficiency in enterprises being privatized;
- creating an environment of free competition in the economy by increasing various forms of enterprises based on private property;
- formation of a class of owners in the society, attraction of additional funds for solving social issues;
- introduction of modern management principles and new technologies;
- increase the competitiveness of the enterprise in foreign and domestic markets;
- reducing the financial burden on the state by eliminating subsidies to the state enterprise.

Based on the above, the concept of privatization can be defined as follows: privatization is the transfer of ownership of state-owned objects to private property entities under certain conditions to ensure their effective use and to solve goals and tasks that serve the interests of society.

In order to effectively solve the tasks of privatization, it is necessary to pay attention to two main issues. First, to whom to give public property as private property. Secondly, on what terms and methods to give state property.

MATERIALS AND METHODS

Conceptual foundations in the formation and development of economic science on corporate governance were introduced by leading foreign economists: A. Burleigh, G. Means, B. Black, R. Kreckman, E. Rosenbaum. The theory of corporate finance management was developed in the scientific works of M. Miller, F. Modigliani, M. Gordon, D. Lintner, R. Litzenberger, R. Brailey, S. Myers. Standard neoclassical schemes of a firm's behavior in various environments and organizational features of a corporation are investigated in the works of S. Fischer, R. Dornbusch, R. Schmalenzi, R. Pindike, D. Rabinfeld, R. Friedman, A. Rapensky, M. Hessel, V. Galanov, I. Mazura, and M. Iontseva. The concept of this article, as well as the development of practical skills in managing the processes of attracting investment resources to joint-stock companies formed on the basis of privatized enterprises; require the disclosure of the author's understanding of such methodologically important concepts as corporatism and corporation.

Corporatism is the co-ownership of the property of the corporate community or partnership, contractual relationship in meeting personal and public interests. We are in solidarity with the authors who believe that corporatism is a compromise management in order to ensure a balance of interests [3]. The ability to achieve a relative balance of interests on the basis of consensus and compromises is a distinctive feature of the corporatist model. Corporation - from the English corporation - an association, a set of persons uniting to achieve common goals, carrying out joint activities and forming an independent subject of law - a legal entity [4].

According to professors of economics C. McConnell and S. Brue, a corporation is a legal form of business that is distinct and separate from the specific individuals who own them. These government-recognized "legal entities can acquire resources, own assets, manufacture and sell products, borrow, provide loans, sue and be sued in court, and perform all those functions that are performed by any other type of enterprise. »...

Some researchers present corporate (joint-stock) property as a form of manifestation of private property. The rationale for this position does not go from economics to law, but, on the contrary, from the existing legislative acts and their interpretation in the legal literature to the economic interpretation of legal provisions. However, the legal and not the political and economic interpretation of the category “corporate property” or “collective property” does not reveal its essential content as a historically defined form of appropriation of material and spiritual benefits. As a result, it is impossible to determine the place of this form of ownership in the system of property relations.

Also, the authors cannot agree with the extremely opposite point of view of other researchers, who distinguish collective property as a special, independent one, different from both private and public forms of ownership [10]. In our opinion, the specific nature of collective and, therefore, joint-stock ownership determines their intermediate location between private and public forms of ownership in the system of property relations. As follows from the Civil Code of the Republic of Uzbekistan, the property of the corporation is created at the expense of the contributions of the founders, but, on the other hand, the society itself has the right, as a legal entity, to own the property acquired in the course of its activity.

The stages of privatization in Uzbekistan and their features are covered in the work of Butikov I.L., Berkinov B.B., Yaushev R.I. and other researchers. However, these researchers identified the stages of privatization between 1991-2003 [4]. And in the periods after 2003, scientific studies on determining the stages of privatization have not been carried out sufficiently.

ANALYSIS AND DISCUSSION

The analysis of the adopted regulatory and legal documents on privatization during the years 2003-2016 showed that during this period shows that reducing the state share in previously privatized enterprises, the introduction of the procedure of giving lowprofitable, loss-making, economically insolvent state enterprises, low-liquidity objects to investors free of charge on the condition that the investor accepts investment obligations were the main aspects of the privatization work in this period.

From 2017 to today, privatization has reached a new level, and the following can be pointed out as its main aspects:

- further expansion of privatization of state property and simplification of its procedures, reduction of state participation in charter funds of economic entities, creation of favorable conditions for the development of private entrepreneurship on the basis of privatized objects;

- creating a system of assistance and support to previously privatized enterprises;

- expanding the authority of local authorities in privatization, simplifying the procedures for the sale of state-owned objects;

- expansion of the scope of privatization, reform and transformation of state-owned enterprises and preparation for privatization;

- simplifying the involvement of international consulting, audit and investment consultants, investment banks and other specialized companies in putting public assets on public auctions and organizing their sale processes.

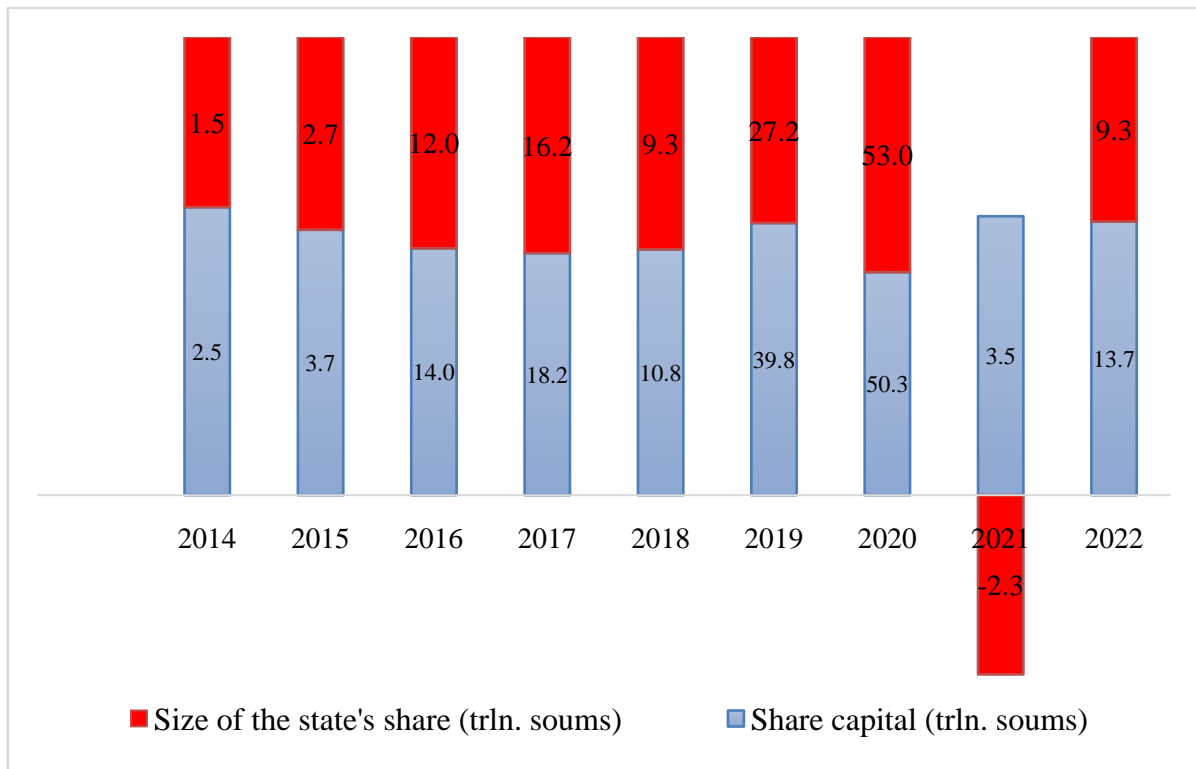


Figure 1.State participation in joint-stock capital

If we take a closer look at the analysis of the share capital and the state share, we can see that the growth indicators of the state share were higher than the growth indicators of the total share capital during the period from 2013 to 2019. The highest growth rate was recorded in 2016, when state assets increased by 221.51% compared to the previous year. The lowest rate was 93.79% in 2013. The growth indicators of the share capital and the state's share have recorded almost similar indicators during the two-year period, these are the years 2014 and 2018.

It is interesting to note that despite the fact that the number of joint-stock companies operating in Uzbekistan is decreasing, the share capital is showing a high growth rate. In 2015-2019, the number of joint-stock companies decreased by 121 units, including newly established joint-stock companies. In 2018 and 2019, the number of joint-stock companies with state participation increased by 49 and 62 units, respectively. As of the end of 2019, the number of joint-stock companies with a share of state and economic management bodies out of 593 joint-stock companies is 462.

Table 1
State participation in joint-stock companies, as of December 31, 2022ⁱ.

Year	Joint stock company amount	Joint stock company amount change	State owned enterprises amount	State owned enterprises amount change
2015	714	-374	209	-169
2016	659	-55	158	-51
2017	606	-53	146	-12
2018	603	-3	195	49
2019	593	-10	257	62
2020	599	6	254	-3
2021	607	8	234	-20
2022	628	21	223	-11

An important aspect of privatization today is the reform and transformation of large state-owned enterprises to operate in accordance with the principles of the market economy. The list of state-owned enterprises to be reformed by the Decree of the President of the Republic of Uzbekistan № PF-6096 dated October 27, 2020 "On measures to accelerate the reform of state-owned enterprises and privatization of state assets", including:

ⁱwww.deponet.uz – Қимматли қоғозлар марказий депозитарийси расмий вебсайти маълумотлари асосида тайёрланди.

- 32 large state-owned enterprises and economic societies to be transformed;
 - 39 enterprises where corporate management and financial audit will be introduced and operational efficiency will be increased;
 - the list of 62 state assets to be put up for public auction through targeted programs of preparation before privatization and increasing investment attractiveness was approved.
- The analysis of the work carried out in the field of privatization shows that the number of state-owned objects privatized in 2017- 2021 is 1.9 times more than that of privatized in 2012-2016.

CONCLUSION

In general, the current stage of privatization differs from the privatization processes of 1991-2016 due to its scope, the privatization of large state-owned enterprises and shares, and envisaged privatization of the banking sector and expanding the powers of local governments in the sale of state property, simplifying the privatization procedure and introducing new methods and carrying out the transformation of state-owned enterprises along with privatization.

In order to improve the privatization and its scientific and methodological foundations in Uzbekistan, it is advisable to implement the following:

- the concept of "transformation" of state-owned enterprises is used in recent decisions on privatization and management of state assets. In order to ensure the correct interpretation of this concept in practice, to define it through legislation and clearly define its tasks;

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