

UDK: 338.12.015

Bukhara State of University

Ramazonova Zarnigor

MBA

Email:zarin.999@mail.ru

INCREASING THE COMPETITIVENESS OF THE LEADING SECTORS OF THE NATIONAL ECONOMY DUE TO MODERNIZATION AND DIVERSIFICATION

Abstract: In this paper, I examine the relationship between national modernization and diversification in bank system of Uzbekistan. The results of our analysis demonstrates that the cultural modernization and diversification effective use is a factor of ensuring economic growth in the future, the reduction of tax rates has a positive effect on the aggregate supply in the economy, and lead to an increase in the incomes of the population and entrepreneurs, and as a result, to an increase in savings and accumulation of capital.

Keywords: Central Bank of the Republic of Uzbekistan, refinancing rates, electronic commerce, "SMS-banking", "Internet-banking", "Mobile-banking", "currency basket", exchange rate.

1 Introduction

It is known that the refinancing rate determined by the Central Bank is the main indicator of financial market regulation. In this regard, in order to stabilize financial markets and investment opportunities of commercial banks, it is desirable to improve the system of setting refinancing rates of the Central Bank.

That is why, in the Strategy of Actions, further development of this area and based on the international methodology of setting the refinancing rate, which is the main regulator of the Central Bank, as well as taking into account the openness of the economy and the level of development of the financial markets, to develop a draft of the decision of the President of the Republic of Uzbekistan defined.

As a result of systematic actions in the banking and financial spheres carried out in previous years, that is, the average volume of sterilization operations conducted in 2016 increased by 1.3 times compared to 2015. This served to effectively manage liquidity in the banking system, prevent excessive growth of the money supply from forecast indicators, and thereby ensure price stability in the domestic market.

At the moment, the practice of making payments in the form of cash without cash when purchasing goods and services is widespread. However, when goods are exchanged without cash, there are cases of artificially inflated prices by sellers. This situation causes the difference between the two types of payments to be sharply different from each other and, as a result, the rightful dissatisfaction of consumers. This, in turn, leads to an increase in prices contrary to the laws of the market.

In 2017-2021, in order to eliminate the emerging non-economic shortcomings, it is decided to increase responsibility for setting artificially high prices in the sale of goods and services without cash, and to develop a procedure for the introduction of market mechanisms. Secondly, the task of gradually reducing the procedure for declaring prices for products, works and services and then canceling it in 2020 is set.

2 Results and discussion

It is necessary to increase the volume and coverage of non-cash settlements, including the introduction of modern electronic forms of payments in the economic spheres and to encourage business entities, as well as to reduce non-bank circulation. For this purpose, introducing credit cards that allow residents to make payments for goods and services at the expense of bank funds within a certain time limit; to expand the possibilities of using remote service systems for account numbers through bank plastic cards ("SMS-banking", "Internet-banking", "Mobile-banking");

expanding the possibility of managing deposit account numbers of individuals through bank plastic cards; halving the amount of rent for using payment terminals; reduction of tariffs for services provided for transferring funds from a plastic card to another card; a comprehensive measure aimed at promoting the development of e-commerce, including simplifying currency and tax control, and introducing procedures and technologies for refunds for goods and services not used in the plastic card mutual settlement system - It is planned to develop activities.

It is no secret that the exchange rate is considered as the main influencing factor in domestic and international trade. At the stage of economic liberalization, the existence of a number of problems in the currency system of the Republic of Uzbekistan regarding the improvement of the regulation of currency relations is evident. In particular, the active involvement of commercial banks that do not actually have a control function in the process of currency control affects the effectiveness and efficiency of currency control, and the low level of liquidity of the current currency market has a negative impact on the process of forming the nominal exchange rate of the national currency based on supply and demand. not a secret.

For example, there is an integral relationship between the exchange rate and parity, and the exchange rate has a direct and indirect effect on cash and non-cash money circulation. However, some elements of the monetary system continue to develop and have a direct and strong impact on the system itself, on the state of the economy, at certain periodic intervals. For example, a sharp increase in the money supply leads to an increase in the inflation rate and, therefore, a decrease in the value of money. Or, an increase in the real exchange rate of the national currency may lead to a decrease in the country's export potential and thus to a decrease in the supply of foreign currencies.

By increasing the volume of swap operations of the Central Bank of the Republic of Uzbekistan with foreign currencies and gold and introducing the determination of the nominal exchange rate of the national currency against the "currency basket" consisting of the US dollar, euro and Japanese yen, the national currency sum the rate of devaluation should be reduced.

In this regard, the gradual introduction of advanced market mechanisms of currency regulation in order to eliminate accumulated problems is one of the primary issues on the agenda. Therefore, the preparation of the decision of the President of the Republic of Uzbekistan on the development of new mechanisms of currency regulation was determined in the Action Strategy. The draft decision is intended to reflect the following:

- *improving the exchange rate policy, which ensures and supports the competitiveness of local producers in the domestic and foreign markets, taking into account the market mechanism, based on the demand and supply of foreign currency in the foreign exchange market; ensuring the full implementation of the right of business entities to freely dispose of their currency funds;

- *improving the exchange rate policy, which ensures and supports the competitiveness of local producers in the domestic and foreign markets, taking into account the market mechanism, based on the demand and supply of foreign currency in the foreign exchange market; business entities have full right to dispose of their currency funds freely;
- * ensuring the free circulation of foreign currency on the exchange, introducing mechanisms that prevent any manipulations; introducing a system of free sale of foreign currency attracted by commercial banks and at the expense of their own resources, in compliance with the relevant rules;

- * taking measures to provide temporary financial support to the main sectors of the economy at the expense of additional revenues to the budget, current loans of commercial banks and funds of the Republic of Uzbekistan Recovery and Development Fund.

The deepening process of international globalization has a serious impact on the foreign exchange policy of countries and encourages the emergence of the "Dutch disease" in a number of countries. As a result of the discovery of natural resource sources, the "Dutch disease" means a decrease in the level of industrialization of the country, a strong revaluation of the country's national currency, and as a result, a significant decrease in the competitiveness of the country's export goods. In a country affected by the "Dutch disease", there will be a sharp decline in the country's processing industry, which is based on the production of the main export goods, and there will be a strong negative impact on the processing industry, which is the source of the

country's traditional export earnings. When favorable price conditions for natural resources disappear, it will be more difficult for the country to maintain economic stability through weakened traditional industry.

Another important issue raised in the action strategy is to improve the quality and efficiency of tax administration. In order to solve this problem, it is appropriate to perform the following tasks:

- *aimed at critical study and analysis of tax legislation, elimination of redundant and complex norms in the application of law, simplification of the process of calculating the tax base, unification of tax and other mandatory payments collected from a single base, as well as ensuring the stability of tax legislation preparation of offers;

- * revision of the tax burden, in particular: the fixed amount of tax collected from individual entrepreneurs, including taking into account the places of operation (for example, remote and difficult to reach);

- * preparation of proposals for consistent reduction of the tax burden for large enterprises.

For example, if we consider each sector in which AloqaBank's loan portfolio has diversified. In this portfolio, we can see that the assets are effectively placed in various sectors. So, those areas are:

1. Textile industry (20%)

It is no exaggeration to say that this sector has been completely transformed due to the consistent economic reforms carried out in our country in recent years. Because today's operating cotton-textile clusters include production processes from cotton cultivation to its becoming a finished knitted product. Also, thanks to the special attention paid to creating a favorable business and investment environment under the leadership of our honorable President, the light industry is turning into one of the leading sectors of our economy.

2. Construction industry (17%)

In our country, the construction sector is defined as an important priority branch of the national economy, and it shows high growth rates due to the rapid reforms implemented in recent years. In particular, the important tasks defined in the development strategy of New Uzbekistan accelerated the policy of "urbanization" more than ever. In the near future, besides Tashkent, several more cities may become cities with a million inhabitants. Judging by the world experience, urbanization will definitely affect the economy of our country only in a positive way. At the same time, AloqaBank contributes to the construction of modern buildings that add beauty to the beauty of our districts and cities.

3. Transport and leasing service (14%)

In the diversification portfolio of AloqaBank's capital, the transport and leasing sectors occupy an important place. The bank provides its customers with the opportunity to obtain funds for the purchase and maintenance of motor vehicles. As a result, the bank's share in the transport financing market is expanding.

4. Trade and service (11%)

Today, the services and trade sectors, which are considered important links of the economy of our country, are developing rapidly. The share of the service sector in the country's gross domestic product is increasing year by year. The increase of enterprises and organizations engaged in the service sector is an indication of the increase of new jobs and new opportunities for our population. The development in the field of trade is explained by the increase in the volume of trade. In addition, private entrepreneurship is actively supported.

5. Information technologies (11%)

It's no secret that innovative development is of great importance in the modern economy. In recent years, AloqaBank has been paying great attention to the development of information technologies in accordance with the needs of the times. The importance of this sector is proven by the fact that it is a leading sector in the diversification portfolio of bank capital. It is for this purpose that AloqaBank actively supports startups in the field and established a Venture Fund in 2021 to invest in innovative and promising startup projects. Such an active approach to the development of information technologies reflects the progressive views of AloqaBank and its desire to remain at the forefront of the digital era.

6. Industry (mining, energy, fuel, furniture and metallurgy) (11%)

Mining, energy, fuel, furniture and metallurgical sectors occupy a significant place in the diversification portfolio of AloqaBank's capital. Consolidation of these various sectors in the portfolio will not only strengthen the bank's financial capabilities, but will also be of great importance for the industrial development of our country.

7. Food industry (7%)

It should be noted that as the population of our country increases, the need for the production of food products increases. For this reason, important regulatory documents regarding the development of the industry have been adopted in recent years. In the strategy of agricultural development of the Republic of Uzbekistan for 2020-2030, specific tasks were defined. It envisages increasing the volume of production of food products, ensuring the demand of the population in the domestic market and maintaining price stability, as well as economic and financial support to the producers of agricultural products. AloqaBank's participation in the financing of the food industry is not only to contribute to the supply of food products to consumers, but also to take care of the health of the nation.

8. Agriculture (4%)

In the past period of this year, the agricultural sector has been completely transformed and has become a field of consistent reforms. It should be noted that AloqaBank is also actively participating in these reforms. In particular, thanks to the participation of our country in the financing of agriculture, the infrastructure of the sector is developing fundamentally. Also, the level of production of the network and the quality of products are increasing. Until now, AloqaBank has been providing financial support to agricultural projects and providing necessary resources to entrepreneurs and farmers committed to the development of the sector.

9. Medicine and pharmaceuticals (3%)

Medical and pharmaceutical industries occupy an important place in the diversification portfolio of AloqaBank's capital. In line with the Bank's efforts in these areas, the nation's health is being strengthened, and access to modern medical services and medicines is expanding.

4 Conclusions

It is worth noting that the taxation procedures applied to small business entities operating in Uzbekistan today have a direct impact on their activities and are of great importance in making relevant decisions for the next financial year. It is through the instruments of the state tax policy that their level of economic activity is being increased. Because the influence of taxes and fees paid by the enterprise on the factors determining the economic activity of small business entities is high.

If we look at the reforms and changes implemented in the system of taxation of small business entities, we can divide these reforms into the following three stages and evaluate the trends achieved in each stage: Stage I (1991-1997); II stage (1998-2004); Phase III (from 2005 to the present).

In addition, the issue of determining the optimal level of the tax burden on these subjects in the taxation system is one of the urgent problems, and the state can limit their activity or encourage them in a targeted way through taxes. The state encourages the attraction of investments in the activities of these entities and the effective use of the tax lever in the expansion of savings is a factor of ensuring economic growth in the future, the reduction of tax rates has a positive effect on the aggregate supply in the economy, and the increase in the incomes of the population and entrepreneurs. increase, and as a result, the increase of savings and the accumulation of capital, on the contrary, the increase in tax rates leads to a decrease in labor and economic activity in the economy, the withdrawal of savings from the economy, and the development of the secret economy.

5 References

1 Acedo, F.J. and Jones, M.V. (2007) 'Speed of internationalization and entrepreneurial cognition: insights and a comparison between international new ventures, exporters and domestic firms', *Journal of World Business*, Vol. 42, No. 3, pp.236–252.

- 2 Ahimud, Y. and Lev, B. (1981) 'Risk reduction as a motive for conglomerate mergers', *The Bell Journal of Economics*, Vol. 12, No. 2, pp.605–617.
- 3 Antonczyk, R.C. and Salzmann, A.J. (2014) 'Overconfidence and optimism: the effect of national culture on capital structure', *Research in International Business and Finance*, May, Vol. 31, pp.132–151.
- 4 Autio, E., Pathak, S. and Wennberg, K. (2013) 'Consequences of cultural practices for entrepreneurial behaviors', *Journal of International Business Studies*, Vol. 44, No. 4, pp.334–362.
- 5 Barney, J. (1991) 'Firm resources and sustained competitive advantage', *Journal of Management*, Vol. 17, No. 1, pp.99–120.
- 6 Baskerville-Morley, R.F. (2005) 'A research note: the unfinished business of culture', *Accounting, Organizations and Society*, Vol. 30, No. 4, pp.389–391.
- 7 Benito-Osorio, D., Ángel Guerras-Martín, L. and Ángel Zuñiga-Vicente, J. (2012) 'Four decades of research on product diversification: a literature review', *Management decision*, Vol. 50, No. 2, pp.325–344.
- 8 Bhide, A. (1990) 'Reversing corporate diversification', *Journal of Applied Corporate Finance*, Vol. 3, No. 2, pp.70–81.
- 9 Brewer, P. and Venaik, S. (2012) 'On the misuse of national culture dimensions', *International Marketing Review*, Vol. 29, No. 6, pp.673–683.
- 10 Castañer, X. and Kavadis, N. (2013) 'Does good governance prevent bad strategy? A study of corporate governance, financial diversification, and value creation by French corporations, 2000–2006', *Strategic Management Journal*, Vol. 34, No. 7, pp.863–876.
- 11 Chkir, I.E. and Cosset, J.C. (2001) 'Diversification strategy and capital structure of multinational corporations', *Journal of Multinational Financial Management*, Vol. 11, No. 1, pp.17–37.
- 12 Chui, A.C., Titman, S. and Wei, K.J. (2010) 'Individualism and momentum around the world', *The Journal of Finance*, Vol. 65, No. 1, pp.361–392. Coles, J.L., Daniel, N.D. and Naveen, L. (2008) 'Boards: does one size fits all?', *Journal of Financial Economics*, Vol. 87, No. 2, pp.329–356.
- 13 Davis, R. and Duhaime, I.M. (1992) 'Diversification, vertical integration, and industry analysis: new perspectives and measurement', *Strategic Management Journal*, Vol. 13, No. 7, pp.511–524. Delerue, H. and Simon, E. (2009) 'National cultural values and the perceived relational risks in biotechnology alliance relationships', *International Business Review*, Vol. 18, No. 1, pp.14–25.
- 14 Delios, A. and Beamish, P.W. (1999) 'Geographic scope, product diversification, and the corporate performance of Japanese firms', *Strategic Management Journal*, Vol. 20, No. 8, pp.711–727.
- 15 Denis, D.J., Denis, D.K. and Sarin, A. (1997) 'Agency problems, equity ownership, and corporate diversification', *The Journal of Finance*, Vol. 52, No. 1, pp.135–160.
- 16 Dickson, M.W., BeShears, R.S. and Gupta, V. (2004) 'The impact of societal culture and industry on organizational culture', in House, R. et al. (Eds.): *Culture, Leadership, and Organizations*, pp.74–90,
- 17 Sage, Thousand Oaks, CA. Earley, P.C. (2006) 'Leading cultural research in the future: a matter of paradigms and taste', *Journal of International Business Studies*, Vol. 37, No. 6, pp.922–931.
- 18 Emrich, C.G., Denmark, F.L. and Den Hartog, D.N. (2004) 'Cross-cultural differences in gender egalitarianism: implications for societies, organizations, and leaders', in House, R. et al. (Eds.): *Culture, Leadership, and Organizations*, pp.343–394,