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CONTENTS

Oct.-Dec. 2019

S.No.	Articles	Page
1.	MATHEMATICAL MODEL FOR FORECASTING OF GROSS REGIONAL PRODUCT OF THE REPUBLIC OF KARAKALPAKSTAN Abdullayev Ulmas Alisherovich	5
2.	FURTHER IMPROVEMENT OF PENSION SYSTEM OF THE REPUBLIC OF UZBEKISTAN THROUGH THE EXPERIENCE OF DEVELOPED COUNTRIES Urakova Maxsad Khakimovna, TairovaMa'sumaMuxammedrizayevna, Boltayev ShavkatSharipovich	16
3.	VOLATILITY OF TREASURY BOND YIELD AND ITS RELATIONSHIP WITH STOCK INDEX RETURN VOLATILITY: INDIAN EVIDENCE Deepali Gupta, Prof. Umesh Holani	23
4.	THE IMPACT OF HOTEL LOCATION ON PRICE OFFERINGS IN SAMARKAND CITY Bekzot Janzakov	34
5.	ISSUES OF FORMATION OF RESERVE OF DISASTERS ON REINSURANCE IN UZBEKISTAN Sultanov Dilshod Mirkamilovich	40
6.	ADVERTISING IMPACT ON CONSUMER BUYING AND ONLINE SHOPPING Dr. Alka Mishra	48
7.	THEORETICAL FOUNDATIONS OF ENHANCING THE COMPETITIVENESS OF THE NATIONAL ECONOMY Qayimova Zumrad Abdullayevna, Qodirov Aziz Anvarovich, Narziyeva Dilafiruz Muxtorovna	54
8.	THE ROLE OF STATE-PRIVATE PARTNERSHIPS IN IMPROVING THE QUALITY OF EDUCATIONAL SERVICES. THE CASE OF UZBEKISTAN Tokhirov Javlon Rakhimovich	59
9.	LABOUR UNREST AT MANASER PLANT OF MARUTI SUZUKI IN 18 JULY 2012 Dr. Rajendra kumar Khatik, Dr.Ritu Singh, Divya Sharma	64
10.	IMPROVEMENT OF MANAGEMENT OF THE SYSTEM OF PRESCHOOL EDUCATION IN UZBEKISTAN Salikhov Nodir Dzhamolovich, Ziyavitdinova Nafisa Muhammedovna	70
11.	STRATEGY FOR THE DEVELOPMENT OF INDUSTRIAL ENTERPRISES IN THE CONDITIONS OF A CHANGING EXTERNAL ENVIRONMENT Abdullaeva Matluba Nematovna	75
12.	E-ACCOUNTING : CHALLENGES & NECESSITY OF MODERN BUSINESS Dr. Rajendra Kumar Khatik, Divya Sharma	79
13.	UNIVERSITY AND INDUSTRY SYNERGY IN ADDRESSING SHORTAGE OF HRM PROFESSIONALS:THE PARTICULAR CASE OF UZBEKISTAN Inoyatova Sitora Amonovna & Smagina Olesya Nikolayevna	87
14.	THE WAY OF IMPROVEMENT TRANSPORT SERVICES IN DEVELOPING TOURISM OF UZBEKISTAN Khayrullayeva N.N., KadirovaSh.H.	99
15.	CUSTOMER SATISFACTION IN TELECOM INDUSTRY IN COUNTRY A CONCEPTUAL STUDY OF FACTORS AFFECTING Dr.Alka Mishra	105
16.	USE OF MARKETING IN THE DEVELOPMENT OF TOURISM Narzullaeva Gulchekhra Salimovna, Uroqova Difuza Bakhridinovna, Ziyavitdinov Khabibullo Khamidovich	112
17.	THE DEVELOPMENT OF THE INDUSTRY IN THE REGION IN THE CASE OF TASHKENT REGION Batirova Nilufar Sherkulovna,	117

18.	ROAD AHEAD FOR INVESTORS- BOON OR A BUBBLE? Dr. Shuchita Singh, Pulkit Sethi	129
19.	ANALYZING INVESTOR'S ATTITUDE TOWARDS MUTUAL FUNDS AS AN INVESTMENT OPTION Dr.Praveen Srivastava, Dr.Gaurav Srivastava	135
20.	WAYS OF EFFECTIVE DEVELOPMENT OF FREE TOURIST ZONES THROUGHACTIVELY ATTRACTING FOREIGN INVESTMENT Berdimurodov Azizjon Shukrilloyevich	140

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Message

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As you know that our referred an international research journal listed with many research organizations like, Global Impact Factor Australia, Google scholar, LinkedIn and also approved in Higher Education Supreme Authority Uzbekistan. We are also member of PILA(Crossref) USA. The motive of our research journal is to publish worthy and original research papers after double blind peer review process. There is no doubt that today we have given international platform to our journal where everyone, who belongs to management, knows very well. During the last nine years of our research journey, you can see that there are so many research papers, case studies, book reviews coming from across the world, in the field of management. Many academicians, research scholars & students have approached from different countries like USA, Thailand, Indonesia, Saudi Arabia, Iran, Spain, Nigeria, Kenya, Nepal, Pakistan, Sri Lanka, Uzbekistan to publish their research papers in our esteemed International research Journal. We have considered most of them to publish after peer blind review process. We have also published many research papers from different management institutes of our country. They are sending regularly for publication in the upcoming issues. In addition to, it, there are many academicians, research scholars and institutes subscribing for our journal for reading by students and faculties. There are so many academicians who are approaching for being associated with our editorial & advisory board or as a review expert. We have selected some of them from foreign countries like USA, Nigeria, Uzbekistan and Sri Lanka, Nepal. The standard of our all research papers like empirical, conceptual, book review and case study is increasing the popularity of this Journal day by day. The most inspirable things of our journal are Motivational quotations which are appreciated by readers. Our renowned advisory board & editorial board members giving me advise to maintain quality of the journal and its become a real mile stone of our success.

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Dr. P. S. Bhadouria

MATHEMATICAL MODEL FOR FORECASTING OF GROSS REGIONAL PRODUCT OF THE REPUBLIC OF KARAKALPAKSTAN

Abdullayev Ulmas Alisherovich¹

ABSTRACT

In the context of the implementation of the strategic goal of accelerating the development of the service sector, as the main factor in increasing the well-being of the population, the need for mathematical modeling of domestic trade in the Republic of Karakalpakstan, taking into account the gross regional product, is of particular importance. This is one of the main trends in the economic and social development of the republic, having a direct impact on both production and consumption. The level and nature of the development of domestic trade depends on how competently and in a timely manner the solvent demand of the population is satisfied. The issues of state analysis and determining ways to improve the internal trade of the Republic of Karakalpakstan are relevant. The dynamic development of the social economy of the Republic of Karakalpakstan requires a systematic replenishment of gross regional production (GRP), which is described by quantitative and qualitative factors. In this regard, one of the most important tasks is the analysis of dynamics and forecasting of GRP taking into account objective and subjective factors. The tasks of forecasting include identifying and analyzing the prevailing trends of factors for the future and accumulating the necessary basic information for a reasonable choice of the direction of further development of the social economy of the Republic of Karakalpakstan. The paper describes an algorithm for calculating the dynamics and forecast of GRP of the Republic of Karakalpakstan using the method of harmonic weights.

Keywords: Model, Modeling, Growth, Forecast, Interval.

Introduction

Karakalpakstan - being a part of the Republic of Uzbekistan, is located in the Amudarya River Valley and in the north - the western part of the Republic of Uzbekistan. The territory of Karakalpakstan is 166600 square meters. km, the population of 1842.4 thousand people. Including in rural areas 1535.0 thousand people, and urban 307.4 thousand people.

The population density per square kilometer is 11.06 people. The able-bodied population is 688.8 thousand people or 65.2%, of which 50.8% work in agriculture, 49.2% in industry, 8.4% in trade and public catering.

The republic unites 15 - districts, 1 - cities. The republican center is the city of Nukus. As of January 1, 2019, 16031 enterprises and organizations were registered, 20.5% - trade, 11.5% - industry, 10% - land, 12.4% - rural, and 5.8% for food and dietary services, 4, 8% for transportation and storage, information and communication, as well as healthcare and social services from 1.9% to 30.4% types of accounts.

In January-December 2018, 2636 new enterprises and organizations were registered (including 2177 small enterprises). Most of them are located in Nukus (32.6% of the total number of registered enterprises in the republic), Turtkul (8.0%), Amu Darya (7.1%), Beruni (6.2%), Kungradskaya (6.0%) , Ellikkalinsky (5.6%)

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and Nukus (5.4%) regions. Giving a general socio-economic interpretation of the Republic of Karakalpakstan, is given in table 1.

Table 1.
The main economic indicators of the Republic of Karakalpakstan

Yaer	GNP bln. sums	Population	Industrial production bln. sums	Agriculture products bln.sums	FDI bln. sums	Retail turnover mln. sums	Retail trade per capita mln.	The average annual number of employees of retail enterprises and public catering thousand pieces	Number of enterprises	Number of enterprises with foreign investment
2000	109,3	1527,0	44,2	36,8	35,9	52,2	34,5	39,6	10238	0
2001	152,0	1540,1	57,6	47,3	51,8	81,7	53,3	39,6	11334	28
2002	214,3	1551,6	73,5	72,1	75,9	111,1	71,9	40,5	13231	38
2003	323,3	1560,3	99,2	119,0	132,5	133,7	85,9	40,8	14824	45
2004	386,8	1569,9	142,1	127,0	174,3	146,5	93,6	42,3	15577	43
2005	523,5	1571,9	198,8	198,1	149,3	156,8	99,8	42,7	17167	49
2006	711,4	1582,7	239,4	251,8	211,7	211,9	134,4	44,0	18239	47
2007	996,8	1595,4	298,9	309,9	600,2	274,0	172,4	44,1	20396	50
2008	1367,3	1615,7	397,9	363,4	837,9	384,3	239,4	45,4	21507	47
2009	1481,9	1632,0	468,5	443,1	652,4	509,2	313,6	45,7	22189	44
2010	1813,9	1680,9	562,2	548,8	458,5	711,3	429,4	47,0	23125	48
2011	2219,4	1692,8	731,6	618,0	890,6	897,3	531,9	47,2	24306	55
2012	2760,1	1711,8	832,4	816,7	1168,8	1155,2	678,6	48,5	24820	59
2013	3398,8	1736,5	1143,0	993,3	2361,9	1568,3	909,6	49,1	25323	65
2014	4157,3	1763,1	1411,0	1116,5	3917,8	1977,8	1130,2	49,7	25415	62
2015	4485,9	1791,1	2387,6	1267,2	5925,7	2397,7	1349,3	50,0	25101	64
2016	6518,0	1817,5	4265,7	1337,3	3682,9	2950,4	1635,2	50,3	25372	73
2017	8285,2	1842,3	6773,3	1958,6	2632,5	3527,8	1927,9	70,7	26430	79
2018	14185,2	1869,7	10563,1	6680,6	6046,4	4438,5	2391,4	70,9	28760	121

According to table 1, it is clear that the physical volume of the region's GRP over the studied period in actual prices increases, however, the proportion of the Republic of Karakalpakstan in the context of the Republic of Uzbekistan tends to decrease. So, if in 2012 the share of the region was 10.2%, then in 2018 - only 5.8%. This indicates that the level of production and provision of services of the Republic of Karakalpakstan is noticeably reduced in comparison with the national level. The data in table 1 allow us to conclude that in terms of the level of development of the republic, Karakalpakstan is not in the best position in comparison with the republican level. During the study period, production volumes of industrial products and consumer goods were significantly reduced in comparison with population growth, investment activity was not growing. In the republic, the agricultural sector remains predominant.

In the Republic of Karakalpakstan, student notebooks, household soap, furniture and interior items, porcelain and earthenware, cotton and silk fabrics, carpets and rugs, hosiery and knitwear, clothing, shoes, animal and vegetable oil are produced from consumer goods. canned fruit and vegetables. The work on the production of such food products as meat and meat products, bread and bakery products, confectionery and pasta, tea, flour, cereals, wine - vodka products and beer is widely set.

Along with this, the indicator of retail turnover per capita also lags behind the republican development indicator, and the trend is negative. Consequently, we can conclude that the internal trade of the Republic of Karakalpakstan requires the optimization of trade services using new information technologies at all levels of trade management. All this requires the creation of a certain information system [Abdullaev, 2012a, 2012b. Zolnikov, Abdullaev, 2014, No. 5, Abdullaev, 2018]. The role of such a system should be assumed by the trade information system. The information search system solves the following tasks:

- Collection, maintenance and updating of data on enterprises in order to determine the rating of each enterprise to assess their ability to fulfill contracts;
- Monitoring data on certification and licensing of enterprises for making decisions on the possibility of concluding contracts with this company for the design and production of products;
- Formation of the legislative and methodological base for the development of automation tools for the management of the development and production of quality products;
- Data on prospective studies abroad and ongoing domestic developments in order to form the most optimal targeted programs for the development of domestic base products and achieve world-class standards;
- Conducting electronic bidding and statistical processing of data on marketing research and product sales.

The analysis of domestic experiences and these tasks allowed us to determine the structure of software for managing trade enterprises (Figure 1).

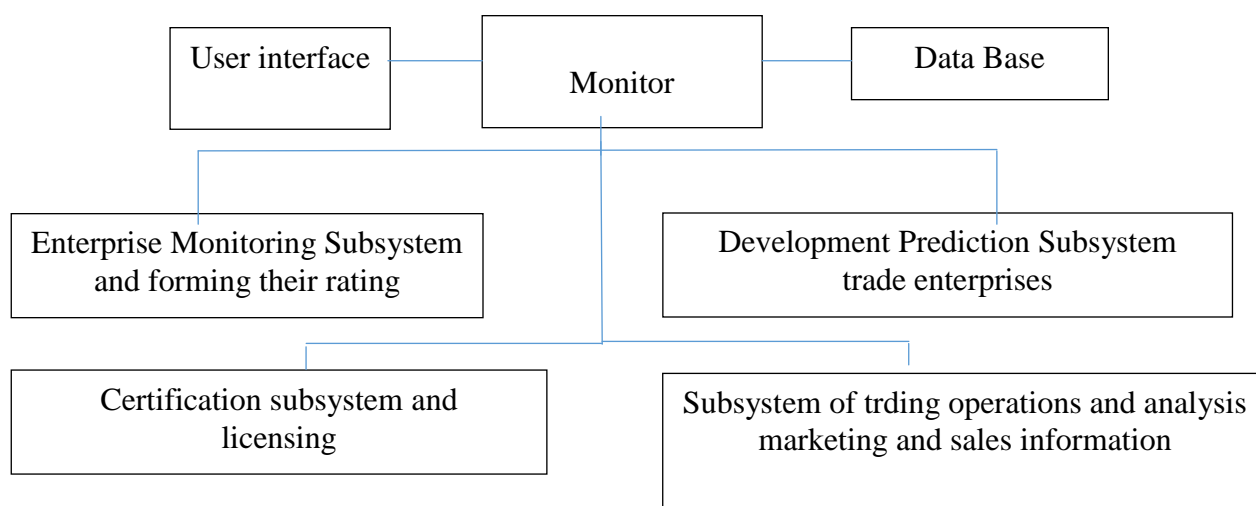


Figure 1. The structure of IP software by enterprises. The experience of building these systems at the leading enterprises of industrialized countries shows that the base part should consist of the following modules: monitor, interface, database [Antimirov, Kutsko, Fortinsky, 2007. p.143].

The figure shows the information system software, which consists of two additional modules and four subsystems. The monitor module is described as one system administrator. As the main function, this is data transfer for managing sub-system units. The interface module is described as being used for data processing, editing user data, searching for necessary information (user) and updating data. The module is a database maintaining information about the enterprise, storing data and providing information. The created information system can be used to determine enterprise productivity, quality and prospects of consumer products [Abdullaev, 2014, p. 735., Slivkina, Chasovskikh, Voronov, 2016. p. 54-63]. The rating of all enterprises operating in the Republic of Uzbekistan is one of the urgent issues of today's management of optimization of managerial decisions and the use of an information system in solving these issues [Zolnikov, Abdullaev, 2013, Abdullaev, Aimbetov, 2018.s. 81.]. Interconnected systems of various ranks will contribute to the successful solution of the problem of optimal trade planning, providing enterprises and organizations of the Republic of Karakalpakstan with the required demand for goods. Based on the foregoing, as well as an analysis of foreign experience in improving the management of a trade enterprise, it has been shown that there is currently no scientifically based approach to automating the solution of trading problems using new information technologies and economic and mathematical methods [Abdullaev, 2013a, 2013b, 2013c., Kuzmin, 2007, p. 56].

Methods and materials

Considerable attention is paid to the problems of forecasting macroeconomic indicators in modern literature. In foreign literature, the problems of macroeconomic modeling were considered in the works of L. Granberg, L. Kantorovich. V. Makarova, Yu. Yaremenko, A.V. Andreeva, Yu.S. Zaitseva. Among foreign works on applied forecasting issues in economics are presented the studies of J. Box and G. Jenkins, F. Roberts, X. Taha, J. Hapka and others. In particular, in the works of J. Stoke. In the conditions of functioning of the IPS "Trade", the method of harmonic weights is the most suitable [Frenkel, 1989, p. This method is little known in practice, therefore, not only the economic aspect of its use is examined in detail, but also the mathematical apparatus of research for analyzing the dynamics and forecasting of GRP. The essence of the method lies in the fact that the observations of the time series are weighted in a certain way, with more weight being attached to later observations. When applying it, it is not necessary to make any assumptions regarding the type of trend.

Let there be a time series of needs for GRP:

$$y_t = f(t) \quad (t = 1, 2, 3, \dots, n),$$

where $f(t)$ – non-random function of time (trend).

y_t в $(t + l)$ – m where $l = 1, 2, \dots, L$, and estimate the forecast error.

A moving trend is used here. By extrapolating along a moving trend, while weighing individual points of the polygonal line using harmonic weights (which will allow us to add more weight to later observations) and constructing a confidence interval for predictive estimates based on Chebyshev's inequality, we can make a fairly accurate forecast of the need for GRP.

The forecasting algorithm, taking into account the foregoing, consists of several stages.

Growth is found W_{t+1} function $y(t)$:

$$W_{t+1} = f(t+1) - f(t) = \bar{y}_{t+1} - y_t \quad (1)$$

Next, the average growth is calculated:

$$\bar{W} = \sum_{t=1}^{n-1} C_{t+1}^n W_{t+1}, \quad (2)$$

где C_{t+1}^n – coefficients satisfying the following conditions:

$$C_{t+1}^n > 0 \quad (t = 1, 2, 3, \dots, n-1); \quad \sum_{t=1}^{n-1} C_{t+1}^n = 1. \quad (3)$$

Expression (2) allows you to give information related to later periods, large weights, since the growth of weights is inversely proportional to the time that separates the information from the earlier from the later for the moment.

$$\text{If the earliest information has weight: } m_1 = \frac{1}{n-1}, \quad (4)$$

then the weight of information related to the next moment in time is:

$$m_3 = m_2 + \frac{1}{n-2} = \frac{1}{n-1} + \frac{1}{n-2}, \quad (5).$$

In general, a series of weights is determined by the equation:

$$m_{t+1} = m_t + \frac{1}{n-t} \quad (t = 2, 3, \dots, n-1) \quad (6)$$

with an initial weight expressed by equation (4). Series (6) can be called a series of harmonic scales.

$$\text{The solution of equation (6) has the form } m_{t+1} = \sum_{i=1}^t \frac{1}{n-i} \quad (t = 1, 2, 3, \dots, n-1) \quad (7).$$

Here

$$\sum_{t=1}^{n-1} m_{t+1} = n-1 \quad (8).$$

In order for condition (3) to be fulfilled, it is necessary to divide all the coefficients by (n-1). As a result, the values will be obtained C_{t+1}^n , satisfying conditions (3).

Assume a sequence of numbers W_{t+1} – random variable with mathematical expectation $M(W)$ и дисперсией $\sigma(W)$. Then their estimates will be calculated by the formula (2), and S^2_W , calculated by the formula

$$S_w^2 = \sum_{t=1}^{n-1} C_{t+1}^n (W_{t+1} - \overline{W})^2, S_w = \sqrt{S_w^2}. \quad (9).$$

Suppose further that the gains are independent of each other. Then the forecast can be found from the relation

$$W_{t+1}^* = \overline{W} \quad (t = n-1+l; l=1,2,3,\dots,k), \quad (10)$$

where
$$\overline{W} = \frac{1}{n-1} \sum_{t=1}^{n-1} W_{t+1}, \quad (11)$$

W_{t+1}^* – the predicted value of the variable W_{t+1} .

It is a consistent unbiased and effective assessment but also in practice of observations W_{t+1} stochastic cannot be considered independent, and their mathematical expectation and dispersion are constant. In this case, it can be argued that they change arbitrarily.

In this case, the forecast should be based on the expression

$$W_{t+1}^* = \overline{W} \quad (t = n-1+l; l=1,2,3,\dots,k), \quad (12)$$

in which the variable \overline{W} takes into account unequal weights of early and late information.

The dispersion of growth is determined by the formula

$$S'_w = \sqrt{\frac{1}{n-1} \sum_{t=1}^{n-1} (W_{t+1} - \overline{W})^2} \quad (13).$$

To estimate the forecast, a confidence interval is found. The accuracy of its construction depends on the remoteness of the forecast. The probability of deviation from the forecast is calculated

$$\text{as } P\{|W_{t+1} - M(W)| > a\sigma_w\} < \frac{1}{a^2}, \quad (14)$$

where a – some given positive integer. The confidence interval has the following

$$\text{limits: } \overline{W} - a(l)S_w; \overline{W} + a(l)S_w, \quad (15)$$

где $a(l)$ – remoteness function.

Thus, the forecast will be limited to these curves, which are determined with probability [formula (14)], where

$$a(l) = a \sum_{t=1}^{l+1} C_{n-t+1}^n. \quad (16)$$

The larger the greater the value approaching a constant. Therefore, the limit value is equal.

The time series can be represented as

$$\overline{y}_{t+1} = y_t + W_{t+1}. \quad (17)$$

By setting instead of the instantaneous value W_{t+1} value $W_{t+1}^* = \overline{\overline{W}}_{t+1}$, obtain

$$\overline{y}_{t+1} = y_t + \overline{\overline{W}}_{t+1}^* . \quad (18)$$

Next, we find the confidence error for the predictions.

$$\overline{y}_{n+l}^* - a(l)S_W \leq \overline{y}_{t+1}^* \leq \overline{y}_{n+l}^* + a(l)S_W . \quad (19)$$

We will build a table of growth values and smooth them out using least squares methods, according to which the square of the deviations of the experimental points from the theoretical curve should be minimal:

$$\Delta S_n^2 = \frac{1}{n} \sum_{j=1}^n (y_j - \overline{y}_j)^2 = \min . \quad (20)$$

We analyze the dynamics and forecast changes in the composition of the GRP using the proposed method using the example of the Republic of Karakalpakstan. For this purpose, we will compile table 2, including conditional statistics distributed by years (from 2000 to 2018).

Table 2
GRP growth dynamics of the Republic of Karakalpakstan

Year	GRP	t
2000	109,3	1
2001	152,0	2
2002	214,3	3
2003	323,3	4
2004	386,8	5
2005	523,5	6
2006	711,4	7
2007	996,8	8
2008	1367,3	9
2009	1481,9	10
2010	1813,9	11
2011	2219,4	12
2012	2760,1	13
2013	3398,8	14
2014	4157,3	15
2015	4485,9	16
2016	6518,0	17
2017	8285,2	18
2018	14185,2	19

According to the data in Table 2 and using Microsoft Office Excel applications, the linear equations of Table 3 were compiled: GRP time series, moving trend values, trend deviations in absolute terms and in percent: confidence intervals of the GRP forecast value by formulas (18) and (19).

Table 3 : Linear equations and GRP regression statistics

Equations	Regression statistics
$y_1(t) = 19,25 + 72,63t \quad t = 1, 2, 3, 4, 5$	$R = 0,9889, S_y = 20,83, S_t = 6,28, F = 133,6552$
$y_2(t) = -46,22 + 91,55t \quad t = 2, 3, 4, 5, 6$	$R = 0,991, S_y = 29,67, S_t = 6,99, F = 171,3$
$y_3(t) = -165,34 + 119,44t \quad t = 3, 4, 5, 6, 7$	$R = 0,9828, S_y = 67,27, S_t = 12,94, F = 85,09$
$y_4(t) = -414,6 + 167,16t \quad t = 4, 5, 6, 7, 8$	$R = 0,9698, S_y = 149,4, S_t = -2,77, F = 47,5$
$y_5(t) = -906,85 + 243,43t \quad t = 5, 6, 7, 8, 9$	$R = 0,9811, S_y = 197,6, S_t = 27,6, F = 77,3$
$y_6(t) = -1041,8 + 257,27t \quad t = 6, 7, 8, 9, 10$	$R = 0,9893, S_y = 177,3, S_t = 21,8, F = 138,8$
$y_7(t) = -1146,83 + 269,01t \quad t = 7, 8, 9, 10, 11$	$R = 0,9910, S_y = 190,4, S_t = 20,9, F = 165,5$
$y_8(t) = -1315,9 + 289,18t \quad t = 8, 9, 10, 11, 12$	$R = 0,9869, S_y = 274,6, S_t = 27,19, F = 113,04$
$y_9(t) = -1946,89 + 352,31t \quad t = 9, 10, 11, 12, 13$	$R = 0,9757, S_y = 506, S_t = 45,63, F = 59,59$
$y_{10}(t) = -3401,18 + 478t \quad t = 10, 11, 12, 13, 14$	$R = 0,9913, S_y = 442,4, S_t = 36,61, F = 170,3$
$y_{11}(t) = -4756,16 + 586,62t \quad t = 11, 12, 13, 14, 15$	$R = 0,993, S_y = 513,4, S_t = 39,26, F = 223,23$
$y_{12}(t) = -4897,98 + 593,02t \quad t = 12, 13, 14, 15, 16$	$R = 0,994, S_y = 508, S_t = 36,1, F = 270$
$y_{13}(t) = -8640,33 + 860,29t \quad t = 13, 14, 15, 16, 17$	$R = 0,952, S_y = 2383, S_t = 158,16, F = 29,58$
$y_{14}(t) = -14044,56 + 1213,35t \quad t = 14, 15, 16, 17, 18$	$R = 0,9606, S_y = 3255, S_t = 202,6, F = 35,84$
$y_{15}(t) = -33027,35 + 2385,51t \quad t = 15, 16, 17, 18, 19$	$R = 0,9248, S_y = 9660, S_t = 2385, F = 17,7$

Tables 4-5 show the basic statistical calculations..

Table 4 : Basic statistical calculations

t	y_t	$\bar{y}_i(t) = \frac{1}{a_j} \sum_{i=1}^{q_j} y_i(t)$ $i = 1, 2, 3, \dots, q_j$	t	$E\% = \left(\frac{y_t}{y_i(t)} - 1\right) * 100\%$	$W_{t+1} = \bar{y}_{t+1} - y_t$	C_{t+1}^n
1	109,3	91.88	-17	18,960	58,820	0,003
2	152,0	150.7	-1	0,863	68,800	0,006
3	214,3	219.5	5	-2,369	79,553	0,009
4	323,3	299.0525	-24	8,108	92,406	0,013
5	386,8	391.458	5	-1,190	148,200	0,017
6	523,5	539.658	16	-2,994	204,092	0,021
7	711,4	743.75	32	-4,350	252,734	0,026
8	996,8	996.484	0	0,032	272,022	0,031
9	1367,3	1268.506	-99	7,788	252,514	0,036
10	1481,9	1521.02	39	-2,572	310,852	0,043
11	1813,9	1831.872	18	-0,981	422,418	0,050
12	2219,4	2254.29	35	-1,548	479,826	0,050
13	2760,1	2734.116	-26	0,950	565,384	0,067

14	3398,8	3299.5	-99	3,010	543,594	0,078
15	4157,3	3843.094	-314	8,176	1213,031	0,090
16	4485,9	5056.125	570	-11,278	1641,645	0,110
17	6518,0	6697.77	180	-2,684	2156,015	0,138
18	8285,2	8853.785	569	-6,42	3443,56	0,21
19	14185,2	12297.34	-1888	15,35	12297,34	0,00

Table 5 : Basic Statistical Calculations

Годы	t	\bar{W}	$W_{t+1} - \bar{W}$	$(W_{t+1} - \bar{W})^2$	$C_{t+1}^n (W_{t+1} - \bar{W})^2$
2000	1	1489,483	57,820	3343,152	10,02946
2001	2	1489,483	67,800	4596,84	27,58104
2002	3	1489,483	78,553	6170,495	55,53446
2003	4	1489,483	91,406	8354,965	108,6146
2004	5	1489,483	147,200	21667,84	368,3533
2005	6	1489,483	203,092	41246,36	866,1736
2006	7	1489,483	251,734	63370,01	1647,62
2007	8	1489,483	271,022	73452,92	2277,041
2008	9	1489,483	251,514	63259,29	2277,335
2009	10	1489,483	309,852	96008,26	4128,355
2010	11	1489,483	421,418	177593,1	8879,657
2011	12	1489,483	478,826	229274,3	11463,72
2012	13	1489,483	564,384	318529,3	21341,46
2013	14	1489,483	542,594	294408,2	22963,84
2014	15	1489,483	1212,031	1469019	132211,7
2015	16	1489,483	1640,645	2691716	296088,8
2016	17	1489,483	2155,015	4644090	640884,4
2017	18	1489,483	3442,555	11851185	2512451
2018	19	1489,483	12296,340	1,51E+08	0
$S^2(W) = \sum_{t=1}^{18} C_{t+1}^{19} (W_{t+1} - \bar{W})^2 = 3658051, \quad S(W) = 1912,603$					

Table 6 shows the forecast of GRP retirement.

Table 6 : GRP retirement forecast

Годы	t	\bar{W}	l	$a(l)$	$a(l)S_w$	\bar{y}_t^*	$\bar{y}_t^* + a(l)S_w$	$\bar{y}_t^* - a(l)S_w$
2016	18	1489,483	1	1,392	2662,343	8187,253	10849,59638	5524,909624
2017	19	1489,483	2	1,832	3503,889	9676,736	13180,6247	6172,847304
2018	20	1489,483	3	2,1	4016,466	11166,219	15182,6853	7149,7527
2019	21	1489,483	4	2,5	4781,508	12655,702	17437,2095	7874,1945
2020	22	1489,483	5	2,7	5164,028	14145,185	19309,2131	8981,1569

2021	23	1489,483	6	2,9	5546,549	15634,668	21181,2167	10088,1193
2022	24	1489,483	7	3,1	5929,069	17124,151	23053,2203	11195,0817
2023	25	1489,483	8	3,3	6311,59	18613,634	24925,2239	12302,0441
2024	26	1489,483	9	3,4	6502,85	20103,117	26605,9672	13600,2668
2025	27	1489,483	10	3,6	6885,371	21592,6	28477,9708	14707,2292

Results

Based on the calculations, we will make a forecast of GRP for the period 2019-2025.

Table 7 : Forecast GRP of the Republic of Karakalpakstan

Year	t	GRP mln. sum
2019	21	12655,702
2020	22	14145,185
2021	23	15634,668
2022	24	17124,151
2023	25	18613,634
2024	26	20103,117
2025	27	21592,6

Extrapolation according to a moving trend when weighing individual points of the regression line using harmonic weights taking into account confidence intervals for the predicted estimates provides the basis for a fairly accurate forecast for the considered indicators [Abdullaev A, Abdullaev U, 2018, p. 121].

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FURTHER IMPROVEMENT OF PENSION SYSTEM OF THE REPUBLIC OF UZBEKISTAN THROUGH THE EXPERIENCE OF DEVELOPED COUNTRIES

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ABSTRACT

This article discloses the advanced experience of developed countries in further enhancing pension system and explains how to implement them in case of Uzbekistan.

Key words: *Strategy of Actions, Pension Contribution Rates, Pension Fond, Insurance, Government Expenses, Mandatory Pension Contributions*

Introduction

The policy of the state on the reform, development and financing social sector is becoming more and more relevant. This particularly can be seen in the fact that 4th direction of the Decree of the President of the Republic of Uzbekistan Sh.Mirziyoev "On the Strategy for the Further Development of the Republic of Uzbekistan", approved on February 7, 2017, is devoted to the social sphere may appear. In this regard, the socio-economic reforms carried out in Uzbekistan in recent years determine the need for further improvement of many sectors, including the pension system, as a priority task. In my opinion, it is important to study the experiences of developed countries all over the world and use them as an alternative to the context of Uzbekistan used in its consideration.

A pension system has been created as part of the Institute for Social Protection under modern economic conditions. The average life expectancy, a significant increase in the number of people employed, and the ever-increasing development of social dimensions of the life require the development of all social protection institutions, especially the pension system.

Currently, 11% of the population in Uzbekistan is provided with pensions, which is not significantly affected by the pension system. The same indicator is 27 percent in Russia and 25 percent in Europe (Islamov and Shadiev, 2004)^{**}. At present, it is important to analyze the current situation in the field of pension system reform in order to study the experience of developed countries and to assess their implementation potential in Uzbekistan. Most countries face specific challenges in the pension system. In general, in the developed countries, the pension system is formed on the basis of insurance premiums and voluntary insurance premiums offered by employers in addition to the state pension. While voluntary pension insurance is provided by various tax and related factors, there is a tendency for government retirement expenditures. Recently, the ratio of government pension expenditures to GDP in the EU countries is expected to grow from 9.5 percent in 2015 to 11.7 percent by 2050. This situation can be

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explained by two explanations: a decrease in birth and an increase in the average life expectancy. Retirement benefits are covered by various reforms, as well as measures to increase retirement age and retirement benefits.

At the same time, the improvement of the principle of "time distribution of revenues" is of great importance. Therefore, issues of financial regulation of social protection of retired citizens are urgent. Therefore, this research focuses on the identification and assessment of such indicators as the level of coverage and social protection of the pension system in Uzbekistan.

Literature review

Reforming the public pension system is one of the pressing issues, and Holzman's¹ reforms highlight the importance of the retirement system in many countries. In his view, the state-run pension system neglected by the government will create a future hidden financial debt.

According to Poteraj's² data, reforming the pension system can be achieved by increasing the retirement age or supply of pension. However, pension payments increase labor costs and have a negative impact on the economy's competitiveness. Therefore, this indicator can not be significantly increased. He said the retirement age was widespread in the European Union countries.

According to Grech³, reforming most of the pension system is based on limited sustainability by reducing government spending on social protection. However, if the system can not cover the retirement costs due to the increase in the number of retirees, it will lead to increased risk. Thus, the government have to raise social spending through reverse social reform. Ionescu's⁴ research shows that if the proportion of people over 65 exceeds 25 percent, over the next 20-30 years, the dependency index will be over 40 percent. To address the above issues related to the development of the country's pension system, Ionescu takes into account the followings: the development of private pension, systematic reduction of the public and private systems mixed management system and social protection system.

Legros⁵ believes that such indicators as an increase in the number of job-seekers, retirement benefits, and retirement benefits are crucial for the reform of the pension system, otherwise the government may reduce the performance of partnering. According to Mahler, the emerging pension system should have three main objectives: to provide employee benefits, to ensure fiscal sustainability, and to increase productivity. They say that the achievement of the aforementioned goal should be based on a defined benefit plan and a set of optimal aspects, which are defined in the formation of a pension system.

¹Holzmam, R., 1997. Fiscal alternatives of moving from unfunded to funded pensions. Ageing Working Papers, Awp 5.2. OECD.

²Poteraj, J., 2008. Pension systems in 27 EU countries. First edition. Vilnius: The Association of Polish Scientists of Lithuania.

³Grech, A.G., 2010. Assessing the sustainability of pension reforms in Europe. CASE Papers, CASE/140. Centre for Analysis of Social Exclusion, London School of Economics and Political Science.

⁴Ionescu, O.C., 2013. The evolution and sustainability of pension systems the role of the private pensions in regard to adequate and sustainable pensions. Journal of Knowledge

⁵Legros, F., 2013. The future of retirement pensions in the European Union. Foundation Robert Schuman Policy Paper, No.282.

According to Vakhobov¹, the pension fund occupies one of the leading positions among state social funds. Market relations ensure the need for reforming the pension system to stimulate economic activity of the population. He also highlighted the importance of accumulating pension and investment activity.

Analysis and results

One of the main aspects of the provision of pensions is to expand the coverage of the population. Thus, the national pension system provides permanently residing in the country, as well as in some countries such as Denmark and the Netherlands, not only to its citizens, but also to citizens of other countries permanently residing in the country. For example, in the UK today, the level of coverage of the population with pensions is as follows (Danishevskaya, 2010)²:

- obligatory pension provision by the state - 65 percent;
- additional pension provision system (insurance pensions provided by enterprises)- 25 percent;
- Personal insurance pensions - 10%.
- Research has shown that pensions can be divided into three categories:
- First, pension insurance only for contracts (Denmark and Sweden).
- Secondly, in addition to contract-based work, it also includes individuals who have own business (Austria, Italy and the Netherlands).
- The third is the system of pension provision for all employed people (France, Great Britain and Sweden).

In more than 15 EU countries, 25 percent of the population works in temporary jobs, and 20 percent are partly working (International Social Security Association, 2010). This, in turn, leads to a significant reduction in the amount of funds of social insurance funds. As a result, there is an increase in the share of public spending in the pension system. For example, in countries such as Sweden and Italy, a system of conditional pension accounts has been created, with no sharp increase in government spending. In this respect, it is important to see the importance of establishing this pension provision institution (see Table 1).

Table 1

Public Expenditure Budget of the European Union Countries (In%,as of GDP)

No	Country	2010	2015	2020	2030	2040	2050	2060
1	France	14.6	14.4	14.4	14.9	15.2	15.1	15.1
2	Germany	10.8	10.5	10.9	12.0	12.7	13.0	13.4
3	Italy	15.3	14.9	14.5	14.5	15.6	15.7	14.4
4	Netherlands	6.8	6.8	7.4	9.1	10.4	10.4	10.4
5	Sweden	9.6	9.7	9.6	10.1	10.2	9.9	10.2
6	Great Britain	7.7	7.4	7.0	7.7	8.2	8.2	9.2

¹Vakhobov, A.V., 2003. Social funds of the system market economy. Tashkent: Sharq.

²Danishevskaya, I.V., 2010. Models creation of pension capital abroad. Business, Education, Law-Bulletin of the Volgograd Business Institute, 3(13), pp.43-52.

According to the results of various studies, significant economic and demographic changes affect the scale of the pension scheme. In particular, changes in the age structure of the population result in a demographic burden on the working population. The ratio of dependency coefficients, which means young people under the age of 14 and the number of elderly people aged 65 and older, to the working-age population (15-64 years) is steadily rising. If in 1990, in France and the UK there were 4 workers per pensioner, from 2030, for every pensioner in the number is expected to decrease to 2.5 people. This information can be disclosed in the following table:

Table 2

Share of persons aged 65 years or older in developed countries (% of able-bodied population)

Country	Years			
	1975	2000	2025 (expected)	2050 (expected)
Great Britain	22.6	24.4	32.8	39.2
Germany	23.3	24.1	39.0	54.7
Spain	16.1	24.8	36.1	73.8
Italy	18.9	26.7	40.6	68.1
Netherlands	16.9	20.1	34.3	45.0
France	21.5	24.5	36.2	46.7
Sweden	23.5	27.1	41.5	54.5
Average	20.7	24.3	32.8	39.2

In the developing countries, the proportion of older people is rising while the number of employed is falling, which leads to a reduction in the tax base for insurance contributions. There has also been a dramatic change in the nature of employment: the total workload or longevity of hired workers has dropped by 2 times. If at the beginning of the 20th century every employee had worked for 100,000 hours (47 hours per week, 47 weeks a year during 47 years), at the end of the century they worked 50,000 hours (35 hours a week, 42 weeks per year during 35 working years).

Additionally, data on the rates of pension contribution used currently in the world are also important. Researches have shown that the average retirement age is 63 years. Public spending is expected to grow in the coming years in this direction. This, in turn, is directly related to the increase in the number of retirees in relation to the total number of employees.

Table 3

Expenditure Structure of the budget of Pension Fund under the Ministry of Finance of the Republic of Uzbekistan for 2014-2018¹

(in billion sums)

№	Indicators	Years				
		2014	2015	2016	2017	2018
1.	Payment of pensions and benefits to retired pensioners	10334,4	12470,6	13894,6	15970,8	19623,4
2.	Payment of pensions and benefits to working pensioners	316,9	387,3	430,4	486,7	620,0
3.	Vaqtinchalik mehnat qobiliyatini yo'qotganlik, homiladorlik va tug'ish, bola tug'ilganligi va dafn marosimlari uchun pensiya va nafaqalar Pensions and benefits for temporary disability to work, pregnancy, childbirth and funeral ceremonies	31,2	120,4	152,6	174,6	238,0
5.	Other expenditures	4,3	5,6	2,2	1,2	1,6
6.	Balance at the end of the year	2564,4	2113,1	2310,8	3396,1	3007,5
Total expenses		10686,8	12983,9	14479,8	16633,3	20483,0

Extrabudgetary Pension Fund is the fourth component of the savings allowance for temporary disability, pregnancy and childbirth, childbirth, funeral and so on. These expenses have been steadily rising between 2014-2018. Expenditures on this indicator in 2014 amounted to 31.2 billion sums. In 2015, the figure was 120.4 billion soums. soums, which is 4 times more than in the previous year. Following 2016 expenditures, 152.6 bn. sums. Expenditures for this indicator in 2017 are at a slower pace than in previous years and amounted to \$ 174.6 billion sums. By 2018, the share of savings in this area has risen significantly and amounted to 238.0 billion sums.

When it comes to the rate of pensions, I think it is important to analyze it in the example of the developed countries as given in the table below.

Table 4

Pension contribution rates in EU countries in 2010

№	Countries	Payers		Total
		Employees	Employers	
1	Austria	10.3	12.6	22.8
2	Belgium	7.5	8.9	16.4
3	Great Britain	11.0	12.8	23.8
4	Germany	10.0	10.0	19.9

¹D. Rustamov, 2013. Directions of promoting financial stability of Pension system. Tashkent – “Iqtisod-moliya

5	Greece	6.7	13.3	20.0
6	Ireland	4.0	10.8	14.8
7	Spain	4.7	23.6	28.3
8	Italy	9.7	23.8	28.3
9	Netherlands	19.0	5.7	24.7
10	Norway	7.8	14.1	21.9
11	Portugal	11.0	23.8	34.8
12	France	6.8	9.9	16.7
13	Sweden	7.0	11.9	18.9
Average in developed countries		7.9	12.3	15.4

The information provided in the table above shows that pension contribution rates in each developed country are set individually for employers and employees, and in some countries (e.g. the Netherlands) employees' rates are dominant, while in majority of countries (e.g. Greece, Portugal, and Spain), employers' pension contribution rates are far more dominant, and in some countries (e.g. Germany) the indicators are the same.

In this regard, the growth of the retirement age population in our country will require a change in the direction of expenditures and a new classification of revenues. The illustration below illustrates whether or not the Pension Fund charges these funds:

Based on the above analysis, we should pay attention to the following:

I think that there will be certain problems with retirement plans in Uzbekistan, examples of which can be followings:

- high mortality rates of able-bodied population;
- lack of population who have work capacity;
- Significant benefits related to compulsory pension plans (especially age-related);
- Matters of continuous employment of the able-bodied population;
- Significant increase in informal wage in the economy.

In my opinion, extensive measures to expand the scope of the pension plan should be undertaken. Specifically, if the health and well-being of the population is related to the growth of budgetary funds, the increase in life expectancy by one year will rise the number of retired people, in turn, which will meet the needs of retired people for financial and medical services.

Conclusion

I think the following factors should be considered for improving the pension provision plan:

- Indicators of coverage of the pension plan;

- Flexibility of pension plan payment (taking into account the inflation level and purchasing power);
- Making payment of pension fund payments according to the payer's share;
- Diversification of income generation in the system of pensions (state and private insurance);
- Introduce a private pension system for those who run their own business.

I am of the opinion that it is necessary to pay special attention to the assessment of the capacity of the pension system and the indicators that will increase the attractiveness of pension system. This, in turn, is interpreted by the evaluation criteria of the system and creates conditions for the development of activities in this area. They are:

- taking into account international standards of minimal social protection standards;
- solving problems related to the development of compulsory social insurance;
- Completeness and sustainability of the legislative base of compulsory social insurance;
- Scientific validity of insurance tariffs;
- Development of insurance collection mechanism;
- permanent payment of insurance payments by insurers;
- The possibility of inspecting the amount of pensions by an interested person;
- Increasing the efficiency of compulsory social insurance reserves

In conclusion, it is important to note that in order to improve the social welfare of the country, it is important to pay attention to financial reforms, including the pension system. It is important to take into consideration the aforementioned analysis and suggestions based on advanced experience of developed countries for the development of the pension system.

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VOLATILITY OF TREASURY BOND YIELD AND ITS RELATIONSHIP WITH STOCK INDEX RETURN VOLATILITY: INDIAN EVIDENCE

Deepali Gupta¹, Prof. Umesh Holani²

ABSTRACT

The stock market generates a vast fortune in the interest rate of government bond, it directly effects on investors, investment pattern. The relationship between the volatility of stock index returns and interest rate has been a focus of many empirical studies. This paper examines the relationship between volatility of stock index returns & volatility of Interest rate in Indian context based on monthly data from April 2005 to March 2019. Interest Rate is used as a proxy to Treasury bond Yield. The ADF and PP tests were used to check the stationarity among variables. The volatility in this paper was estimated using bi-variate VAR Granger causality tests as well as through regression analysis. The Interest rate was not found to Granger-cause and not significantly related to stock market prices but Stock Index return does Granger cause Interest rate; while from the regression analysis, interest rate is negatively & significantly related to stock market prices. The weak relationship between stock market volatility and Interest rate volatilities is likely due to short of institutional investors in the market, and perhaps also point out the existence of information dilemma among investors.

Keywords: Stock Index Return volatility, Treasury bond Yield, Stationarity, Linear Regression, VAR Granger causality, India

INTRODUCTION

The stock market generates a vast fortune in the interest rate of government bond, it directly effects on investors, investment pattern. A researcher identified that investors shift their investment from high risk investment to safe and secure investment which is giving same rate of interest French et al. (1987) further the researcher added that higher interest rate degrades the value of stocks and investor shifts their interest from holding stocks to fixed income securities. Presumably, uncertainty arising from stock market volatility affects saving behavior and decision-making processes for capital investment. It is widely accepted that changes in macroeconomic variables contain important information for market participants, both in the short and the long horizons. It is hypothesized that investors incorporate such information into their estimates of the appropriate discount rate and the expected dividends flow that in turn affects stock returns.

The empirical regularity that stock market volatility is time-varying has led to a vast literature on modelling and forecasting its dynamics. The empirical literature in this area has mostly focused on whether macroeconomic variables that behave differently over expansion and recession phases can help predict stock volatility.

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Government bond and securities are a big factor which is responsible for the volatility in the stock market. With the investment in stocks, investors have the opportunity to generate a high rate of interest, but it also includes high rate of risk that has to bear by the investor. Changes in interest rates influence the value of a company's stocks and shares and thus the stock returns. High interest rate will prevent capital outflows, hinder economic growth and, consequently, hurt the economy as interest rates is one of the most important factors affecting directly the growth of an economy. Lower interest rates increase stock prices which in turn reduce the probability of financial distress.

This study examines the impact of Interest rate as a proxy to Treasury bill rate on the stock index returns on Indian Stock Exchange over the period of 2005-2019. Purpose of this study was to find out the relationship between Interest Rate (Treasury bill rate: risk free rate) on stock index returns of Nifty 50 over the period of 15 years. This study trying to fill the gap in this area of study, which had, so far, focused mainly on Treasury bill rate as a measure of interest rate and hence set the stage for more research in the area of using lending rate as a measure of interest rate.

The basic objective of this paper is to explain the stock market on the basis of Treasury Bill Rate & to see how significant the relationship among these variables and stock returns.

REVIEW OF LITERATURE

Volatility Spillovers

Verma (2016) examined impact of Exchange Rates and Interest Rates on Bank Stock Returns. By using the Exponential Generalized Autoregressive Conditionally Heteroscedastic (EGARCH) model the author found that the mean and volatility spillovers from short-term interest rates and exchange rates, and long-term interest rates and exchange rates, to bank portfolios of money center, medium and large banks. Similar result were found in **Ali, (2016)** where the author further added that the existence of leverage effect indicating that the negative shocks or bad news have more impact on volatility than that of positive shocks or good news. The relationship between returns and volatility is not significant for both the markets. **Sehgal & Garg. (2016)** explained the relationship between cross-sectional volatility and stock returns. Their work determines that high cross-sectional volatility portfolios exhibit low returns in case of Brazil, South Korea, and Russia. The risk premium is found to be statistically, significantly negative for these countries. **Bhowmik. (2013)** explained the relationship between macroeconomics indicators of the economy and stock market in USA. Their result revealed that political instability and depression catapulted the stock market volatility which dwindled the growth rate of a country including strong negative spillover effects of volatility from other countries on growth rate. **Rayhan et al. (2011)** studied the Volatility of Dhaka Stock Exchange (DSE) Return where they identified that the volatility of stock return is determined by the fluctuations in monthly stock index. The demand & supply of securities in Stock exchanges leads to changes in the stock prices. **Bandivadekar and Ghosh (2003)** examined the relationship between Derivatives, Index Futures on spot market volatility, BSE Sensex and S&P CNX Nifty. By applying the Generalized Auto regressive Conditionally Heteroscedastic (GARCH) model they found that the volatility in both BSE Sensex and S&P CNX Nifty has declined in the period after index future was introduced. Analyzing further, the decrease in volatility is a function of not only introduction of derivative products, but also certain market wide factors.

Interest Rate & Stock Prices

marasinghe (2015) examined the relationship between Interest Rate and Stock Price of Colombo Stock Exchange by applying Augmented Dickey Fuller test and Granger Causality test. The result revealed that interest rate influence the stock prices and interest rates is a significant factor for stock price changes and it shows significant negative relationship between variables. **Muthukumaranand and Somasundaram (2014)** examined the similar relationship with context to India & the result erected that interest rate neither affect stock returns nor stock returns affect interest rate. They concluded their study by finding out stock market has no relation with the growth of interest rate in India. **Martínez, Lapeñab&Sotos (2013)** investigated the relationship between Interest Rate Changes and Stock Returns in Spain. By using the Wavelet analysis, Correlation and Cross-correlation techniques they found that there is significant interest rate sensitivity, although the extent of interest rate exposure varies greatly across industries and depending on the time horizon under consideration. **Khan (2012)** explained the relationship between Interest Rate, Exchange Rate, Inflation and Stock Returns OF KSE 100 Index. Multiple Regression model was used; the author found that the impact of interest rate and inflation is insignificant on stock returns of KSE 100 index while the exchange rate has significant impact on stock returns of KSE 100 index. **Alam & Uddin. (2009)** investigated whether the Stock Exchange and Interest Rate are dependent on each other. Time Series & Panel Regressions were used in the study. They obtain that all of the country's interest rate has a significant negative relationship with share price and for six countries it is found that changes of the interest rate has a significant negative relationship with changes of share price.

Other Factors Review

Ramayandi, Rawat, and Tang (2014) examined the relationship between Monetary policy, Interest rates and Bank risk-taking ability in context with Asia. By using Altunbas et al. Model, Delis and Kouretas Model, Simple Capital Asset Pricing Model (CAPM). Their result revealed that when interest rates are too low lower than a benchmark bank risk increases. This result is substantial to other factors, which might have influenced banks risk-taking behavior, namely, general economic conditions, bank specific characteristics, economy specific market risk, and the regulatory environment.

Das (2013) explained the nature of Corporate Bond Yield curves, with respect to India. By using the Bootstrapping combined with spline-based interpolation method, Unit root tests, linear interpolation & Auto-Regressive Moving Average (ARIMA) under Box-Jenkins methodology. The shapes of the corporate bond yield curves were generally found to reflect the issuer-risk premium compared to their sovereign counterparts. The issuer-risk is driven by factors such as the performance of the sector the issuer belongs to, the composition of debt portfolios of the corporate bond market participants, and their risk preference.

Kuwornu (2011) investigated the relationship between Consumer Price Index, Crude oil price, Exchange rate, 91-day Treasury bill rate and Ghana Stock Exchange. By applying Dividend Discount Model, Capital Assets pricing Model (CAPM), Arbitrage Pricing Theory (APT) & Augmented Dickey Fuller test. In this we found that consumer price index had a positive significant influence, while exchange rate and Treasury bill rate had negative significant influence on stock market returns. On the other hand, crude oil prices do not appear to have any significant effect on stock returns.

Aremu, Suberu and Ladipo (2011) investigated the impact of the Nigerian capital market operations on the local investments in Nigeria. By using Secondary data, the data were collected from the Nigerian Stock Exchange (NSE), Fact Books, Security and Exchange Commission (SEC), Market Bulletins and Central

Bank of Nigerian (CBN) statistical bulletins. In this study it was found that the capital market in Nigeria has the potentials for growth inducing but has not contributed meaningfully to the economic growth of Nigeria due to low market capitalization, small market size, few listed companies, low volume of transactions, low absorptive capitalization, illiquidity etc.

Objectives of the Study

- To check that data series is stationary
- To calculate the Stock Index returns & Interest Rate return of India.
- To establish causal relationship between Stock Market and Interest Rate.
- To investigate the two ways causality of stock market return & Interest Rate.
- To open new vistas for further research

Hypothesis

Assumptions for the study

H01: Data Series has unit root

Hypotheses of Ordinary Least Square

H02: There is no relationship between stock returns and interest rate, of India.

Hypotheses of Granger Causality Test

H03_a: LNRTB does not Granger Cause LNRSI

H03_b: LNRSI does not Granger Cause LNRTB

RESEARCH METHODOLOGY

The study was empirical in nature. The research contained one macroeconomic variable & one indices of Indian stock market. Sampling frame consist of the macroeconomic variables & the indices of Indian context for the financial year 2005 – 2019. Individual macroeconomic variable such as 91 days Treasury bond yield was used. Interest Rate is used as proxy to Treasury Bond Yield. Individual Indices such as CNX S&P Nifty 50 was used for the study. 100% enumeration sampling technique was used for calculating. Secondary source was used to collect the data i.e. Reserve bank of India, and NSE India. Unit root test was applied to check the stationary of data. The tool of Granger causality was applied to find the unidirectional relationship among variable. Linear Regressions was applied to find out the cause and effect relationship among variables

The average monthly stock index is converted into natural log return by applying the below mentioned formula:

$$\text{LNRSI}_t = \ln (\text{Stock market index}_t / \text{Stock market index}_{t-1})$$

Where LNRSI is a Log return of monthly Stock Market Index, Stock Market index is the general price index for the month t, Stock Market Index_{t-1} is the general price index for the month t-1.

The T-Bill rate is also converted into natural log return by applying the below mentioned formula:

$$\text{LNRTB}_t = \ln (\text{TBRate}_t / \text{TBRate}_{t-1})$$

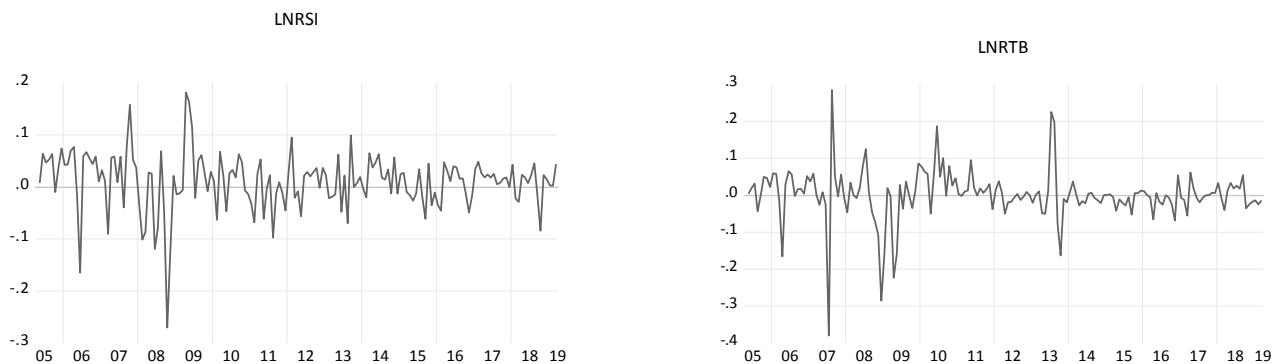
Where, LNRTB is a Log return of monthly T-Bill Rate, T-Bill Rate is the general rate for the month t , T-Bill Rate $_{t-1}$ is the general rate for the month $_{t-1}$.

RESULTS AND DISCUSSION

Graphical analysis

The graphical method is a vital method to examine the stationarity of data series. These graphs show the cyclical curve or monthly changes/ fluctuation in the data set which are continuous or regular in nature or not.

The following are the graphical representation Interest Rate & Stock Market Return



The outlook of graphical model, it can be said that Interest rate & Stock index return series are stationary and showing fluctuation on regular basis. It is clear that the stock index return of India depict perfect stationary data set series.

Test of stationarity: Unit Root Test Results

The present study examines the time series property of the Interest Rate & Stock market return, the Augmented Dicky Fuller (ADF), PP model was used to test the stationarity.

The hypotheses tested here is:

Null Hypothesis:

LNRSI: (Stock index Return) data series has a unit root.

LNRTB: (Interest rate) series has a unit root

Table: 1 Result of Augmented Dickey fuller test and Phillips- Perron Test

Variables	UNIT ROOT TEST	Critical Level Value		t-statistic	PP test statistic	P-value	Order of integration	Durbin-watson
Stock Index	ADF	1% level	-3.47043	-6.118751	-9.778675	0.0000	at level	2.017167
	PP	5% level	-2.87905					2.038163
		10% level	-2.57618					

Table: 2 Result of Augmented Dickey fuller test and Phillips- Perron Test

Variables	Critical Level Value		ADF t-statistic	PP test statistic	P-value	Order of integration	Durbin-watson
Interest Rate	1% level	-3.46993	-10.64163	-10.58754	0.0000	at level	1.967177
	5% level	-2.87883					
	10% level	-2.57607					

Conclusion: the data series is stationary in ADF & PP model

Interpretation

The above summary of (Tables 1-2) illustrates the stationarity of LNRStock Index, LNRT-bill. The natural log returns with levels form was used between these variables. The data sets series of all the variables are stationary at level. The coefficient value is negative in all the above cases.

It can be derived from the above cases that the p-value of LNRStock Index is 0.000 significant at 5% level of significance at level with intercept model. All the data series were stationary at level thus; it suggested that the model is fit & can be used for further analysis.

Thus, the Null Hypothesis is rejected in both the cases, resulting the data series does not possess a unit root. i.e. the Stock index & Interest Rate does not have a unit root..

Descriptive Statistics

Descriptive analysis of data is necessary as it helps to determine the normality of the distribution. The description of the data is essential as the nature of the techniques to be applied for inferential analysis of the data depends on the characteristics of the data

Table 3: Descriptive Statistics

	LNRSI	LNRTB
Mean	0.010417	0.001193
Median	0.018121	0.001041
Maximum	0.181460	0.284730
Minimum	-0.27034	-0.37956
Std. Dev.	0.054170	0.069159
Skewness	-0.92191	-0.99594
Kurtosis	7.758752	12.13049
Jarque-Bera	181.2323	607.6948
Probability	0.000000	0.000000
Sum	1.739654	0.199307
Sum Sq. Dev.	0.487111	0.793978
Observations	167	167

The average monthly interest rate represented by T- Bill Rate is .001193 & Stock Return is .01041 with a median of 0.001041 & .001041 along with a standard deviation .0691 & .054 implies high volatility compare to stock index return. The value of skewness for the variables elected for study has pointed out that variables are negatively skewed means the mean of the observation is less than the median indicates a variation from normal distribution and volatility nature of the variable. The value of kurtosis depicts that the value is higher than (>3.0), indicating the leptokurtic distribution with the values concentrated around the mean and thicker tails. The Jarque Bera & p- value test show that the interest rate is statistical significant at 5% level indicating that value of t-bill & Stock index return is normally distributed.

Ordinary Least square Regression

The model includes one lags of the independent variables to the existing equation, the specification to include lags for the original explanatory variables

Model Table 4 : Interest rate

For the simple regression model between CNX S&P NIFTY 50 and interest rate, the equation model is as shown below:

$$Y_i = \beta_0 + \beta_1 IR_i + \varepsilon_i$$

Y_i = CNX S&P NIFTY 50 (1995=1000) at i th term

β_0 = Constant coefficient, Y-intercept

β_1 = Coefficient of interest rate

IR_i = Interest rate in monthly % at i th term

ε_i = Error term for the i^{th} term

Null hypothesis: There is no impact of Interest Rate on Stock Market Index return

INTEREST RATE

The OLS equation Estimation Command is :

LS Lnrsi c Lnrtb Lnrsi(-1)

Dependent Variable: LNRSI

Method: Least Squares

Included observations: 166 after adjustments

Variable	Coefficient	t-Statistic	Prob.
C	0.007842	1.911929	0.0576
LNRTB	-0.131856	-2.261473	0.0251
LNRSI(-1)	0.268836	3.60742	0.0004

R-squared 0.097658

Adjusted R-squared 0.086586

F-statistic 8.820472

Prob(F-statistic) 0.000231

Durbin-Watson stat 1.883865

Estimation Equation:

$$\text{LNRSI} = \beta_0 + \beta_1 \text{LNRTB} + \beta_2 \text{LNRSI}(-1)$$

$$\text{LNRSI} = 0.00784248268594 - 0.131855534161 \text{LNRTB} + 0.268836367895 \text{LNRSI}(-1)$$

Table 4 The model presents the output of the Ordinary Least Square (OLS) method to show the impact of the interest rates on stock index prices. In the above regression model, both the predicted and the predictor variables are log return-transformed. This is associated with the price elasticity meaning that the percentage change in Y is caused by one percentage change in X. The above model of the study depicts that, 1% change in interest rate, on average will cause stock prices to decrease by 13.1%. The output from table 4 shows a significant relationship between interest rate (Lnrtb) and stock index price (since its p-value 0.025 is less than 5%). The negative sign of the coefficients means that increase in interest rate will cause stock price to fall alike with the result of **Alam & Uddin. (2009)**. The value of R square 0.097658 showed 09% impact on dependent variable. It indicates that T-Bills explain 9% variance with Stock Market Return. Thus, the Null is rejected in above case

Autocorrelation

The Durbin Watson is a measure of autocorrelation in residuals from regression Analysis. The Durbin Watson test reports a test statistic with a value within 1 to 3. In this analysis Durbin Watson value of all the variables were between the acceptable ranges and that showed that there were no auto correlation problems in the data used in this research.

Pairwise Granger Causality Tests

Granger causality test is a technique for determining whether one time series is useful in forecasting another series. Granger causality testing applies only to statistically stationary time series. According to

Granger (1969) causality can be separated into long-run and short-run causality. Long-run causality is investigated by error correction models and the short-run is determined using a Wald test.

The null hypothesis being tested in a VAR Granger causality/Block Exogeneity Wald Test states that the lag of the independent variables, jointly, cannot Granger-cause the dependant variable, versus the alternative hypothesis of positive Granger causality relationship from the independent towards the dependent variable.

In Granger causality, two variables are generally analyzed together, while testing for their interaction. All the possible results of the analyses are four:

- (i) Unidirectional Granger causality from variable Y_t to variable X_t .
- (ii) Unidirectional Granger causality from variable X_t to Y_t
- (iii) Bi-directional causality and
- (iv) No causality (neither bilateral nor unilateral; no Granger-causality in any direction).

Null Hypothesis

$H_0 = 0$ or *LNRSI does not granger cause LNRTB*

$H_a \neq 0$ or *LNRSI does granger cause LNRTB*

Pairwise Granger Causality Tests

Null Hypothesis:	Obs	chi-sq	Wald p value	Decision	Type of causality
LNRTB does not Granger Cause LNRSI	165	2.596955	0.2729	DNR H_0	No Causality
LNRSI does not Granger Cause LNRTB		6.090071	0.0476	Reject H_0	Uni-directional causality

Granger Causality Test was applied to check the causal relationship between the variables. To determine the optimal solution of modal equation, the test for the direction of causality is based on the optimal lag length criteria & the model defines the number of lag is 2. The result from the above table shows that LNRT-Bill does not Granger Cause LNRSI as Chi-Sq is 4.954 which is insignificant at 5%level of significance but Stock Index return does Granger Cause T-bill as it is significant at 5%level of significance. Hence the null hypothesis is not rejected for i.e. T-bill does not Granger Cause Stock Index Return, however the null hypothesis is rejected for i.e. LNRSI does not Granger Cause LNRTB. There exists a unidirectional relation between Stock Index Return & Interest Rate

Discussions

Stock markets play a pivotal role in growing industries and commerce of a country that eventually affect the economy. Diverse researcher have identified that T-Bill has an inverse relationship with stock index

return. From an investor perspective, a rise in interest rate will demand better return in equities & Bonds however the profitability of a company decreases. Investor shifts their investment from capital market to fixed income money market. Conversely, reduction in interest rates makes investor shift from money market to capital market. Government bond and securities are a big factor which is responsible for the volatility in the stock market. Investors and portfolio managers supposed to determine how Treasury bill rate and interest rate affect market returns inversely & observing the two variables together facilitate them in rebalancing their portfolio in order to make good investment decision as high interest rate will prevent capital outflows, hinder economic growth and, consequently, hurt the economy as interest rates is one of the most important factors affecting directly the growth of an economy.

Conclusion

The study focused on our study investigated the volatility of Treasury bond yield on the Stock Index returns: Indian evidence. The analysis is carried on the monthly in the time span of 2005 to 2019 to find out the result that two variables have some impact on each other. Research paper of **Addo et al. (2013)**, the results demonstrate that Treasury bill rate and interest rate both have a negative relationship with stock market returns but are not significant. These results lend support to the idea that interest rate and Treasury bill rate has both negative relationship but weak predictive power on stock index returns independently. The study concludes that interest rate and Treasury bill rate jointly impact on stock index returns in the short run. Understanding the effects of both Treasury bill rate and interest rate dynamics on stock index returns will help investors; fund and portfolio managers and firms make better investment decisions.

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Once you start working on something, don't be afraid of failure and don't abandon it. People who work sincerely are the happiest.

- Chanakya



THE IMPACT OF HOTEL LOCATION ON PRICE OFFERINGS IN SAMARKAND CITY

Bekzot Janzakov¹

ABSTRACT

This article analyses the impact of hotel location on price offerings in hotels, hostels and guesthouses of Samarkand city. In our analyses we used data of 53 hotels, hostels and guesthouses from Google Maps application. As a result, we found out that arriving tourists were sensitive to price fluctuations and the location of hotels, indeed, affected price offerings significantly.

Key words: Hotel Room Prices, Proximity to main Touristic Attractions Index, Samarkand Hotels, Econometric Analysis, Graphical Interpretation.

Introduction

Today, various touristic destinations compete intensively for visitors. For Uzbekistan achieving its own market share in the world tourism market is of strategic importance and reforms have already been initiated in this direction. Together with developing a touristic destination, it is crucial to support domestic tourism, at the same time, continually improve the quality of delivering touristic services. With the initiative of the President of Uzbekistan Sh.M.Mirziyoyev new infrastructure is being constructed and the old one is being modernized. The new infrastructure in the face of business centers and smart cities is being built in all major cities, such as Tashkent, Samarkand, Bukhara, Urgench, Fergana and Andijan. This kind of modern infrastructure is supposed to improve local people's life, and draw attention of business people worldwide.

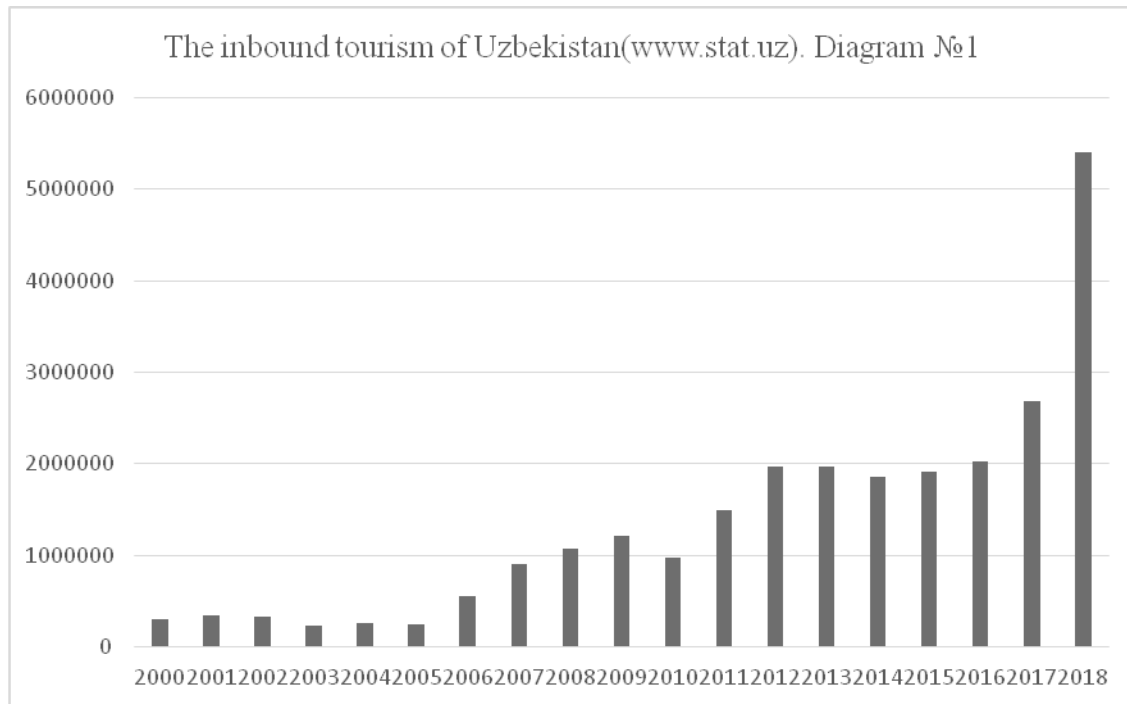
The legal base for the rapid development of tourism sphere has been recently created. The President's decree about "The further measures of the development of tourism sphere of the Republic of Uzbekistan" adopted on 13th August 2019, outlined precise measures to be implemented by 2025. According to the decree from the 1st January 2023 juridical entities arranging safari tourism and camping, in case they construct autonomous high quality infrastructure on their own, are exempted from profit tax, land and property taxes as well as from unified social payments. If they import any devices from abroad, they are exempted from all obligatory customs fees (President's Decree PF-5781, 2019).

Furthermore, in order to increase the competitiveness of air transport, the government opened three airports (Karshi, Nukus and Termez) for all foreign air companies and low-costers. Also, on 19-20th February 2020 it is planned to arrange the first international forum in Tashkent inviting foreign air companies across the world (A. Abdukhakimov, 2019). The liberalization of air transport market will definitely decrease the cost of transportation and increase visitation to the Republic. If the flow of tourists rise fast, then hotel industry will be the first to benefit from this trend.

As government has initiated massive tourism marketing, the sharp rise in the number of tourists is expected in recent future. If you look at the dynamics of inbound tourism of Uzbekistan from 2000 to 2018,

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the number of incoming tourists doubled in 2018 with regard to 2017 (Diagram №1). This is mainly due to cancelling the visa regime for 82 countries and effective marketing of Uzbekistan in many metropolitan cities of the World, such as Paris, London, New York, Berlin and Seoul.



Samarkand is one of the ancient cities of Uzbekistan. It is 2750 years old. Because of its rich history and beautiful Middle-Ages architecture thousands of travelers arrive in the city. Majority of tourists visiting Uzbekistan, also, pass by Samarkand. The opening of the Khanabad-Muynak high-way by 2025, which also will be connected to Samarkand, is supposed to increase the flow of tourists by several times. Obviously, in this situation of growing demand, hotels of Samarkand will have opportunity to expand their businesses. However, to stay competitive in tourism market it is important to offer competitive prices for tourists. Therefore, our research can be useful for policy makers in determining the impact of location on price offerings.

Literature review

Among Uzbek economists I. Tukhliev, B. Safarov and others conducted researches on various aspects of tourism sphere of Uzbekistan. For example, Tukhliev and Safarov gave detailed overview of local tourism market, where they pointed out several factors including location influencing prices in hotels (I. Tuhliev & B. Safarov, 2018). Alimova also demonstrated in her works that location was crucial factor in price offerings for small sized hotels in Uzbekistan (M. Alimova, 2016). A.T. Atilla in his works showed that location was the major factor influencing competitiveness of hotel industry (A.T. Atilla, 2009). Researchers from Turkey E. Ergun and E. Gavcar studied factors influencing hotel room prices, such as positive relations between hotel managers, regular payments, location and others (E. Ergun & E. Gavcar, 2012). Espinet et al (2003) used panel models to learn about how some hotel attributes in Northern Catalonia influenced room prices. Bull (1994) focused on how certain locational attributes including the distance from, and access to, specific places and the proximity of neighborhood amenities, affected motel room prices in Ballina, Australia.

However, surprisingly to this day any research on the analysis of factors influencing hotel prices in Samarkand wasn't implemented using Google Maps application's data. Similar study on finding out strong factors influencing hotel prices of New York was conducted by Z.Zhang et al. But they used data from Tripadvisor.com. According to SEM knowledge base (seatribunal.com) 90.46% of search engine market share worldwide belongs to Google. Therefore, it is appropriate to assume that most travelers look for information about touristic infrastructure and attraction on Google services, in particular, Google Maps.

Methodology

We analyzed the prices per night, proximity to touristic object and feedback indexes for 53 hotels, hostels and guesthouses located in Samarkand. We extracted average monthly prices for one night in August 2019- the peak month of the touristic season in Samarkand. In August 2019, the total number of hotels in Samarkand was 128. Therefore, our sample of 53 hotels located in various parts of the city represented the local hotel industry very well. In order to find out statistical relationship we used graphical interpretation and econometric analysis. We also conducted vis a vis interviews with 15 hotel managers. Our research is based on two assumptions:

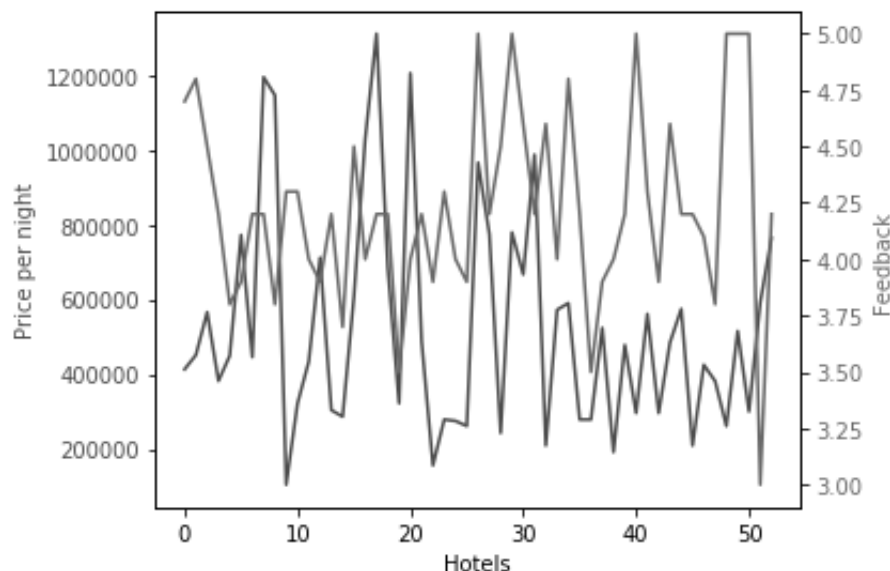
A_0 - Travelers visiting Samarkand gave objective feedback about hotels;

A_1 - Google Maps correctly calculated proximity index for all sample hotels.

Empirical analysis.

We took prices in soums, five-point feedback index for 53 hotels and reflected them in the following graph № 1. One can notice in the graph that for many hotels when prices per night went down feedback went up. But this trend was not applicable to all hotels. Even though some had higher prices, the feedback was also higher, perhaps, because of good service delivery or facilities. In general, assuming that feedbacks were not biased, one could conclude that, in general, customers were sensitive to the price fluctuations in Samarkand hotels.

Tourists' feedback and prices per night. Graph No.1



We also conducted interviews with 15 hotel managers. We went to hotels and talked to managers vis a vis about local tourism market and competition. All of them graded competition as “intense” in tourism market, nevertheless the number of travelers was steadily increasing. Twelve of them admitted that they took decisions on prices offering by observing the prices of their competitors. As for the question whether they planned to enlarge hotel capacity, 100% of them said they had no intention to expand. They argued that because of the seasonal features of tourism market, it was better to run small sized hotels up to 50 rooms rather than large ones with 200 rooms. Their argument was that the larger sized hotels incurred more cost for maintenance. With regard to applying innovation in tourism, 10 managers responded that they had never applied any innovation, three of them used internet technologies such as virtual assistants and advanced website, two managers said that they innovatively decorated the exterior and interior part of the hotel buildings.

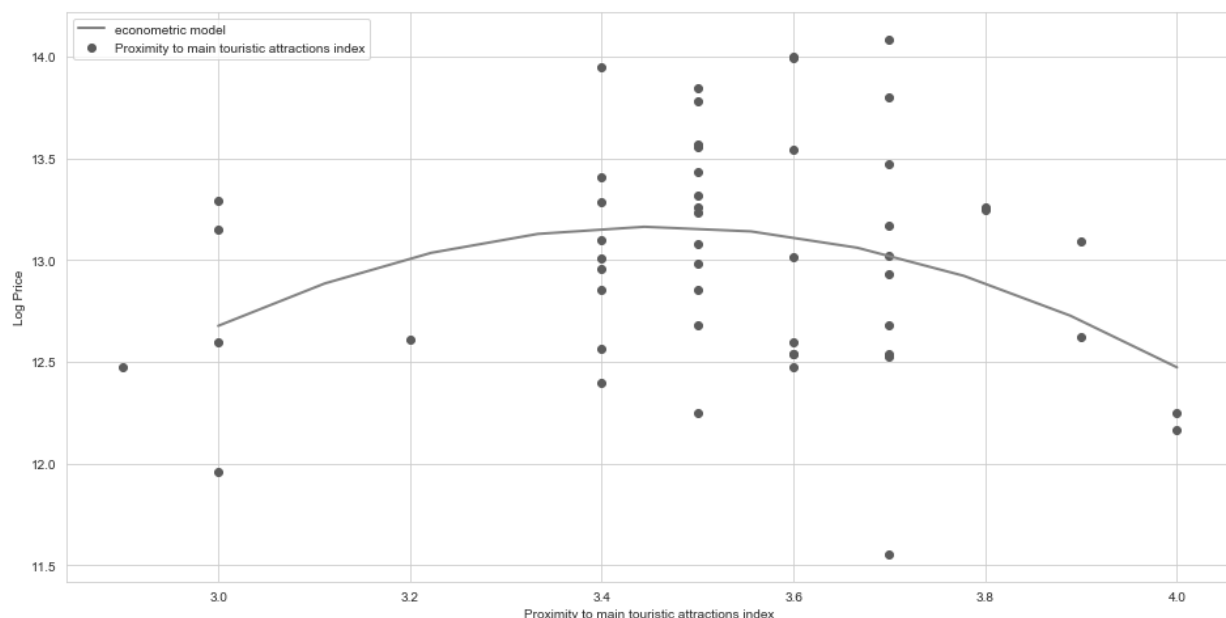
Having analyzed the data from Google Maps, we found out significant interrelationship between indexes of proximity to touristic amenities and prices per night. Based on the result of statistical analysis, we constructed following econometric model of the influence of proximity index on room prices (Graph 2).

$$\text{Log } Y = -2.34X^2 + 16.18X - 14.8$$

Y-Average price per night for a tourist;

X - Hotel's proximity to main touristic attractions index;

The interrelation between proximity index and prices per night. Graph №2



The determination coefficient of the model equalled to 0.13, which meant our model explained only 13% of the price fluctuations. The reason for low determination coefficient was that we were not able to add major factors, such as wages, taxes, maintenance cost and others. The probability of F value being greater than the critical F was 0.03, which proved that the model was statistically significant and explained the fluctuations in prices per night.

I_Price	Coef	Std. Er	t	P>t	[95% Conf. Interval]	
SqrProximity	-2.340646	0.8480979	-2.76	0.008	-4.044101	-0.6371915
Proximity	16.18047	5.856144	2.76	0.008	4.418062	27.94289
_cons	-14.79863	10.08716	-1.47	0.149	-35.05928	5.462029

In order to interpret the results of the model, we used following approximation (J.F. Wooldridge, P.188):

$$\Delta Y\% = 100(16.18 - 2 \cdot 2.34 \cdot X) \cdot \Delta X$$

According to this, in different values of proximity index, the change in price would also vary. For instance, if the hotels' proximity index changed from 3 to 3.1, the prices per night climbed by 21.4%, in case it changed from 3.1 to 3.2 the increase in price would be 16.7%. The price growth stopped, when hotels acquired 3.5 proximity index. Hotels with proximity indexes from 3.5 to 4 had to lower prices per night, probably, because of intense competition. The indexes from 3.5 to 4 are given to hotels, which are located close to main touristic attractions, as well as within easy reach by transport.

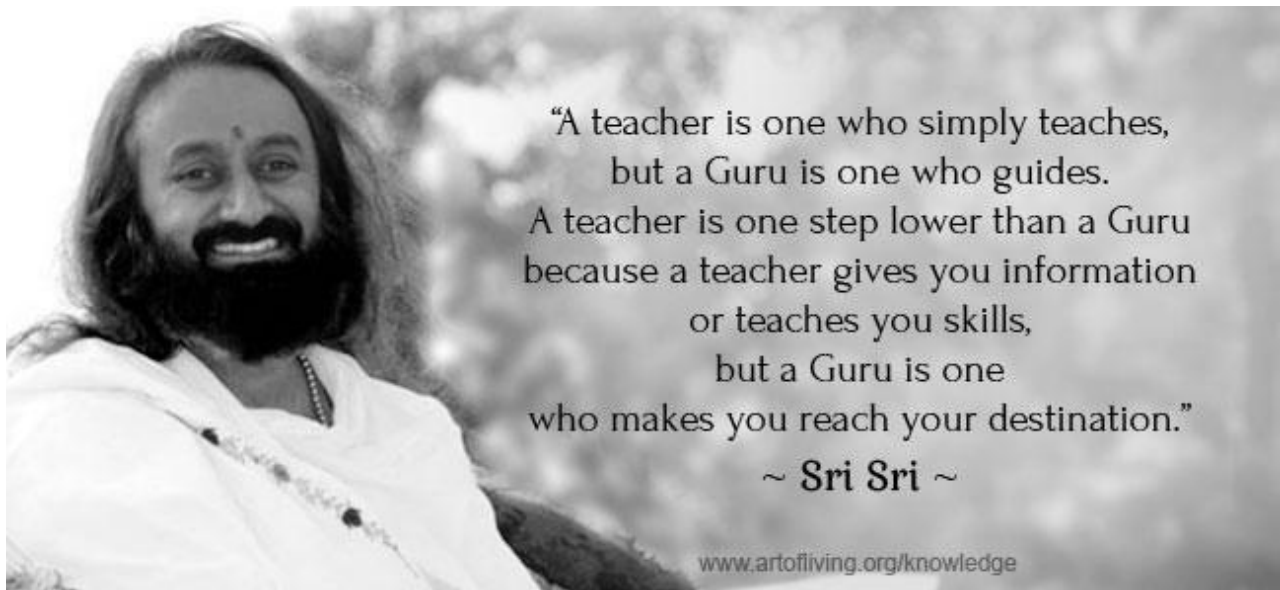
Discussion and conclusion.

So we can conclude that majority of tourists visiting Samarkand prefer to stay in hotels with lower prices. Also, the location significantly affected price offerings. The more "uncomfortable" was the location of hotels (distant from main touristic attractions), the higher prices per night were offered there. However, hotels that had proximity indexes between 3.5 to 4 usually offered lower prices, probably, because of intensive competition in the neighboring area. Besides, it became clear that hotel managers rarely used innovations in delivering touristic services, despite strong competition. Most managers also didn't have their own strategy of price offerings, instead they just copied the actions of their competitors. Moreover, because of seasonal fluctuations in tourist visitation, it was preferable to run smaller sized hotels to avoid larger maintenance cost. In our view, current situation reflects that there are still many problems in doing tourism business in Samarkand. The main problem is that many tourism entrepreneurs have no idea about long term strategic planning. Instead, they prefer to copy their competitors and keep their volume small. It is evident that even though reforms are being carried out, for now hotels in Samarkand remain mainly small, poorly managed and without ambition to grow.

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ISSUES OF FORMATION OF RESERVE OF DISASTERS ON REINSURANCE IN UZBEKISTAN

Sultanov Dilshod Mirkamilovich¹

ABSTRACT

The article considers the problems of forming insurance reserves for reinsurance activities in Uzbekistan. The features of the formation of reserves for reinsurance operations in the conditions of Uzbekistan are studied. Suggestions have been developed for creating disaster reserves adequate to the long-term risks existing in the insurance system.

Key words: Insurance, Reinsurance, Reinsurance Methods, Facultative Reinsurance, Obligatory Reinsurance, Retrocession, Insurance Reserves, Solvency, Reinsurance Rates.

INTRODUCTION

Insurance activity is an integral part of the economy's infrastructure. First and foremost, the insurance industry is one of the key factors in the sustainable development of the economy by ensuring the continuity of production processes in the economy, and secondly, the insurance industry is characterized by significant investments in the economy.

With the development of the economy, of course, the risks of the economy will also increase. In order to insure these risks, it is necessary that insurance companies have strong solvency. Occasionally, high liability for insurance objects may not allow the insurance organization to fully insure the facility. In this case, insurance companies use the ancient insurance mechanism of reinsurance. "This activity prevents large damages that can have a significant impact on the activities of the insurance organization and therefore reinsurance is an effective instrument for ensuring the financial stability of the insurance organization" [1]. In addition, reinsurance "increases the amount of capital that provides the risk capability as it reduces the potential for insurance losses" [2].

Today, reinsurance mechanism is widely used in our country. Insurance companies reinsure risks in foreign and domestic insurance companies. However, the effectiveness of reinsurance operations in Uzbekistan's domestic insurance market is insufficient. This can be seen by the fact that reinsurance companies have not formed reserves for years, such as the Reserve and Loss Reserve. This, in turn, indicates that in the case of major cities, earthquakes or major anthropogenic catastrophes, the national insurance system may have significant problems in compensating for these major losses.

In today's development of the national insurance market, insurance companies are not seeking to form long-term insurance reserves associated with major accident insurance. This is because they prefer to reduce the level of risk by reinsurance, such as earthquakes and other natural disasters. Under current legislation, there are no separate methods for establishing insurance reserves for risks accepted for reinsurance [3]. That is, reinsurers do not form long-term insurance reserves, which are very important for large-scale accident insurance. That is why it is important today to establish the procedure for the formation

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of long-term insurance reserves in the national insurance system, which is consistent with the amount of risks accepted for reinsurance.

The analysis shows that during 2018 insurers' reinsurance premiums in Uzbekistan will amount to 205.2 billion sums. soums (see Figure 1). This figure is the highest for the five-year period, which is 21.6 percent higher than last year.

Despite the significant growth in the volume of reinsurance premiums, we can observe that the share of these premiums in total insurance premiums is decreasing each year. This trend has continued since 2016 (see Figure 2). For example, in 2015 the share of outgoing reinsurance premiums in total market premiums was 27.3%, in 2016 this figure was 21.0%, 18.2% in 2017 and 12.6% in 2018. This fact indicates that insurance companies are increasing their share of insurance premiums in relative terms.

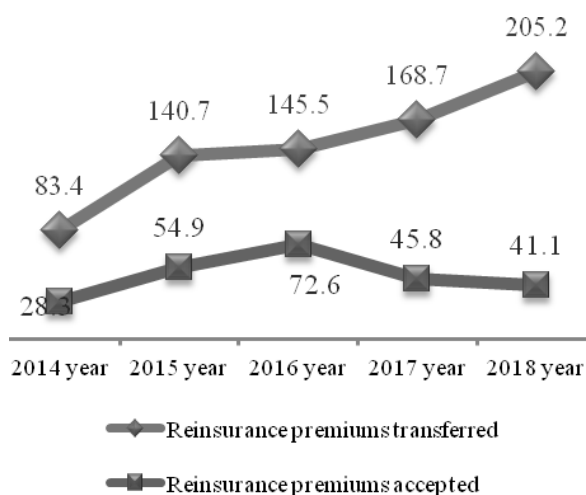
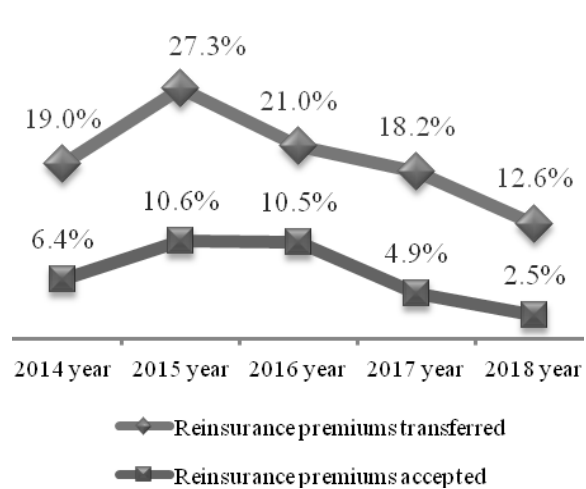


Photo 1 Dynamics of volume of insurance premiums received and transferred in Uzbekistan (billion sums)



Picture 2 Dynamics of share of insurance premiums received and transferred in Uzbekistan in total insurance premiums ¹

In 2016, incoming reinsurance also showed a downward trend in the share of premiums. Reinsurance reinsurance premiums in total market premiums were 10.6% in 2015, and by 2018 this figure dropped to 2.5%. In our opinion, this is due to the fact that insurance companies of the country do not have sufficient capacity, ie long-term reserves for deadly risks. On the other hand, this indicates that insurance companies in Uzbekistan are still slow in accepting reinsurance liabilities from external markets.

The importance of this issue is also indicated by point 9 of the Roadmap for Accelerated Development of the Insurance Market of the Republic of Uzbekistan for 2019-2020. According to the document, the deadline for implementation of this task is set to March 2020.

In this context, we think it is advisable to establish reinsurance reserves in our country based on the specific risks and reinsurance methods used in the reinsurance contract.

¹SAIPRO Ахборот-рейтинг агентлиги маълумотлари асосида муаллиф томонидан тузилди.

ANALYSIS LITERATURE ANALYSIS

Leading foreign scholars on research and improvement of reinsurance relations D. Bland, K. Geratevsh, R. Carter, K. Pfeiffer outlined their scientific approaches to this issue. Some ideas on improving reinsurance relations in the writings of the great economists of the CIS V.Shakhov, E.Kolomin, L.Orlanukuk-Malitskaya, K.Turbina, T.Fyodorova, V.Serbrovskiy, E.Gendzexadze, V.Ivashkin, R.Yuldashev reflected. Economists such as M.Mirsadykov, S.Umarov, H.Shennaev, Sh.Imomov, T.Baymuratov, I.Abdurakhmanov have been working on some aspects of reinsurance market in the Republic of Uzbekistan. However, it should be noted that the Republic of Uzbekistan has not conducted a thorough research on the reinsurance market and reinsurance relations. Therefore, in the context of the rapid development of the insurance market, in-depth study of reinsurance relations in Uzbekistan is important.

ANALYSIS AND RESULTS

In general, the development of the insurance industry is inextricably linked to the reinsurance system. Reinsurance is the transfer of risk, or part of it, of one insurance organization to another insurance or reinsurance organization. Since the reinsurance process is a relationship between insurance organizations, it has several specifics. First and foremost, reinsurance is the best way to get rid of excess insurance obligations. This is because the insurance company may be able to cover only a certain part of the large amount of liabilities it has received under a single contract. In this case, the existence of a reinsurance mechanism allows the insurance organization to satisfy the customer's demand, ie the insurance organization transfers its excess liabilities to the reinsurer and retains the client. In addition, reinsurance creates favorable conditions for insurance companies to accept large liabilities and expand their business activities. For example, an insurance organization has the capability to insure a large number of large objects (aviation, marine, drilling equipment insurance, etc.) with reinsurance relationships with tens or hundreds of insurance companies.

Reinsurance can also occur between two reinsurers, which is known as retrocession in international practice.

In developed countries, reinsurance has a long history and has become a large branch of insurance. The first legally valid reinsurance contract was concluded in Geneva in 1376. [5] The agreement states that the two traders were reinsured by the insurer of goods transported by sea from Genoa to Brugge. Subsequently, reinsurance became a separate type of activity and developed extensively. The first reinsurance organization, the Cologne Reinsurance Society, was established in 1846. Its peculiarity is that it specializes in reinsurance only.

Currently, reinsurance is developing internationally and fulfilling the following important functions in the international insurance market:

- Secondary distribution of insured risk;
- Creation of conditions for reception of additional financial capital by the insurance organization;
- A positive impact on the solvency of the insurance organization;
- Simplification and speeding up the process of payment of indemnities in the event of an insurance event.

Economist K.Kh. According to Pfeiffer, reinsurance allows the insurance organization to minimize the following risks associated with insurance activities: [6]

Risk of extraordinary damage:

1. Uneven fluctuations in the size of insurance coverage;
2. unstable receipt by insurers of applications for insurance coverage during the insurance year;
3. Natural disasters and accidents (cumulative risks) that force the insurance organization to pay insurance coverage under numerous insurance contracts as a result of an insurance event.

Risk of change:

4. Changes in the size of insurance coverage, especially in such types of insurance as liability insurance and health insurance, as a result of fluctuations in exchange rates and inflation;
5. In the case of accelerated technological development, the risks assumed by the insurance organization may not correspond to their actual level and, as a result, increase the level of risk for these risks.

Risk of errors and omissions:

Inaccurate assumptions in calculating the insurance premium rate, for example, misuse of statistical data and so on.

Reinsurance is based on a contract that specifies that one party (cedent) will transfer insurance risk to the other (cesarean). The reinsurer is obliged to pay the insurance indemnity in the event of an insurance event within the scope of its liability. The risk transfer process is referred to as a 'risk' or 'reinsurance session'.

It is noteworthy that up to a certain stage in the development of reinsurance relationships, there was no need to differentiate reinsurance. For hundreds of years only voluntary (facultative) reinsurance of individual risks has been used. Only in the 19th century, reinsurance relations developed rapidly, and several types of reinsurance emerged.

Apart from facultative reinsurance, these types of obligatory reinsurance are also developing. In addition, there are forms of reinsurance that can be divided into proportional or non-proportional forms, depending on the nature of the compensation.

It should be noted that in modern practice insurers and reinsurers have already begun to apply some large-scale risks of reinsurance through the securities market. At the same time, the insurer or reinsurer issues a bond and places it among investors according to the amount of damage they can suffer by a particular type of disaster or nature. If an insured event does not occur within the specified period of the bond, the insurance company will pay the investor a fixed interest rate, otherwise the investor will not be refunded if the insurance event occurs. In practice, these transactions are referred to as risk securitization, and bonds are insured securities. Insurance-related securities were first used in 1992 in the United States. This includes \$ 20 billion from Hurricane Andrew to Florida. Caused damage to more than US \$ 7. [7] In this way, risk securitization should be regarded as essentially a new, unique instrument for risk reinsurance.

At present, there are a number of reinsurance methods in practice, and their specificity is reflected in the consideration of the types and forms of reinsurance. Under mutual obligations, reinsurance contracts can be divided into three types:

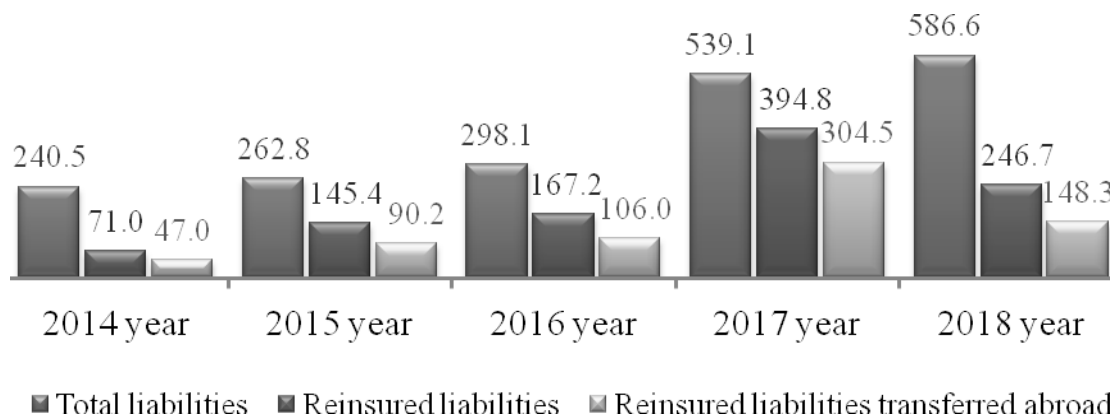
1. Facultative (voluntary) reinsurance;
2. Obligatory (compulsory) reinsurance;
3. Facultative-obligatory reinsurance.

In addition, reinsurance can take the form of "proportional" or "nonproportional" depending on whether it is based on the sum insured or on the basis of paid insurance losses.

In turn, proportional reinsurance is subdivided into "quota share" and "surplus", and nonproportional reinsurance is divided into "excess of loss" and "stop-loss".

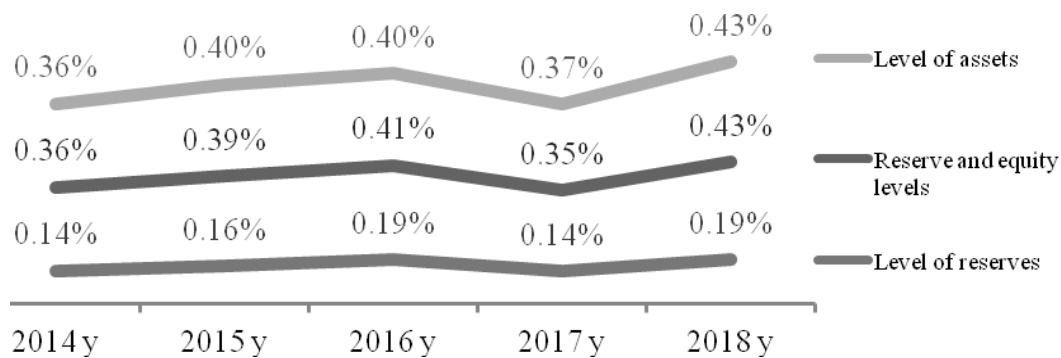
According to the existing insurance reserves formation order, [3] the formation of insurance reserves under reinsurance contracts only takes into account the reinsurance or non-proportional form. According to it, premiums received on nonproportional reinsurance are transferred to insurance reserves in accordance with the procedure established by the 1st group. For proportional reinsurance, insurance reserves are formed in the manner prescribed for that type of insurance. This procedure relates to unearned premiums, which means that when the expiration of the insurance or reinsurance contract expires, the premium will be transferred to the benefit of the insurance organization. It is important to note that the reinsurance provisions in this order do not correspond to the types and methods of reinsurance and do not allow for the formation of reserves in accordance with the assumed risk.

Looking at the dynamics of the volume of liabilities in the insurance market of Uzbekistan for the last five years, the volume of liabilities grew steadily during 2014-2016. By 2017, the volume of liabilities has increased dramatically, reaching 80.8% to \$ 539.1 trillion. (See figure 3). At first glance this change may indicate a dramatic expansion of the insurance market in the insurance market, but our analysis shows that this change was mainly due to the devaluation of the national currency in our country in 2017. At the same time, there was growth in the real volume of market liabilities, but the growth rate was around 20.0%. In 2018, the volume of liabilities continued to grow, up 8.8% from the previous year.



Picture 3 Total liabilities and liabilities transferred to foreign reinsurance (trillion sum)

Insurance companies accept large amounts of insurance liabilities and transfer a significant part of them to reinsurance. Active use of reinsurance instruments by insurance organizations allows them to allocate and normalize large-scale and solvent risks in their portfolio. For example, according to Figure 3, the share of reinsurance liabilities in total liabilities was 29.5% in 2014, while in 2015 and 2016 this figure rose to 55.3% and 56.1%, respectively. In 2017, this figure rose to its maximum level in the last five years, reaching 73.2 percent. In 2018, the share of total reinsurance liabilities fell 42.1%. In general, the figures show that usually, between 23.0 and 40.0% of liabilities for reinsurance are placed within our national market and the rest are placed in foreign markets. This fact indicates that there is no long-term emergency reserves for the national insurance market.



Picture 4 Ratio of assets and reserves in the insurance market to total insurance liabilities.¹

The level of total assets of insurance organizations in relation to the volume of accepted insurance liabilities for the last five years was 0.36% and 0.43%. The calculations show that in the event of a large natural disaster or catastrophic loss of 1.0% of the total liabilities incurred in the country, the country's insurance system will have significant solvency problems. This shows that today it is important to revise and improve the rules of accident insurance in the insurance sector.

CONCLUSIONS AND SUGGESTIONS

As a result of studying the problems of formation of insurance reserves for reinsurance in our country, the following conclusions were made:

1. The current procedure for formation of insurance reserves under reinsurance contracts is the same as the procedure for direct insurance and does not take into account the specifics of reinsurance contracts;
2. In the order of formation of direct insurance reserves, the insurance organizations have the right to form separate reserves for long-term risks (earthquakes, natural disasters, etc.). In practice, insurance companies do not form long-term risk reserves to make faster returns.
3. In case of simultaneous large damage to insured property as a result of any of the long-term risks, the insurance system is unlikely to be able to meet its obligations. In order to overcome this, scientists have also stated that "there is a need for a reinsurance organization in the country" [8].

¹Ўзбекистон Республикаси Молия вазирлиги, Суғурта назорати давлат инспекциясининг Ўзбекистон Республикасида суғурта фаолиятини тартибга солиш ва назорат қилиш бўйича 2018 йил ҳисоботи (манба: www.mf.uz) ва SAIPRO Ахборот-рейтинг агентлиги маълумотлари асосида муаллиф томонидан тузилди.

4. The reinsurance mechanism will allow the formation of diversified insurance reserves within the country or internationally. This, in turn, will allow to create sufficient reserves to cover the damage caused by long-term risks, and to maintain the stability of the insurance system.
5. The mechanism of reinsurance allows to study the level of damage, not only in the long-term, but also in the short-term risks, and, therefore, to create insurance reserves suitable for the vibration rate.
6. Based on the aforementioned conclusions, the following proposals for the formation of insurance reserves for reinsurance were developed:

1. In the general insurance sector, long-term risk reinsurers in classes 8 and 9 are proposed to establish a commitment for the purpose of creating a reserve of targeted losses for these risks. It is desirable to characterize the nature of these reserves in the manner described in Table 2 below:

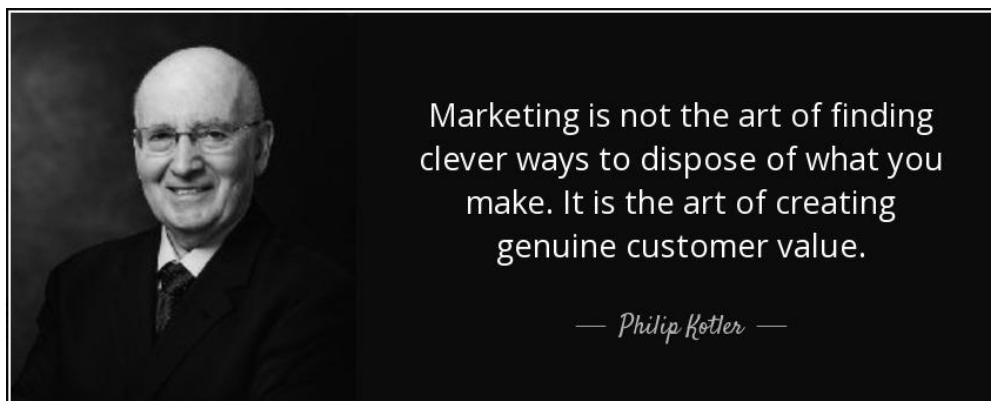
2-table.

1. №	Characteristics	Terms
2. 1	Risks to be created	Risks related to earthquakes, floods, hurricanes, landslides and other natural disasters.
3. 2	Backup type	Long-term backup type.
4. 3	Resource source	The reserve is formed by a certain amount of deductions from reinsurance premiums.
5. 4	Reserve Rate	The rate of deductions is calculated by a certified specialist in actuarial calculations. Distinctive features of the allocation norm:
6. 5	Reserve limit size	1. In proportional reinsurance, the allocation rate is set separately by the quota share and surplus agreements for each type of risk;
7. 6	Reserve use	2. In non-nonproportional types of reinsurance, the allocation rate is set against the amount of liability under contracts of excess of loss and stop-loss for the types of risks.
8. 7	Regulatory document.	In addition to the deduction rates, the actuary determines the amount of marginal reserve or limit amount. All allowances will be cut off if the reserve capacity reaches this standard. In the event of a reduction in reserve, the allocations will be resumed.

1. It is expedient to apply the obligation of formation of catastrophic insurance reserves under reinsurance contracts not only to specialized reinsurance organizations, but also to insurance organizations that carry out reinsurance activities with primary insurance.
2. In case of reinsurance contracts accident reserves should be included in the list of technical reserves. Otherwise the deductions to this reserve will be subject to income tax. This results in excessive costs for the formation of these reserves.
3. It is expedient to include these reserves in the technical reserve in case of voluntary accident insurance by the insurance organization for classes other than classes 8 and 9.

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ADVERTISING IMPACT ON CONSUMER BUYING AND ONLINE SHOPPING

Dr. Alka Mishra¹

Introduction

Now these days online shopping performing explosive role among all generation consumers. The major aim of advertising is to impact on buying behaviour; however, this impact about brand is changed or strengthened frequently in people's memories. Memories about the brand consist of the associations that are related to brand name in consumer mind. These brand cognition influence consideration, evaluation, and finally purchases (Romaniuk and Sharp, 2003). By 2000 online advertising spending in the United States reached \$8.2 billion dollars (Hollis 2005). Online advertisements may also offer various forms of animation. In its most common use, the term "online advertising" comprises all sorts of banner, e-mail, in-game, and keyword advertising, on platforms such as Facebook, Twitter, or MySpace has received increased relevance. Web 2.0 related advertising has a variety of sites to publicize and reach a niche audience to focus its attention to a specific group. (Srivastava, 2012).

Means of advertising

Advertising means a paid form of communication intended to convince an audience (viewers, readers or listeners) to purchase or take some action regarding to any products, services & ideas etc. The current research work investigates the relationship between independent variables which are environmental response and emotional response with attitudinal and behavioural aspect of consumer buying behavior, by tapping the responses of 180 respondents using survey method from Gwalior, Morena, and Shivpuri district at Madhya Pradesh. Actually this fact that ads had been play vital role to turn people purchase behaviour towards specific brands.

Key words: Advertising, Purchase, Products, Behaviour, Brands.

Background Study

(Abideen & Saleem, 2012). His research study clearly indicates that there exists a weak association between environmental responses with the consumer buying behaviour including the attitudinal as well as behavioral aspects of the consumers buying behavior. Online advertising has grown rapidly in the last decade. (Bakshi & Gupta, 2013). The need is to understand the target consumers and then strategize wisely in order to gain maximum out of this new medium. (Mohammed & Alkubise, 2012). In an effort to explore the factors that affect online advertisement effectiveness, this paper investigates the factors that influence online advertisement and hence the purchasing intention among Jordanian university students. (Srivastava, 2012). Study on impact of online advertising on consumer behavior, the outcomes which came from the survey which is conducted over the 100 number of people from Lucknow (Rajaji Puram & Alambagh) city. In a research, I found that the Internet users (all age groups people) have the same perception towards the website advertisements. (Niazi, Siddiqui, Shah, & Hunjra, 2012). The results of this study show that there is positive relationship of emotional response with consumer buying behavior and no relationship between environmental response and consumer buying behavior. Therefore, it is concluded that consumers purchase

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products by emotional response, rather than environmental response. (Hooda & Aggrawal, 2012). Moreover, people are more resistant to change & not easily adaptable to newer technology. 68% of respondents found shopping from shop easier, convenient & preferable over online purchasing. (Salehi, 2012). His study revealed the last four factors (promotion, attractiveness, believability, and originality) don't significantly influence online shopping intention. These indicate that advertisement doesn't have an important effect on online shopping. (Keisidou, Sarigiannidis, & Maditinos, 2011). The study developed a model for determining online shopping attitudes and tested it in the context of different product types. Results demonstrated that the four regression functions were all significant in the context of different products.

Objectives of the Study

1. To design develop a standardized measure to evaluate Ads & Consumers Buying Behaviour.
2. To find out causal and effect relationship between Ads & Consumers Buying Behaviour.

Research Methodology

The study will be causal in nature. The data will be collected through survey method and relationship will be developed using statistical tools.

Sample Design

Population: The population for the study has been included at the Gwalior.

Sampling Frame: All the Employees, Student, House wives, & Businessman from the Gwalior city will be sampling frame.

Sampling Technique: Non Probability, purposive and convenient sampling technique will be used to identify the respondents of the study.

Sampling Elements: Individual respondent will be sampling element of the study.

Sample Size: Sample size will be 180 respondents of Gwalior.

Tools to be Used for Data Collection

Self design questionnaire will be used to measure all the variables. The data will be collected on the scale of 1-5 Likert's scale.

Tools to be Used for Data Analysis

- Internal consistency
- Reliability
- Regression Analysis

Observation & Results of the Study

Reliability Test

Reliability test for the variables were carried out by using SPSS software and the reliability test measures are given below

R e l i a b i l i t y S t a t i s t i c s		
a r i a b l e s	C r o n b a c h ' s A l p h a	N o f I t e m s
A l l V a r i a b l e s	. 7 3 7	2 0

There is Cronbach's Alpha value is .737 this value is more than to standard value of Cronbach's Alpha value .7, it mean our questionnaire has been reliable and provide us exact information as we want from data.

Internal Consistency Test

Consistency of all the factors in the questionnaire were checked through item to total co-relation. Under this co-relation of every item with total is measured and the computed value was compared with standard value and found that whole factor/statement was consistent

I t e m - T o t a l S t a t i s t i c s											
		Corrected Item-Total Correlation				Cronbach's Alpha if Item Deleted			S t a t u s		
A d v e r t i s i n g											
q	1	.	0	6	7	.	7	4	8	A c c e p t e d	
q	2	.	5	3	4	.	7	0	8	A c c e p t e d	
q	3	-	.	3	4	4	.	7	7	6	A c c e p t e d
q	4	-	.	2	0	9	.	7	6	9	A c c e p t e d
q	5	.	4	4	6	.	7	1	8	A c c e p t e d	
q	6	.	4	2	3	.	7	1	9	A c c e p t e d	
q	7	.	5	4	9	.	7	0	9	A c c e p t e d	
q	8	.	4	7	4	.	7	1	3	A c c e p t e d	
q	9	.	3	9	4	.	7	2	0	A c c e p t e d	
q	10	.	5	6	5	.	7	0	2	A c c e p t e d	
q	11	.	0	6	7	.	7	4	8	A c c e p t e d	
q	12	.	5	3	4	.	7	0	8	A c c e p t e d	
C o n s u m e r B u y i n g B e h a v i o u r											
q	13	.	1	1	2	.	7	4	2	A c c e p t e d	
q	14	-	.	0	5	1	.	7	5	7	A c c e p t e d

q	1	5	.	4	4	6	.	7	1	8	A c c e p t e d
q	1	6	.	4	2	3	.	7	1	9	A c c e p t e d
q	1	7	.	5	4	9	.	7	0	9	A c c e p t e d
q	1	8	.	4	7	4	.	7	1	3	A c c e p t e d
q	1	9	.	3	9	4	.	7	2	0	A c c e p t e d
q	2	0	.	5	6	5	.	7	0	2	A c c e p t e d

Linear Regression Analysis between Ads Effectiveness and Consumers Buying Behaviour

The regression was calculated by taking the total of Ads on Consumer Buying Behaviour by using SPSS software. In this the Ads was independent variable and Consumer Buying Behaviour was the dependent variable. Therefore, regression is calculated by taking dependent and independent variable.

Null Hypothesis: It States there is no Impact of Ads on Consumer Buying Behaviour towards Online Shopping

Alternative Hypothesis: It States there is Impact of Ads on Consumer Buying Behaviour towards Online Shopping

S. No.	R Value	R ² Value	F Value	t Value	Beta Value	S i g .	Results
1	. 6 4 4 ^a	. 4 1 5	124.307	6 . 8 4 6	. 6 4 4	. 0 0 0 ^b	Accepted

The model has good fit as indicated by F-test value which is 124.307 significant at 0.000^b level of significance. The result of regression from the coefficient table indicates that Ads has strong relationship with Consumer Buying Behaviour having beta value of .644 tested through t-test having t-value of 6.846 which is significant at 00.0% level of significance. The model summary table indicates that Ads has 41.50% effect on Consumers Buying Behaviour since the r square value of table is .415 which means Ads has a Good impact on Consumers Buying Behaviour.

Hence the null hypothesis was can't be accepted by the result but alternative hypothesis was accepted.

Regression Models



Conclusion

On the basis of regression analysis research has been conclude previously and now ads done great jobs for change consumer mind towards online shopping and also advertisement helpful in decision making. The model summary table indicates that Ads has 41.50% effect on Consumers Buying Behaviour since the r

square value of table is .415 which means Ads has a Good impact on Consumers Buying Behaviour. Now these days' ads became good source of information regarding to product service and idea.

Acknowledgment

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Annexure

M o d e l S u m m a r y ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	. 6 4 4 ^a	. 4 1 5	. 4 1 2	. 4 0 1 8 9	1 . 6 4 3

a . P r e d i c t o r s : (C o n s t a n t) , A d s

b . D e p e n d e n t V a r i a b l e : C o n s u m e r B u y i n g B e h a v i o u r

A N O V A ^a						
Model	Sum of Squares	df	Mean Square	F	Sig .	
1 Regression	2 0 . 0 7 7	1	2 0 . 0 7 7	124.307	. 0 0 0 ^b	
Residual	2 8 . 2 6 5	1 7 5	. 1 6 2			
T o t a l	4 8 . 3 4 2	1 7 6				

a . D e p e n d e n t V a r i a b l e : C o n s u m e r B u y i n g B e h a v i o u r

b . P r e d i c t o r s : (C o n s t a n t) , A d s

C o e f f i c i e n t s ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig .
	B	Std. Error	B e t a		
1 (Constant)	2 . 0 4 1	. 2 9 8		6 . 8 4 6	. 0 0 0
A d s	. 7 3 4	. 0 6 6	. 6 4 4	11.149	. 0 0 0

a . D e p e n d e n t V a r i a b l e : C o n s u m e r B u y i n g B e h a v i o u r

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THEORETICAL FOUNDATIONS OF ENHANCING THE COMPETITIVENESS OF THE NATIONAL ECONOMY

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ABSTRACT

This paper dedicated the development of the national economy by the level and scale of development of market relations, the degree of integration into the world economy, the competitiveness of the economy, the level of technical and technological development, as well as the structure and development of industries and sectors.

Key words: International Economic Relations, the Globalization of the Economy, Economic Growth, Competitiveness of Industries, Socio-Economic Model.

Introduction

Today, as a result of the progressive development of international economic relations, the globalization of the economy, increasing the competitiveness of the national economy is becoming one of the most urgent tasks.

In particular, the Republic of Uzbekistan is giving strong emphasize to improving the competitiveness of the national economy. The Strategy for the Further Development of the Republic of Uzbekistan in 2017–2021 defines such as priorities “Improving the competitiveness of the national economy by deepening structural changes, modernizing and diversifying its leading industries” [1].

In the Message of the President of the Republic of Uzbekistan on the most important priorities for the development of our country for 2019, it was noted about “the creation of the necessary conditions for a radical improvement of the open economy, healthy competition, business and investment climate” [2].

Ensuring the continuity and effectiveness of reforms aimed at creating and enhancing the competitiveness of the national economy requires an interpretation of the essence and methodological basis of the competitiveness category from the point of view of the modern economy. Innovative economic development is an important factor in achieving the international competitiveness of the national economy and its strong reputation in international markets.

Literature review

In today's day and age, increasing competitiveness in all areas has become an objective necessity. As a result, it would be advisable to interpret the essence and methodological basis of the category of competitiveness from a modern point of view.

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Competitiveness describes how certain categories of objects correspond to market demand, that is, they determine the conformity of supply and demand, the ability to ensure the competitiveness of an enterprise, and the socio-economic model of a country.

“Competitiveness is a feature of the subject of goods, services and market relations in the market with similar goods, services, as well as competitors of market relations, which allows us to evaluate high, medium and low competitiveness separately,” says M. Porter, an economist and marketer from the USA, the author of a number of publications on competition and competitiveness, marketing [3].

Referring to the main category of “competitiveness”, Rubin writes that competitiveness refers to the ability of an economic entity to compete with competitors and understand its ability to act against such rivals, which suggests that such countermeasures can be successful or unsuccessful, relatively successful or relatively unsuccessful [4].

Competitiveness means maintaining its position in the fight against competitors, that is, equality, which in some cases superiority. Table 1 illustrates the diversity of scientific views on the concept of competitiveness, presented in a certain form of the system.

Table 1
Scientific views on the concept of competitiveness¹

Authors	The concept of competitiveness
M. Porter	Competitiveness is a feature of the subject of goods, services and market relations in the market with similar goods, services, as well as competitors of market relations, which allows to evaluate high, medium and low competitiveness separately
A. Kuleshova	Competitiveness is a characteristic determined by the degree to which a market asset satisfies real, potential or specific demand. Competitiveness is determined by its ability to compete in the market, and not its equivalent.
Y. Rubin	Competitiveness refers to the ability of an entity to compete with competitors and understand its ability to act against such rivals, which suggests that such countermeasures may be successful or unsuccessful, relatively successful or relatively unsuccessful
M. Erlix, J. Hein.	Competitiveness is the ability of a country or company to sell its products.
R. Fatkhutdinov	Competitiveness - a characteristic of the degree of satisfaction of objects with specific needs in the best alternative objects on the market
M. Boltabaev	Competitiveness - the ability to compete with similar products in certain market conditions
R. Alimov	Competitiveness is, in essence, the concentration of the economic power of a nation, its scientific, technical, industrial, sociocultural and ideological potential.
Sh. Nazarov	Competitiveness - being the levels of development, the region provides sustainable improvements in the level and quality of life due to its natural and economic potential, competitive advantages and institutional opportunities.

¹ Summarized by the author based on various sources

From the above definitions, we can conclude that "competitiveness is the ability to maintain competitiveness in the fight against competitors or to take advantage of competition" or "the ability of an economic entity to adapt to market conditions."

Analysis and Results

Supporting competition and its development, creating a competitive environment in the country are important for ensuring macroeconomic stability, achieving high rates of economic growth, forming an effective economic structure and competitiveness of the national economy. It is in this respect that the concepts of competition, competitiveness and economic growth are interconnected (Figure 1).

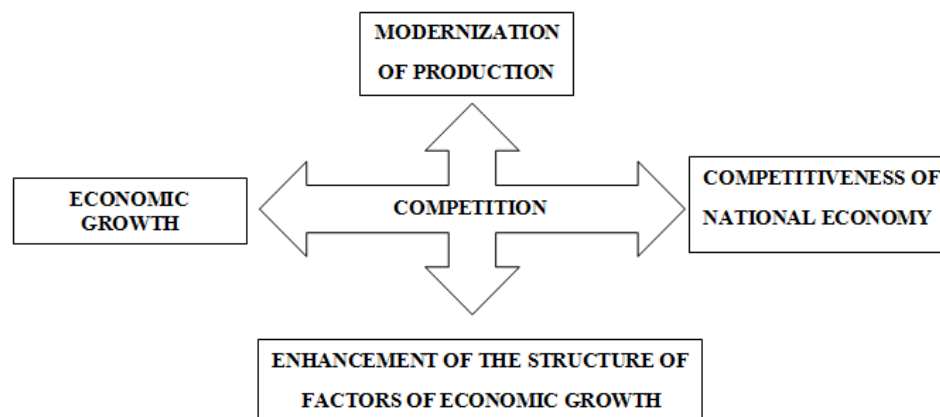


Figure 1. The relationship of the concepts of competition, competitiveness and economic growth¹

Scientific and practical sources provide different interpretations of the term of competitiveness, and its types and levels, and we summarized these definitions and interpretations as follows: (figure 2).

Micro-level	Meso-level	Macro-level
<ul style="list-style-type: none"> competitiveness of goods competitiveness of enterprises 	<ul style="list-style-type: none"> competitiveness of sector competitiveness of region 	competitiveness of national economy

Figure 2. Types of competitiveness²

The competitiveness of goods is the basis for increasing the competitiveness of the national economy. The competitiveness of goods manufactured at enterprises is the conformity of its main characteristics with the level of quality, design and customer satisfaction.

Managing the competitiveness of manufacturers for a product means not only transferring certain or consumer properties to goods, but also using a certain pricing strategy, but also income from the segment where the decision is made in the consumer market. It should be noted that competitiveness also reflects overall indicators of product quality and the relationship of its price.

¹ www.grandars.ru The concept and types of competitiveness. Created by authors based on this data

² Created by author

While Spiridonov I.A. described the competitiveness of the product as "a combination of price and quality characteristics of the goods, providing the satisfaction of the specific needs of consumers", Mazilkina E.I. and Panichkina G.G. described it as "a comparative and generalized description of the goods, which is a measure of the advantageous difference between goods and competitive goods, depending on the level of compensation needs." Garbatsevich determines the competitiveness of goods in terms of their competitiveness in the domestic and foreign markets through the efficient use of all sources and ensuring relatively low quality products. Describes what meets the specific needs of consumers, ensures stability of profitability and increases the efficiency of the manufacturer.

The production of competitive goods and the enhancement of their competitiveness will also help companies and firms gain a competitive advantage.

To ensure the competitiveness of goods, it is necessary to:

- Change product design and production technology;
- Quality control systems for testing, preparation, storage, packaging, transportation and installation;
- Changes in the order of sale on the market, changes in the composition and volume of investments in the production and sale of products are the main areas of competitiveness of goods.

The competitiveness of enterprises lies in the advantage of their products over competitors in customer satisfaction and the ability to quickly adapt to competition.

Lukina A.V., who conducted a study of the competitiveness of enterprises, describes the competitiveness of the company as "the ability of a company to meet the needs of customers at a higher level than its competitors, and if a company has competitive advantages, it can be considered as competitive" [7].

To increase the competitiveness of enterprises and organizations, the following is proposed:

- Development of action programs that allow the company to be flexible and respond to market changes;
- Achieving their competitiveness by creating competition in each segment of the enterprise;
- Introduction of modern corporate governance practices in enterprises, etc.

Industry competitiveness can also be achieved by ensuring the competitiveness of the enterprise. Due to the fact that the industry has a competitive advantage, this sector also has a competitive advantage and increases the competitiveness of the industry.

Spiridonov I.A. In his studies, emphasizing the competitiveness of economic sectors, writes that "the competitiveness of sectors is due to the following competitive advantages: firstly, to produce high-quality products that meet the specific needs of a certain group of consumers in terms of price, marketability and profitability of goods, and secondly, is determined by the order of delivery to the existing the global market at the optimum time, where competition is most possible" [5].

In our opinion, when forming priorities for improving competitiveness in economic sectors, it is advisable to perform the following tasks:

- Formation of an effective competitive environment and the development of intersectoral industrial cooperation;
- Achieving competitiveness through the qualitative improvement of the services provided;

- Use of international best practices to increase labor productivity in the industry;
- Development of the most feasible and optimal ways to reduce the dependence of the development of sectors of the economy on the situation on world markets, etc.

The competitiveness of the region's economy has a sufficient impact on the competitiveness of the national economy and is inextricably linked with the competitiveness of industries, enterprises and goods.

The competitiveness of a region is determined by its ability to improve the quality of life and wealth of the region's population. Sustainable socio-economic development of the regions will ensure its competitiveness and serve as the basis for the competitiveness of the national economy.

Today it is advisable to increase the competitiveness of regions in such areas as the correct and balanced distribution of foreign investment in the regions, increase the investment attractiveness of the regions, and further improve the innovative activity of the regions.

In summary, the need to enhance the competitiveness of the national economy is led by the intensification of competition at the current stage of market relations. The competitiveness of the national economy is shaped by the successful development of enterprises and sectors. Therefore, their success will also depend on the processes of improving the structure of the national economy. In other words, the export potential of the enterprise will be increased through ensuring the competitiveness of the manufactured products at the enterprises. The competitiveness of the sector is also enhanced by the competitiveness of the enterprise, which, as a result, increases the competitiveness of the region and the country.

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THE ROLE OF STATE-PRIVATE PARTNERSHIPS IN IMPROVING THE QUALITY OF EDUCATIONAL SERVICES. THE CASE OF UZBEKISTAN

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ABSTRACT

This article covers the issues of public-private partnerships in educational services. Summarize the vision for improving the quality of educational services based on the nature of public and private partnerships. The results and objectives identified by the author are taken into account.

Keywords: *Public and Private Partnerships, Quality of Education, Entrepreneurship, Advanced Technology.*

Introduction

In a market economy, it is possible to achieve large-scale socio-economic projects that are of national importance if the overall effect is achieved by combining the efforts of the state and business. The creation of effective integration of the "education-science-entrepreneur" triangle in the country's accession to innovative development is of utmost importance. Public-private partnerships (PPPs) play an important role in solving this problem. Today, businesses must be more inclined to actively promote social investment in education. As the share of the state in the economy decreases steadily, the share of business increases equally. The state budget will not be able to allocate sufficient resources to address all social issues. At the same time, financial support for the business will be needed.

Public-private partnership or public-private partnership is a partnership of entities that, in addition to the eight basic tasks, undertake to create conditions for the development of education in the region. The aim is to meet the needs of students, to meet the needs of businesses and the population, ie potential employers [1].

The quality of educational services is also a criterion for evaluating the competitiveness of educational institutions. In this regard, it is important to study the main trends in improving the quality of educational services through public-private partnerships.

Research Methodology and Methods.

Theoretical and methodological foundations of the research are the modern and classical economic theory. It reflects the views and teachings of foreign scholars on the role of education systems, human capital theory, public-private partnerships, or public-private partnerships. Methods such as dialectical approach, comparative and statistical analysis, analysis and synthesis, induction and deduction, cause and effect, spatial and temporal, systematic approaches, and traditional financial and economic analysis when the relationship between results and factors are functional.

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The main part. The main function of public-private partnerships or public-private partnership projects is the development of training complexes, which combine education, research and similar associations and organizations. This innovative approach will improve the quality and profitability of higher education in the educational process. Strengthens the material and technical base, provides broad and in-depth research, provides the basis for the training of qualified personnel and the integration with the times. Significant changes are taking place in government and business relations today, that is, government agencies seek to build partnerships rather than unilateral administration. This is because the principle of "business is not for the state, but for the state business" is a priority in cooperation between government agencies and business entities. The primacy of this principle of cooperation is based on mutual agreement between the parties. Such changes are largely consistent with the theory of mixed or joint economies, and the general vector of development can be considered as the formation of a new phase of interaction between the state and business, which will lead to the expansion of private equity interventions, previously open doors for private business and capital. it also applies to the education system [2; 3].

However, given the fact that the education system should always live with tomorrow, there is a great deal of work to be done. In this regard, it is possible to increase the amount of funds allocated for the implementation of a comprehensive development program of higher education (OTT), if it is possible to achieve a positive effect by combining the efforts of government and business.

Based on the foregoing, we can state that the interaction of state and business is an important basis in the development of a modern market economy, because the successful implementation of the PPP depends on the state's comprehensive and well-prepared readiness to do business.

There is a great deal of research work done by scholars on the study of the organization of the ICC. In particular, the scientific-theoretical features of the USC include scientists from the CIS, KA Antonova, AA Alpatov, OS Belokrylova, I.E. Bolexov, B.G. Varnavsky, E.A. Dynin, L.I. Efimova, V.A. The works of such scholars as Mikheyev have been reviewed in World Bank reports.

Economist K.A. Antonova in her work "Public-Private Partnership as a Factor of Russian Socio-Economic Development" refers to the ICA as an institutional organizational alliance between government and business on a contractual basis between public administration agencies and private structures [4].

Also, V.G. Varnavsky, A.V. Klimenko and V.A. "Public-Private Partnerships, co-authored by Korolev. The theory and practice "PPP - the relationship between public and private sector in relation to the services provided by public and public bodies, institutions and enterprises for the implementation of socially significant projects in public and public property, as well as in a wide range of economic activities. represents a legally enshrined form of interaction "[5].

E.A. Dynin reads that "PPP is a process of combining tangible and intangible resources of a society (state or local self-government) on a long-term and mutually beneficial basis to create social benefits or provide social services" [6].

Public and private partnerships are interpreted differently by various international financial institutions, foreign and national economists and experts. In particular, the Organization for Economic Co-operation and Development (OECD, visual OECD - Organization for Economic Co-operation and Development) is a PPP agreement between the government and one or more private partners (which may be a co-financing or financing organization). provides that the public's objectives for providing the services

and the benefit of the private investor are mutually exclusive, and the effectiveness of the link depends on how the risk is allocated to the private partner [7].

M.B.Bardard argues that PPP is a combination of attracting private capital, and sometimes even raising public capital to improve the quality of social services or managing public assets [8].

In the definition given by the International Monetary Fund, the IBA refers to an agreement between the private sector to provide infrastructure assets and services traditionally provided by the government [9].

In addition, in the scientific and economic literature, WWII has implemented national and international, large-scale and local, but always important, high-priority public and social projects, envisaging some government powers over social facilities, engaging the private sector to perform traditional public services. public and business alliances, partnerships, concessions and operating leases for transport, bridges, tunnels, hospitals, schools and other social infrastructure. the risk and benefit sharing relationship in the establishment of the enterprise, the risk and profit sharing agreement between the public and private companies, and the medium and long-term public-private sector relationships that are designed to achieve strategic outcomes in the public interest the broad economic activities of the public sector with the private sector, which consists of public and municipal property, as well as services provided by the authorities and the budget sector. long-term lease to the private sector, leaving strategic objects such as bridges, highways, pipelines, airfields, ports, non-privatized, important relationships for the region to achieve common economic interests, the economy of the state, which envisages not government intervention in business and deep involvement in the economy, but rather co-operation and consultation on projects We can see such interpretations as the attitudes towards achieving the common goals of y policy.

Results. In order to improve the quality of education and the quality of educational services, the private business assumes the leadership of this educational institution, that is, the "director" to carry out the state order. The goal is clear, to achieve a specific goal, based on the principles of management - in improving the quality of educational services - in private business:

1. Creates logistics management of an educational institution.
2. State authorities, under a contract with local governments, under take public funding to implement the state order, i.e the management is financed by the company with the concept and strategy of developing a particular institution and the management company oversees the completeness and timelines so financing. Management here has the sole purpose set by the company and the state, pursuing the following principle – money for the student and the student, which in turn facilitates and solves problems between government and self-government bodies.
3. A private business or management company is responsible for the efficient use of educational facilities and existing property, identifying, upgrading, renovating, utilizing, and utilizing existing buildings and facilities for the most effective learning processes forms.
4. The private business will provide the staff with training, retraining in higher education institutions, provide corporate retraining (seminartrainings, sectortrainings, etc.) on the basis of contractual recruitment of well-known scholars and scientists; practical communication with employers. In this way, professors and students of higher education institutions gain practical skills. Scientific-research-educational-practical complexes are formed.

5. Private business uses modern technology to effectively manage high quality education, uses intellectual resources, seeks various sources of funding, and creates scientific schools.

It should be noted that public-private partnerships or public-private partnerships in one concession are two forms of activity:

1. Construction activity - reconstruction and reconstruction of an educational facility;
2. Educational services activities [10].

Conclusions.

The nature of public-private partnerships or public-private partnerships is that such an agreement is also of a social nature, and that the implementation of such a project should be based on the provision of social services to the consumer and legal and regulatory; It is necessary and necessary to provide free general education.

Thus, public-private partnerships or public-private partnerships in education address the following objectives:

- Qonuniy Strengthen legal and regulatory rights and rights of public-private partnerships;
- Kengay Business benefits are expanded;
- Qonuniy Strengthening the guarantees of participants in public-private partnerships;
- Iladi Sanctions are imposed in the event of non-compliance with government or public-private partnerships;
- Mulk property and financial opportunities for education will be expanded through the involvement of extra-budgetary funds;
- Fundamental the principle of competitiveness is enhanced through the convergence of fundamental and applied research of the educational institution;
- Yarat Creates an innovative educational infrastructure.
- The implementation of the aforementioned objectives will provide a significant impetus for improving the quality of education in the country.

In particular, public-private partnerships or public-private partnerships increase the efficiency of spending, allow the state to use special skills that civil servants do not have, provide innovative ideas to the education process, and meet new and emerging market demands.

Thus, public-private partnerships are literally mutually beneficial partnerships with the private sector to deliver services. The creation of effective integration of the "education-science-entrepreneur" triangle in the country's accession to innovative development is of utmost importance. Public-private partnerships (PPPs) play an important role in solving this problem. Today, businesses must be more inclined to actively promote social investment in education. Public-private partnerships for the rapid development of educational services and improving the quality of education create the necessary conditions for attracting technology, labor and investment funds.

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If you want to succeed you
should strike out on new paths,
rather than travel the worn
paths of accepted success.



John D Rockefeller
Founder of the Standard Oil Company

LABOUR UNREST AT MANASAR PLANT OF MARUTI SUZUKI IN 18 JULY 2012

Dr. Rajendra kumar Khatik¹, Dr.Ritu Singh², Divya Sharma³

ABSTRACT

Maruti Suzuki India Ltd. Is India's leading and largest passenger car manufactured which according for nearly 50% of total industrial sales. The company has produced and sold over 7.5 million vehicles in India and exported over 5 lac unit to Europe and in other countries. In year 2011 Maruti Suzuki rolled out its 1 crore cars and in year 2010 it has been ranked India's most trusted brand in automobile sector. Maruti Suzuki received awards as the manufacturer of the year 2012 in "Car Dekho" awards 2012. But last 18th July 2012, Maruti Suzuki face industrial unrest in his Manesar plant. Which lead to the murder of Senior HR executive and extensive damage of property.

The first objective of this paper to evaluate the reasons of this dispute, background of industrial relation and change took place in the management of Maruti Udyog Limited and secondary objective is to highlight the future implication of the unpleasant which took place at Maruti Udyog limited.

Keywords: Labour management relation, Maruti Manesar, Industrial disputes.

Introduction of Maruti Suzuki Udyog Ltd.

Since its founding in 1983 Maruti Udyog Limited has experienced problem with its labour force. The labour locating hired accepted the Japanese work culture and the modern manufacturing process. In 1997 there was a change in ownership, and Maruti come under government control. Thereafter conflict between the United Front Government and Suzuki started. In 2000 a major industrial relation issue began and employees of Maruti went on an indefinite strike, demanding among other things, major revisions to their wages, incentives and pension.

In October 2000 the workers start slowdown to press the management, on this year after election new central government led by NDA and NDA promote pursuant to disinvestments policy. Along with much other government owned companies, the new administration proposed the sell a part of its stake in Maruti Suzuki in public offering. The worker's union opposed this sell-off plan on the grounds that the company will lose a major business advantage of being subsidised by the government and the union has better protection while the company remains in control of the government. The cold was continue between the management and company authority company pay does not accept any demands of labour union due to the increased competition and lower profit margins in automobile company.

The central government prevailed and privatize Maruti in 2002, Suzuki become the majority owner of Maruti Udyog Limited.

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In late 2011 on deeply labour unrest stated in the Manesar plant with Sonu Gujjer former President of the unrecognised Maruti Suzuki employee union demanding to establish an alternative labour union due to alignment of large section of worker with an existing union.

Maruti Manesar violence 18 July 2012

The company has faced several incidents of employee protest, but never of such scale and violence the incidents Maruti Manesar violence July 2012 is the worst ever for Suzuki, since the company began operation in India in 1983.

On 18 July 2012, Wednesday on 3.30 pm Maruti Manesar plant was hit by violence workers at one of its auto factory. They attacked on supervisors and started a fire that killed a company official and injured 100 managers, including two Japanese expatriates. The violent mob also injured nine policemen.

The company's HR General manager Mr. Avinash Kumar Dev had both arms and legs broken by his attackers, unable to leave the building that was set ablaze and was charred to death.

This violence effect not only Maruti but also the industrial hub of NCR, loss due to this violence is 500 crore damage to Manesar plant, 75 crore Maruti's daily losses and 102 suspect arrested so far.

Impact on company situations

1. Operations stopped for a month.
2. Loss estimated to be over Rs. 1,500 crore.
3. Fear of insecurity to the employees and their families.
4. Maruti Udyog changed his recruitment policy.
5. Goodwill it is major loss of company.

REASONS OF MARUTI VIOLENCE:-

There are several factors have come into play in the labour unrest some of the followings are:-

1.Less of Indian connect

In 2007 to important changes happened in Maruti one Shinzo Nakanishi the current MD of Maruti Suzuki took over the reins current MD of Maruti Suzuki Jagdish Khattar. RC Bhargava who was a director, was made chairmen. Two Maruti and the Indian Maruti are also become increasingly important of Suzuki Motors. On till date Maruti contributed more than half of the parent's profits.

As Maruti's contribution to Suzuki has increased, the latter's tendency to control Indian operations has increased. It has an India chairmen but Bhargava is 78 years old. It does have many senior Indian executives who have been lifters at Maruti. Insiders who will speak on the condition of anonymity say the Japanese voice counts and often tends to dominate crucial decisions.

Indian and Japanese are far different there discipline, punctuality, employee connect are very different. They are some major points that are can't make connect with Indians.

2. Leaner Meaner Pressure

The challenges of running manufacturing outfits have surged. In the manufacturing industries cost and wages have increased but in other hand sales are poor and volatile. In this situation doing business is

difficult and doing profitable business is more difficult, so each and every company trying to find out way to bring cost down and improving productivity. Most have recruit contract labour to bring in flexibility and reduce cost. In Maruti Manaser plant 40% workers hired on contract basis and their salary half of the permanent worker. Maruti is among the better pay masters. Amid all this competitive intensity in the market place for Maruti has never been as severe. Bring a volume player the only way for it to survive and flourish is to churn out more and more cars. All this translate into the relentless pressure to improve to productivity and margin at all level. Work pressure is very high in Maruti Manaser plant because this plant manufactures two top selling model's Swift and Dezire.

3. Young and Restless Workers

In Haryana, young blue-collar workers have been dramatic change around them. Now Gurgaon has become a commercial hub. Overnight people have become rich and their lives have transformed simply because they made a killing selling their land. They are less tolerant and fairly aggressive in their expectations and how they want to achieve it.

Sonu Gujar, 27 years the leader of the labour unrest at Maruti. He is known as commando Sonu. He was too is ready to face the consequence. Unlike the older generation trade union leaders who looked for solutions through confrontation. Gujar does not adopt an adversarial tone perhaps aware of the pitfalls of old style trade union functioning in a modern work environment. During the initial stages of the strike which started from small congregation at community centres and public parks, he has balanced his speeches and did not paint the management as an enemy.

4. Return of the Red Flag

From its peak in the 1980's Trade union have been on a decline in India. Trade union bodies across the boards from CITU to ALTUC – have been seeing a steady decline over the years. It does not help that a large percentage of workers in Indian factories are foot-loose contract workers.

Over 90% of the Indians are employed in the unorganised sector where the trade union have been finding it difficult to make inroads. They have made many effect to spread their network among white collar workers like BPO employees, but with little success. Expectedly, they are tapping into every possible opportunity they can get to grow their base. Their involvement in Maruti's labour unrest signals that.

5. Lack of Connectivity and Active Communication between Management and Workers

As explained above the Japanese industrial culture does not have any alternative in the lines of what took place of Manaser. The management was clue less about the extent to which a section of workers were enraged. That means, there was no inkling of such a degree of discontent with the management.

6. Lack of intelligence and information.

Though the management was aware of those ring leaders and instigators, it did not have any concrete and actionable information about the intentions of the striking workers to kill and burn. It is evident that the action of breaking an executives limbs and leaving him to burn to death was a murder and it certainly was not an accident. Normally, such crimes are planned and within the group of several workers with criminal intentions, such plans are discussed. The management did not have any mechanism to collect informal information through its network of informants.

7. Workers, both permanent and contracted feel that they are not being given their due share of the huge profits Maruti Udyog is making with the highest market share in the car industry. Though the automobile industry in India is said to be in a temporary recession, the car industry is seeing an unprecedented growth in the last few years and for over 28 years, Maruti has been the market leader. The profits and balance sheets are in public domain. An educated and aware worker is also aware that his salary and allowances have not risen in proportion to the rise in profits of the company. They have been expressing this feeling for several years and there have been salary rises but never in the kind of scale and proportion which the workers were demanding. On the day of starting the strike, average Maruti Udyog, Manesar worker was still one of the best paid automotive factory worker in India, but not paid in proportion to what the management was earning through them.

Implication of the unpleasant incident which took few of the implication of this labour unrest are as under

- i) Investor in labour intensive sectors will demand a protective and clear policy environment from the Indian government before entering into India.
- ii) There is no place for physical violence and criminal act anywhere in running on industry. Assurance of exemplary punishment will be sought by the management for the workers caught in the act. In effect this will increase the distance between the management and the labour union even further.
- iii) Given the state of Indian labour was which are highly biased towards the worker there will be pressure on the government to modify and tweak the laws in accordance with the need of their time. Labour union in the manufacturing sector have always been politically oriented and when the political orientation is absent then political leader and parties trying to hold the trade union since it is not against the law for workers to affiliate themselves to political parties, creation of multiple union.
- iv) Other State governments have played a major role in creating a friendly environment for a business. Now each and every company try to move to shift base or start new venture on those states they have not history of any industrial dispute Maruti management also interested to this direction shift in plant Gurgaon to Gujarat.

Change took place by the management after Manaser unrest

2012		2014
900 (P) 1800 (C)	No. Of Workers	1011 (P) 600 (T)
No Paid Leave	Leave	4 Days in Three Months
Rs. 17,000/- (P) + Rs. 50,000/- (PA)	Pay	Rs. 25000/- (P)
2 tea breaks 7.5 minutes each Lunch break 30 minutes	Breaks	No Change
8.45 hours	Working Hours	No Change

P-Parameter

C-Causal

T-Temporary

Other necessary changes done after the event:

1. Hiring contract workers through company HR and not through a contractor.
2. Reopened the plant with 300 workers.
3. Fresh recruitment of permanent workers.
4. Terminate the services of 500 permanent (Include / involved in violence)

Permanent Solution:

FACILITY	PERMANENT	CONTRACT	APPRENTICES
Gurgaon	3,000	4,000	700
Manaser	2,000 + 1,000*	-	600
Manaser (Before July' 2012 violence)	1,528	1,869	NA

Numbers are approximate, * temporary Sources : Company, industry

Conclusion

The main reason / cause Manaser dispute is lack communication of management and workers. The management and the union leaders are busy overtime to blame each. The management has strongly denied that there was an HR problem or has to do anything with the poor wages and the working conditions and claimed that both the issues in era being sorted out on the other hand the workers are blaming the management for various issue like lower wages, poor working condition, poor working environment and misbehaviour by superior etc. The Japanese companies have a history o paying poor wages even in their country.

There same labour unrest in recent year in Japanese companies and reasons are these disputes in bad working conditions and poor wages. Further Japanese companies have faced labour unrest in much other country and second major reason of this disputes is contract workers. These companies are routinely following the policy of recruiting contract labour which came very cheap, work culture is the third most important reason of this dispute Japanese companies believes that “only the Japanese can manage the Japanese companies even in overseas”.

“Japanese management lacks international outlooks Japanese do not want to manage their business operation in overseas in any new special way”. Group culture another common method of decision making process in Japanese company is Japanese subsidiaries in overseas.

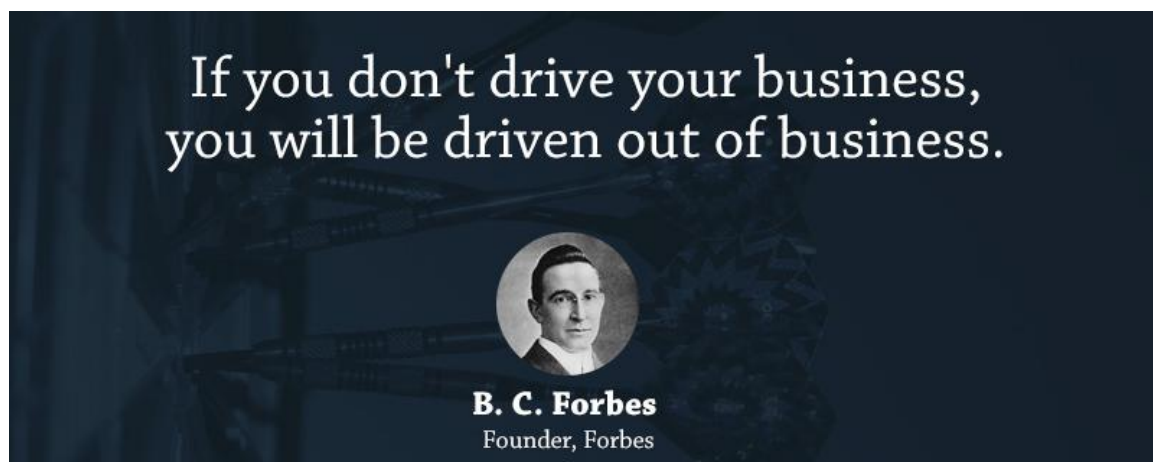
These clashes with the individual decision making processes which is a common management practice in Indian and several European companies group decision is time consuming and requires approval from their head quarters

It is not clear what went wrong in the Manaser plant as the investigation is still in progress. In this incident everyone blaming each other i.e. stake holder, workers and the government.

In India is the general experience that the trade union leaders are arrogant, blackmail the management and behave like militants mainly because of their political affiliations. The need to the hour is to include professional approach in trade union so that the industrial relation remain cordial, industrial can work smoothly and prosper and management should make every effort has to be made to understand the nuances of the alien work cultures and local worker force should be trained in that direction. It is top management responsibility to ensure that he use the services of experts from the field of cross culture management where is need.

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IMPROVEMENT OF MANAGEMENT OF THE SYSTEM OF PRESCHOOL EDUCATION IN UZBEKISTAN

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ABSTRACT

This article discusses the issues of improving the management of the system of preschool education, the content of which examines the organization of forms and methods of management aimed at improving the effectiveness of the educational process and improving the quality of educational activities in preschool educational organizations.

Key words: Education, Educational System, Personnel Management, Leader, Employees, Preschool Educational Organization.

At the present stage of social development, education is turning into one of the most extensive and important spheres of human activity, which is intimately intertwined with all other areas of social life. The ability of the education system to meet the needs of individuals and society in high-quality educational services determines the prospects for the country's economic and spiritual development.

The new political concept of society implies an increase in the social significance of education and requires its qualitative renewal. Never before has the need to educate a highly moral person who has a new way of thinking and responsibility for the fate of the world, respecting the equal rights and value of another person, not been put in direct connection with the further destinies of all mankind, with the problem of its survival.

Humanistic tendencies also changed the model of education, integrating cultural values into it, the dialogue nature of the relations between the participants in the pedagogical process, ensuring the holistic development of the personality of each child and teacher, creating conditions for self-development, self-knowledge, uniting the subjects of education to achieve goals together.

In the context of constantly increasing demands on the quality of preschool education, the guidelines of which are accessibility, quality, efficiency, its system is radically changing.

Today, modern preschool education is beginning to transform into a new educational paradigm, going beyond the traditional education of a new generation.

As confirmed by the President of the Republic of Uzbekistan Sh.M. Mirziyoyev "Parenting and education begin with a cradle, as our people say. After all, only enlightenment gives a harmonious development of the individual and society. Therefore, the state policy in the field of education should be based on its continuity throughout the life of a person, starting from kindergarten "[1].

In accordance with the basic documents of preschool education, currently in force in Uzbekistan, the mechanism of its managerial activity is starting to be updated. This is confirmed by the emergence of new

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building reconstruction programs, during which equipment is equipped, the material and technical base is updated, there is the possibility of free choice of content, forms and methods of education, conditions are created for kindergarten workers. Thus, there is a change in the attitude of society to the educational system of preschool education.

In Uzbekistan, the "Concept for the Development of the Preschool Education System of the Republic of Uzbekistan until 2030" has been adopted. The concept of preschool education helps to improve modern preschool education, raising it to a high level of its development.

Today in Uzbekistan there are 7104 preschool educational institutions, of which 5604 (79%) are state-owned, 63 are departmental and 1437 (21%) are non-state.

In 2017-2018, on the basis of 752 branches of preschool educational institutions, full-fledged preschool educational institutions with the status of a legal entity were formed.

Of the total number of children aged 3-7 years (2.5 million), 932,310 (37.7%) are enrolled in pre-school education, including 500,236 children (20.2%) in urban and 432,074 (17.4) % - in the countryside.

The total population of the republic as of January 1, 2019 amounted to 32.7 million people. The average long-term population growth rate according to the State Statistics Committee of the Republic of Uzbekistan is 1.7-1.8%. Due to the low mortality rate among preschool children relative to all age groups in the country, the growth rate of children aged 3-7 years is higher than the growth of the population as a whole.

Annually, according to the State Committee for Statistics, more than 700 thousand children are born in the Republic of Uzbekistan, which increases the burden on preschool educational institutions.

In the country as a whole, per 100 children aged 3-7 years, there are 28.1 places in preschool educational institutions.

There are still a number of systemic problems and shortcomings that hinder the successful implementation of state policy in the field of preschool education development, including:

- Insufficient number of preschool educational institutions to ensure full coverage of preschool children;
- Low level of development of preschool education in rural areas;
- Inadequate material and technical condition of pre-school education institutions;
- Understaffing of pre-school educational institutions with qualified teaching staff;
- Deficit and low level of qualification of managerial personnel in the system of preschool education;
- Lack of awareness of parents about the positive aspects and benefits of preschool education in shaping the personality of the child;
- Lack of modern teaching materials and visual aids;
- Low level of technical equipment and methodological support of existing preschool educational institutions for children with special needs;
- The quality of medical services and the qualifications of medical workers in preschool educational institutions do not fully meet modern requirements.

The success of a preschool educational institution is the result of the collective efforts of its members, the result of the high quality of the work of employees.

The management of a preschool educational organization is a system of managerial and organizational forms and methods aimed at improving the effectiveness of the educational process and its quality. In essence, the teacher is the manager of the educational process, and the head of the preschool educational organization is the manager of the educational process as a whole [3].

It is understood that everyone in the preschool educational organization is in charge, but each employee has his own specificity of participation in it, as enshrined in the regulatory document.

The connecting link to the management of the system of preschool educational organizations is the head and other participants in educational relations, methodologist, teachers, parents. Currently, this is one large educational unit that implements the direction to achieve educational goals in the process of becoming a person at a new stage of development through the free choice of forms, methods and management techniques aimed at improving the effectiveness of the educational process and improving the quality of educational activities in a preschool educational organization.

The management activities of the preschool educational organization are carried out openly and accessible to all interested employees, parents and higher education authorities. In this regard, in the public domain there is always the opportunity to use electronic resources in order to get acquainted with the life of a preschool educational organization. In other words, this is the organizational educational structure of preschool education, which is aimed at improving the processes in the preschool educational organization necessary for the implementation and achievement of the organization's goals in the field of quality of education in the preschool educational organization. At the same time, the organizational management of these processes is changing, there is a need for an integrated approach to management, there is a responsibility for solving adopted problems and the results of managerial activity, which is considered as the quality of preschool education management.

The management of a preschool educational organization is a system of goals and ways to influence staff.

Employment of competent and interested, creatively savvy employees who are able to quickly and mobilely respond to changes.

In this regard, in the management system, initially, the setting of strategic goals and the operational direction of preschool education is set for the coordination of actions, control and implementation of its resources.

The personnel management system in a preschool educational organization is aimed at providing promising activities with successfully working personnel. Therefore, due to their competencies, some leaders agree that any problem in the educational organization is considered to be the cause of the human factor and its resources. Hence, the quality of educational activity in a preschool educational organization can be considered the personnel management system, which determines the implementation of new educational programs of preschool education, searching for new methods and techniques of activity [4]. Thus, the productivity of a team of workers with categories with certain responsibilities becomes successful.

Undoubtedly, such a management process helps maintain an emotional attitude for the further development of employees, create favorable conditions for the development of their professional

competence and growth, which increases the interest of employees in work. Therefore, the quality of the educational process is being improved, the status and competitiveness of the preschool organization is increasing.

A quality management system is a certain combination of organizational structure, processes, documents, responsibility, authority and resources necessary for the development and achievement of the organization's goals in the field of quality [3].

The head in the personnel composition of the department is the main component of the educational organization of preschool education and management, the purpose of which allocates a highly productive workforce. Then, as workers create not only favorable conditions for work that receive job satisfaction, but also provide the opportunity for further career advancement. Therefore, the main task of successful educational activities of personnel is to take into account the managerial interests of both the head and the interests of workers and other categories in the preschool educational organization in everyday work.

When considering candidates, the manager initially draws attention to the education of the future employee to perform the actual work in the current position, rather than the candidate who seems most suitable for promotion. Then, the set of his professional skills, the experience of previous years, the conclusions of medical workers, the data of personal characteristics, are interested in the personality qualities.

Therefore, in the management of personnel resources, the leader considers the capabilities, abilities and creative ideology of his employees, who are able to conduct and improve the educational activities of the organization to achieve goals. At the same time, the performance, motivation and creative potential of the staff are the most important basis, which largely determines the success of the strategy [2].

In order for the management to be successful and productive, the manager needs to take into account the needs and interests of his employees.

Therefore, one of the tasks of personnel management is the motivational management of preschool education:

1. The use of various forms of stimulating the activities of teachers.
2. Monitoring the activities of teachers.
3. Delegation of authority.
4. Creating conditions for the implementation of the needs and interests of employees.

In the management process, to achieve strategic goals, and in accordance with functional responsibilities and qualifications, the manager distributes responsibilities among all employees, taking into account the qualification category. In case of discrepancy, training courses, retraining and advanced training of personnel who do not have pedagogical specifics are always created at the highest level, they are sent to receive appropriate education.

The head of a modern preschool educational organization, takes into account the issues of motivating employees to achieve their goals, defined by traditional labor motives as the need to earn a living and specific ones - the prestige of working in a particular educational organization.

Consequently, in her management system, they began to actively consider the professional development of teachers, their professional growth and formation, which is the process of acquiring knowledge and methods of activity by a teacher, which will enable him to best realize his mission on the issues of education and socialization of children [2].

In order to really successfully manage personnel, it is necessary to have an idea of the strong and weak managerial lines of activity in the preschool educational organization, as well as to know about the promising directions for the further development of the preschool educational organization [3].

The principles of systematic work in the management of a preschool educational organization include systematic, continuous, innovative, productive, providing for informational, regulatory, methodological, legal and record keeping support of the personnel management system. To methods of personnel management - ways of influencing the teaching staff and individual employees in order to coordinate their activities.

In the preschool educational organization, administrative, economic and socio-psychological management methods are applied.

Administrative methods are aimed at labor discipline and adhere to legal norms, their functions include the formation of the structure and functions of governing bodies.

Economic methods are aimed at analyzing the educational process, planning, material incentives and remuneration for employees, compensation, benefits.

Socio-psychological methods are aimed at material incentives for the team and young employees.

There is also the practice of forming a personnel reserve for filling management positions. Of great importance here are contests of professional excellence [5], and participation in the dissemination of experience, educational techno-quests.

Therefore, personnel management in a preschool educational organization is, first of all, the activities of the leader in the style of an operational, mobile and strategic nature, which is governed by the requirements of regulatory documents of the preschool educational organization, is carried out openly and accessible to all interested parties. At the same time, the methodologist, teachers, and parents are participants in educational relations, and the leader takes an organizational role in the strategic direction of planning and implementing the tasks of preschool education.

Management in the system of a preschool educational organization is a designed process of interaction between the manager and his employees, aimed at overcoming a qualitative result. This is a system of organizational forms, methods, and management techniques of the organization, aimed at improving its educational process.

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STRATEGY FOR THE DEVELOPMENT OF INDUSTRIAL ENTERPRISES IN THE CONDITIONS OF A CHANGING EXTERNAL ENVIRONMENT

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ABSTRACT

The article discusses the processes of privatization and privatization, as well as their importance in ongoing market reforms in the Republic of Uzbekistan. As you know, one of the priority areas of economic reforms in Uzbekistan is the privatization and privatization of state property, which ensures the formation of new property relations. In the process of market reforms in the Republic of Uzbekistan, its own mechanism of privatization and privatization of state property was developed and implemented, as a result of which a multifaceted economy was formed in the country, in which the non-state sector plays an active role. The most important element of structural reform is the transformation of state enterprises into other forms of ownership. In the article, the author analyzes the strategic positions of the functioning of industrial enterprises in changing environmental conditions, explores methods for determining and monitoring the capabilities of the enterprise, choosing development directions, substantiating promising goals and methods for achieving them, etc., which is the essence of strategic planning. According to the author, when choosing the scope and course of action to achieve the long-term goals of the enterprise in the changing environment, there is a need to develop a development strategy for industrial enterprises that will provide adaptation and flexibility to the conditions of a changing external environment.

Keywords. *Development Strategy, Strategic Planning, Privatization, Restructuring, Privatization, the External Environment, Industrial Enterprises, A Balanced Scorecard.*

Introduction

Currently, Uzbekistan is actively working to change the ownership structure by reducing its state share in it, by restructuring inefficient enterprises, and not just a new stage of privatization, but the next decisive step on the way to increase the role of the private sector in the economic development of the country.

According to the State Committee of the Republic of Uzbekistan for the Promotion of Privatized Enterprises and the Development of Competition, 429 enterprises and facilities were privatized in January-June 2018 (including program and extra-program facilities).

Consider the number of privatized objects in the context of regions of the republic. In the reporting period, the largest number of objects privatized in the Tashkent region - 116 objects (27.0% of the total number of privatized objects in the republic), Samarkand region - 42 objects (9.8%), Andijan region - 39 objects (9.1%) Kashkadarya region - 37 objects (8.6%), Surkhandarya region - 34 objects (7.9%), Khorezm region - 30 objects (7.0%), Republic of Karakalpakstan - 28 objects (6.5%), Namangan Oblast - 26 objects (6.1%) [1].

In the structure of privatized state property, the largest share falls on the objects of local authorities - 332 objects (77.4% of the total number of objects privatized in the republic), the Ministry of Health - 42 objects (9.8%), the Ministry of Public Education - 18 objects (4.2%), SE NMMK - 10 facilities (2.3%), the

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Ministry of Housing and Communal Services - 5 facilities (1.2%). The proceeds from the privatization of state property in January - June 2018 amounted to 132.1 billion soums [1].

Theoretical background

The economy of Uzbekistan is developing so steadily and confidently that the country has switched from medium-term forecasts for 2-3 years to long-term forecasts for periods of 5-15 years. This is a positive factor for the prospective assessment and analysis of macroeconomic indicators by foreign investors when making decisions on serious capital or portfolio investments [2]. At the same time, the most important task of developing a development strategy is to ensure the effective adaptation of an industrial enterprise to environmental conditions. Stability of development is the process of not only eliminating the causes of discrepancies, but also focusing on the future, taking into account general trends in the market.

The study of the external environment should include:

- Assessment of changes affecting various aspects of the current strategy;
- Identification of factors that pose a threat to the current strategy;
- Control and analysis of competitors;
- Identification of factors that are more likely to achieve common goals for enterprises by adjusting plans.

Environmental analysis helps control external

Relation to the enterprise factors, get important results. For this, it is necessary to find out where the company is located, where it should be located in the future, and what management should do for this. The threats and opportunities faced by the enterprise can be divided into five factors: economic, market, production, competitive, international.

Analysis of the external environment allows the organization to create a list of dangers and opportunities that it faces in this environment. For successful planning, management must have a full understanding not only of significant external problems, but also of the internal potential capabilities and shortcomings of the enterprise.

To assess the opportunities and threats that may arise in the external environment, as well as to determine the strengths and weaknesses of the enterprise, it is advisable to use SWOT analysis and SWOT matrix.

However, effective management of the enterprise requires tools that would allow filling the decision-making process with adequate and sufficient information. Such tools are balanced scorecard (CSP) and key performance indicators (KPIs), which are widely used in the practice of managing foreign companies.

The Balanced Scorecard developed by Harvard University professors D. Norton and R. Kaplan (USA) is a company management concept focused on the transfer and decomposition of strategic goals for planning activities and monitoring their achievement [3]. Over time, the concept of BSC has become widespread and is now an important tool for implementing the strategy in most of the largest companies in the world. According to Fortune magazine, BSC is the main strategy tool in 402 of the 500 companies in the Fortune-500 rating. Among them are such corporations as Coca-Cola, BP, General Electric, McDonalds, L'Oreal, BMW, Boeing, Samsung Electronics, and others [4].

The MTP concept compares favorably with other concepts in that financial and non-financial indicators are integrated taking into account causal relationships between the resulting indicators and the key factors under the influence of which they are formed. In practice, enterprises very often encounter difficulties during the implementation of the strategy, there is a noticeable gap between the strategic goals and the daily actions of employees, between the vision of senior management and initiatives that begin at the lowest level of management. For this reason, the development, formation and practical use of this concept in the management system of domestic enterprises is of great promise and deserves the attention of both scientists and practitioners. The sequence of development of a company's strategy using the BSC model involves passing through several stages. They begin with the development of the basic strategic orientation of the company (mission, company value system, principal directions of development). An important stage is the definition of strategic goals, key performance indicators and their target values for four projections: - finance; - market; - processes; - potential. The number of projections and their names are not prescribed by the BSC methodology. The meaning of grouping strategic goals in the context of projections is to highlight all the strategically important aspects of the company and to set goals in each of them. The next stage is the construction of causal links of the strategic goals of the company and, finally, the development of measures, specific actions necessary to achieve them: determining budgets, deadlines and responsible. An intermediate result of the MTP development process is the construction of a strategic map. A strategic map is a document that reflects the direction of intensifying the process of implementing an enterprise strategy by combining strategic components with a causal relationship. Its functional purpose is to spread the strategy among the employees of the business unit and transfer it to the operational level of activity, that is, to daily operational processes.

Main part

The use of BSC gives the following results: to develop regulations for the receipt of information necessary to calculate BSC indicators and ensure their implementation; implementation of the BSC indicators in the regular management reporting, so that at the end of each month, quarter, year, these indicators are reflected in the relevant reports received by the company's managers; the use of BSC indicators in the planning and budgeting system makes it possible to coordinate a strategic project management system that provides project planning, monitoring of their implementation, efficiency analysis, motivation of executors and managers [5].

The KPI system is understood as a system of financial and non-financial indicators that affect the quantitative or qualitative change in the results in relation to the strategic goal (or expected result). The system of balanced indicators includes the KPIs required for each control object (production or structural unit), and the methodology for their assessment. These systems or methods form the basis for decision making, are based on assessing the effectiveness of the enterprise and are aimed at achieving the strategic goals of the organization.

Increasing the pace and scale of production, improving the quality of products is now insufficient to achieve a competitive advantage in the market, and therefore many companies are switching to new advanced methods of corporate governance. These methods allow you to respond in a timely manner to changing market conditions.

The objective of the KPI system and balanced indicators is to translate the company's strategy into a comprehensive set of indicators of its activity, which determines the main parameters of the measurement and control system. Formulating the expected results, the company sets a goal and creates the conditions

for its implementation, and senior management directs the energy, abilities and knowledge of employees to solve long-term tasks.

According to some economists, the implementation of the KPI system in an enterprise should take place in several stages [7]. The sequence of steps is decisive, and its change negatively affects the performance of the system.

1. Formation of the strategy. A clearly articulated strategy describes the main steps that should be taken to achieve set goals and desired results.
2. Identification of critical success factors. At the second stage, the most important success factors are determined, i.e. parameters of the economic and economic aspects of the enterprise, which are vital for the implementation of its strategy.
3. Identification of key performance indicators. At this stage, there is a selection of measures for the implementation of the strategy. KPIs are a tool for identifying critical success factors.
4. Development and evaluation of a balanced scorecard. At this stage, a generalized system of financial and non-financial indicators is being developed.
5. The choice of technical solutions for the implementation of KPIs. A data source is determined for the content of indicators that satisfy the conditions of sufficiency, objectivity, timeliness and reliability.

The main factors determining the successful implementation of the KPI system are:

- Preliminary development of a strategy that is a determining factor for success, since the system of key performance indicators is only a tool for information support of the decision-making process;
- Determination of the goals of the organization, taking into account how much the achievement of the goal increases the value of the enterprise
- The availability of an information system, which is a source of data and a base for determining key performance indicators.

Conclusion

Thus, the positive effect of the implementation of the BSC and KPI systems is due to an increase in the overall efficiency of the enterprise, since with the effectiveness of these systems, each employee is aware of the relationship between their specific responsibilities and the strategic goals of the enterprise. Management, possessing a real mechanism to support the decision, have the ability to measure the performance of each unit and can influence the implementation process of the chosen strategy.

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E-ACCOUNTING : CHALLENGES & NECESSITY OF MODERN BUSINESS

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ABSTRACT

E-accounting (or Online accounting) is the the application of online and internet technologies to the business accounting function. Similar to e- mail being electronic version of traditional mail, e-accounting is electronic enablement of lawful accounting and traceable accounting processes which were traditionally manual and paper based.

E-accounting a new concept in the field of accounting. In e-accounting source documents and accounting records exists in digital form instead of on a paper. This concept is accepted of international level. It saves a lot time and energy and saves paper and finally reduces the cost in any type of organization. Day by day technology is advanced and new software are coming for recording of accounting transaction. Accounting is one of the important function of every organization; it is also called as the mirror image of the business. Therefore this paper is based on review of the problems & prospects about e-accounting and provides a brief outline about adoption of e-accounting, concept and features of e-accounting, challenges of e-accounting, and also discuss about traditional accounting.

Keywords: *E-accounting, Emerging, Financial Data, Adoption, Traditional Accounting, Challenges of E-Accounting.*

Introduction

E-Accounting might just be the beginning of a new era where world would be extending its arms to India with perspective that "India is the place which can deliver the best".

Accounting plays a critical role in the success or failure of contemporary business institutions. Accounting systems are responsible for recording, analyzing, monitoring and evaluating the financial condition of companies, preparation of documents necessary for tax purposes, providing information support to many other organizational functions, and so on. Prior to the advent of personal computers, businesses were limited to manual methods for keeping track of financial data. According to Tavakolian (1995), the manual accounting systems consisted of paper ledgers, typewriters and calculators. Typewriters were used to type invoices and cheques, and all calculations were performed using calculators. However, with this system it was possible for errors to be introduced into the data since they could go undetected for quite some time. Like many other industries, the accounting industry changed with the arrival of personal computers. A computerized accounting system is able to handle financial data efficiently, but the true value of an accounting system was that it was able to generate immediate reports regarding the company.

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E-Accounting refers to Electronic Accounting, a term used to describe an accounting system that relies on computer technology for capturing and processing financial data in organizations. Bodnar and Hopwood (2001:411, 426-427) use concepts like *on-line input systems*, *on-line real-time processing* and *on-line reporting* and state as follows:

In paperless input systems transactions are input directly into the computer network, and the need for keying in source documents is eliminated.

The Accounting Act of 1997 and further guidelines issued by the Accounting Board in 2000 provide an institutional setting for the use of electronic data media in financial accounting for registering, transferring and storing data as well as reporting information electronically. Thus, source documents and accounting records exist in digital form instead of on paper in an electronic accounting system. There has been a constant growth in the use of information and communication technology in business to support the exchange of data and information within and between organizations. New technologies, like the Internet and mobile solutions, have provided new business opportunities and operations. According to IFAC (2002:1) e-business is believed to have a significant impact also on accounting systems, through changing business processes. The introduction of the internet has revolutionized the process of business automation. Revolution is all about transformation for the good.

Meaning & concept of E-Accounting

E-Accounting is new development in field of accounting. In an electronic accounting system, source documents and accounting records exist in digital form instead of on paper. E-Accounting might just be the beginning of a new era where world would be extending its arms to India with perspective that "India is the place which can deliver the best". So e-Accounting has visited India with a rainbow of opportunities.

E-accounting involves performing regular accounting functions, accounting research and the accounting training and education through various computer based /internet based accounting tools such as: digital tool kits, various internet resources, international web-based materials, institute and company databases which are internet based, web links, internet based accounting software and electronic financial spreadsheet tools to provide efficient decision making. This discussion implies that e-accounting can also be viewed as online accounting.

E-accounting has also bring global opportunities in the field of business as its easier and less time consuming to do business globally by using electronic data transfer and communication. The introduction of the Internet has revolutionized the process of business automation. Revolution is all about transformation for the good. Outsourcing, in this sense, has grown in necessity and has gained a prominence in boardroom meetings. The evolution of technology made what was unthinkable, possible. Welcome the revolution!

It means all your transactions will record in online server or data base, just like website or blog or web blog. But for opening or making accounts will uses login id and password. In E-Accounting the accountant and employer both feel satisfaction because, this is cheap and without software defaults or failure. Your accounts saves in online server or database, so there is no need to record manually. By this way we can save large amount of money spending on manual books and different accounting software. But for using e-accounting we should learn it first, because without learning of E- Accounting, you never expert in E-Accounting. Almost all companies uses same system of online accounting but some advance companies makes own system of their online or E-Accounting. They need only those dedicated person who know Internet and computer well, without this they cannot appoint any E-Accountant.

E-Accounting Concept is adopted international level. The International Accounting Standards Board is also in favors of E-Accounting. It is developing new standards which can be utilized for E-Accounting at international level. The International Federation of Accountants is searching all the tools of E-Accounting for quality accounting education and its development. There are long list of international accounting organizations that is supporting E-Accounting. We can include in this list The UK's Financial Reporting Review Panel , The UK and Irish Auditing Practices Board , American Accounting Association (AAA) , Association of Chartered Certified Accountants , Accounting Education foundation of Nova Scotia , Foundation for Accounting Education . All major accounting relating to General ledger Book keeping and maintenance , Bank reconciliation MIS Cash management , Account Payable and Receivables , Billing Payroll , Budgeting Management of Records Asset , management Detailed financial analysis , Collection management , Credit management , Generation of financial reports Financial statements are totally online . Company's entire accounting project can be easily outsourced by E-Accounting system.

Literature Review

Amidu M and Abar J. (2005) express their views in their research article titled "Accounting Information and Management of SME"s in Ghana", that, there is a urgent need of application of information Technology while writing accounts in a business organization.

Doost R.K (1999) explained in his research article titled "Computer and Accounting – where do we go from here", those computers are playing a very important role in the age of globalization.

Patel. K.J. (2011) expressed his views in his research article entitled "adoption and Impact of E-Accounting", that, how E-Accounting is adopted in any type of business organization. He also explained the overall impact of E-Accounting in the business concern

Objective of the study

The objective of research article is to find out the importance, challenges and future prospective of E-Accounting in India

- The main objective of present research study is as follows-
- To study the conceptual background of the term E-accounting.
- To study and examine the benefit & disadvantage of E- accounting.
- To study the various accounting and financial software using by the business.

Research Methodology

The whole research study is based on secondary data. Such secondary data is collected from various reference books related to E-Accounting, Corporate Accounting, E-Auditing, Commerce, Industry, Economic, and Management. The secondary data is also collected from various website and other related literature and reviewed it. For the said research study secondary data is also collected and reviewed from the various national and International Research Journals which are related to E-accounting and E-auditing.

E-Accounting Adoption Model

Hart and Saunders have developed e-accounting model, explaining impact of e-accounting. They identified four factors - perceived benefits, organizational readiness, external pressures and trust - as the main reasons that could explain the e-accounting adoption behavior of small firms and the expected impact

of the technology. Of these factors, external pressure and organizational readiness were considerably more important than perceived benefits and trust. Their model is as below.

Perceived benefits refer to the level of recognition of the relative advantage that e-accounting technology can provide the organization

Organizational readiness refers to the level of financial and technological resources of the firm. Further, financial readiness refers to financial resources available to pay for installation costs, implementation of any subsequent enhancements, and ongoing expenses during usage, whereas technological readiness is concerned with the level of sophistication of IT usage and IT management in an organization.

External pressure to adopt refers to influences from the organizational environment. The two main sources of external pressure to adopt are competitive pressure and the imposition by trading partners. As more competitors and trading partners become e-accounting capable, small firms are more inclined to adopt e-accounting in order to maintain their own competitive position.

Trust is mainly considered as openness and reliability. Openness may, for example, mean willingness to share rather than withhold information and thus improve the efficiency of the partners' operations. Reliability may concern transmission of accurate data and information between the partners.

E-accounting impact refers to the actual benefits adopters receive from utilizing e-accounting. It is assumed that the level of integration of e-accounting is positively related to the benefits an adopter can receive. Usually, the adoption of e-accounting requires coordination between at least two organizations, the relationship between the organization and its prospective trading partner(s). According to the Accounting Board (2000) the use of e-accounting will lead to a more efficient and reliable accounting as well as reduce the costs of accounting.

Benefits of E-Accounting

Following are the benefits associated with the use of E-accounting:

- It saves time and money.
- Gain greater control of finance by moving from paper records to computerized accounting software.
- Send sales invoice and other document directly to another business accounts for the recipient to approve without having to reenter the information
- E-accounting may improve the effectiveness of accounting and reporting task, budgeting, controlling and auditing which may reflect on the organization effectiveness as well.
- Organization entire accounting project can be easily outsourced by accounting system.
- It generates employment opportunities for software developer and accountants

Problems of E-Accounting

There are some problems in application of E-accounting:

- In present era, available online office suites require a high speed of broadband internet connection.
- All the data of the company resides on a remote server, however a back up can be taken on regular basis.

- E- accounting lacks some features available on the offline office suits.
- A network connection is always required to send and receive changes. Internet dependency makes it more difficult to work offline.

E-Accounting Principles

E-Accounting Principles	
Accounting Information Security Principles	Accounting Information Process Principles
Integrity	Completeness
Availability	Accuracy
Confidentiality	Timeliness
Authenticity	Assessability
Authorization	Order

Source: IFAC, 2002, "E-Business and the Accountant: Risk Management for Accounting Systems in an E-Business Environment",

Challenges of E-Accounting

E-commerce is rapidly transforming the way accounting and auditing functions are performed, posing new challenges to the accounting profession. Electronic commerce has also increased the complexity of transactions as they are being increasingly done among parties who have never met. In such an environment, it is important to have an assurance about the quality and reliability of trading partners, financial viability of companies, data security, reliability of systems and many such issues.

Website Development Costs: Development of a website is the first step in the direction of e-commerce. It would engage organizational resources for planning, infrastructure built-up, hardware acquisition, software tools, domain registration, as well as graphics and content development.

Cost of Operating a Website: Once the website development is complete, the operating stage begins where one has to address to issues such as personnel training, data backup, creating linkages, monitoring —hits, ll continuous updating, etc. **Security Threat:** Internet security is a broad term that refers to the various steps individuals and companies take to protect computers or computer networks that are connected to the Internet. One of the basic truths behind Internet security is that the Internet itself is not a secure environment. The Internet was originally conceived as an open, loosely linked computer network that would facilitate the free exchange of ideas and information. Data sent over the Internet—from personal e-mail messages to online shopping orders—travel through an ever-changing series of computers and network links. As a result, unscrupulous hackers and scam artists have ample opportunities to intercept and change the information. It would be virtually impossible to secure every computer connected to the Internet around the world, so there will likely always be weak links in the chain of data exchange.

Viruses: Well-known causes of computer problems are viruses, or damaging programs that are introduced to computers or networks. Some viruses rewrite coding to make software programs unusable, while others scramble or destroy data. Many viruses spread quickly and operate subtly, so they may not be noticed until the damage has already been done.

Hackers: Hackers may hack password and attempt to over-whelm the system with information from the outside so that it shut down. Another common method of attack used by hackers is e-mail spoofing. This method involves sending authorized users of a computer network fraudulent e-mail that appears as if it were sent by someone else, most likely a customer or someone else the user would know. Then the hacker tries to trick the user into divulging his or her password or other company secrets. Finally, some hackers manage to shut down business computer systems with denial of service attacks. These attacks involve bombarding a company's Internet site with thousands of messages so that no legitimate messages can get in or out.

One of the most effective ways to protect a computer network that is connected to the Internet from unauthorized outside access is a firewall. A firewall is a hardware security device that is installed between a computer network and the Internet. It acts like a Web server, routing traffic, but also blocks external users from accessing the internal computer system. Of course, a firewall cannot protect information once it leaves the network. A common method of preventing third parties from capturing data while it is being transmitted over the Internet is encryption. Encryption programs put data into a scrambled form that cannot be read without a key.

Future of E-Accounting

Internet will affect accounting?

Accounting evolution will depend on developments in the Internet and electronic commerce. Accountants will have to use technology to record, analyze and forecast business activity in an online real-time mode.

Enhanced and changed disclosures

The ease of electronic publishing and the ubiquitous nature its display will tempt organization to move from traditional reports to Web published reports. These will first resemble their paper counterparts and then evolve towards the real use of the medium.

Broader and Deeper Financial Disclosure

Investors are aware that firms have vast quantities of continuously updated on-line information and that cost of electronic disclosure is decreasing exponentially. Investors will require not only more detailed and timely disclosures but also for permanent on-line link to certain intranet sectors. Consequently we should see an increase in the scope and frequency of financial disclosure.

Tax Accounting

The federal government and local government are important constituencies of business. Internet technology is likely to increase the reliance of tax authorities on on-line interactive tax audits. The cost of specific audits will decrease, thereby permitting to audit more businesses more frequently and more intensely. Increasingly sophisticated on-line expert systems in tax accounting are likely to proliferate. Taxpayers and tax accountants may have to be more careful, meticulous, and alert. Likewise, on-line interactive audit technology will enable governments to audit more comprehensively and frequently business

compliance with a host of laws and regulations which will create a more challenging environment for business and government accountants alike.

Remote Computer-Based Accounting Services

Remote tax consulting services, remote bookkeeping, remote financial statement preparation, remote auditing, and continuous auditing processes are progressively emerging as realistic services that may even make a profit. The scope and nature of these services, initially mainly a mutation of traditional services, are rapidly evolving.

Goodbye to Ledgers and T-Accounts, Hello to Data based Accounting

Ledgers, T-accounts and paper-based journals are an anachronism. Computer-based packages are now integrated databases using distributed relational database systems to create views of the performance and management of a corporation. Relational Database products (such as Oracle and Ingres) are progressively the base for a larger and larger percentage of financial applications, often segmented by organizational unit.

Interactive Distance Auditing

Private accountants for companies and investors will have to design, administer, control, and audit much more complex information networks born out of a variety of Internet - intranet fusion patterns. Public accountants will have to modify their assurance procedures to allow for more information being disclosed with greater speed and frequency.

The Internet will allow for greater reliance on interactive distance auditing. With exceptions for physical inspection of assets, Internet technology will make physical proximity and personal presence in auditing much less important. On-line access to materials, and remote transfer and retrieval of documents, will be enhanced by audio and video capabilities. This will make distance auditing via the Internet fully interactive.

Costs of specific audit tasks will be significantly reduced. At the same time the variety, scope and frequency of on-line distance auditing will grow. A large portion of on-line auditing will become continuous.

Continuous on-line distance auditing over the Internet is bound to increase opportunities for more timely detection of serious lapses in financial reporting and financial performance. Commensurably, obligations and legal liability of auditors will undergo substantial changes. Auditors will have to be much more alert and timely in their reporting, recommendations and certification

Conclusion

E-Accounting has visited India with a rainbow of opportunities. This also makes us show the world our compatibility with any environment where we can deliver positive output under any situation. If time and money for getting a job done is the issue for the globe today, then why not let it be done by skilled experts who can do it at the best of their professional excellence. The introduction of the internet has revolutionized the process of business automation. E-accounting or online accounting is new development in field of accounting. E-accounting has visited India with a rainbow of opportunities. E-accounting is the application of online and internet technologies to the business accounting function. In e-accounting, source documents and accounting records exist in digital form instead of on paper. All major institution and organization at national and international level are in the favors of e-accounting. Perceived benefits, organizational readiness, external pressures and trust are the main factors that could explain the e-accounting adoption behavior of small firms and the expected impact of the technology. E-accounting helps businesses keep

their financial data and accounting software in a safe, secure environment, allowing real time access to authorized users, irrespective of their location or computing platform and offers a number of benefits. Though, data security, speed of broadband internet connection, network connectivity etc. are the basic problems related with e-accounting. Accountants, being information providers, are natural agents and users for information technologies. In an environment of continuous contact with customers, electronic care, and continuously changing costs and benefits new roles and activities are emerging. In a computer environment that will link many processes, intelligent agents performing many functions, deskbound and distributed, monitoring features will emerge to facilitate accounting practice and enable online auditing. Risks and exposures, particularly of intrusion and viruses, will present new challenges to accountants. Broader and deeper financial statements, with drill downs and user based presentation, will push the limits of the current standards and acceptable practices. Managers, as well as accountants, will have to get used to this environment and adapt their practices to a new world.

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UNIVERSITY AND INDUSTRY SYNERGY IN ADDRESSING SHORTAGE OF HRM PROFESSIONALS: THE PARTICULAR CASE OF UZBEKISTAN

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ABSTRACT

Currently Human Resource Management system in Uzbek companies is still implemented in the views of traditional personnel management. Human Resource Management (HRM) has been accentuated on the governmental level of Uzbekistan because there is a labour shortage in the competent HR professionals within country. A regulatory framework has been adapted to enhance management of human resource in governmental organisations. Uzbek Presidential Decree № УП-4947 set the stage for the Strategy of Action of Uzbekistan's development in 2017-2021 that seeks to bolster state and public development and as commented by the Permanent Mission of the Republic of Uzbekistan to the United Nations.

Being involved in Erasmus+ project which initiated the need for capacity building in the field of Higher Education: Focus on Asia, the purpose of this paper, is to find out whether there is a need for the Human Resource Management (HRM) professionals in Uzbekistan to address the labour shortage issues with the aim of providing the basis for launch of the Postgraduate/Master's Degree programme at two (2) of the universities in Uzbekistan. First brief overview of the education system structure in Uzbekistan and HRM system is going to be discussed; followed by the research findings and analysis.

KEYWORDS : Education, Higher Education, Uzbekistan, shortage of professionals, Human Resource Management (HRM), HR, Postgraduate/Master's Degree, International Universities in Tashkent, labour market, Erasmus+.

1. INTRODUCTION

Worldwide, role of the Human Resource (HR) over past decades have changed from administrative function to the one "including a strategic partner" who adds value to the company (Kaufman, 1999; Schuler, 1998 cited in Giannantonio & Hurley, 2015).

Subsequently, these changes have significant impact on HEIs in the way they prepare students for the HR career (Kaufman, 1996 cited in Giannantonio & Hurley, 2015). Senior HR specialists themselves, note that Master's in Human Resource Management (HRM) is the great tool that gets students prepared for the HR profession, which is a missed opportunity for Universities because already working HR specialists do not tend to have a degree in HR (Lagbert, 2005). Thus, it is interesting to find out what HR specialists in Uzbekistan say about the need for the degree in HRM and whether there is a demand in HR specialists in the market.

The aim of this research is to find out whether there is a need for the Human Resource Management (HRM) specialists in Uzbekistan, to provide the basis for launch of the Postgraduate/Master's Degree programme at two (2) of the universities in Uzbekistan. First, brief overview of the education system structure in Uzbekistan and HRM system is going to be discussed; followed by the research findings and analysis.

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2. LITERATURE REVIEW

2.1 Education system structure in Uzbekistan –Brief Overview

Education system structure in Uzbekistan had undergone changes over the past years, notably until 2017, it was comprised of noncompulsory (i) preschool education (age 0 to 6); (ii) General Secondary Education (grades 1 to 9); (iii) Secondary Specialized Vocational Education such as (a) Academic Lyceum (3 years) or (b) Vocational College (3 years); (iv) Higher Education (Bachelor's Degree 4 years); and (v) Higher Education (Master's Degree - 2 years).

Whereas, current Education System in Uzbekistan plans to make it compulsory for a one year (i) preschool education (at age 6); (ii) General Secondary Education (11 years); (iii) Bachelor's Degree; (iv) Master's Degree. Currently there are two additional pathways that are available: a) (ii) General Secondary Education (9 years) and (iii) Academic Lyceum (2 years); or b) (ii) General Secondary Education (11 years) and Vocational Education (0.5-2 years) (World Bank, 2018). Below is the visual representation of the current education system structure in Uzbekistan:

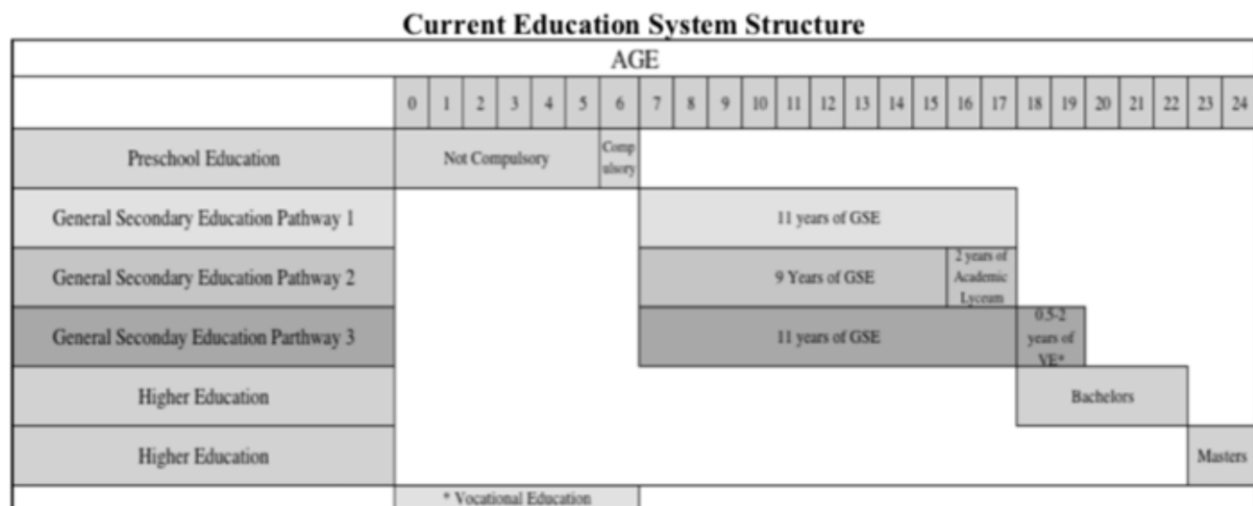


Figure 1. Current Education System Structure

Source: World Bank, 2018. *Uzbekistan Education Sector Analysis*. © World Bank.

2.2 Higher Educational Institutions (HEIs) in Uzbekistan

Uzbekistan is paying great attention to the improvement of the HEIs. In 2017, World Bank concluded a \$50 million Credit Contract for the 'Modernizing Higher Education Project', which aims to improve quality and strengthen Uzbekistan's higher education system in preparation of the qualified employees (TashkentTimes, 2017).

As of 2019, there are one hundred and eight (108) Higher Educational Institutions (HEIs) in Uzbekistan out of which thirty (30) universities, thirty-five (35) Institutes, two (2) academies, twenty-eight (28) branches of HEIs in regions, one (1) school of Dance and Choreography, one (1) conservatory, and seven (7) branches of international/overseas universities (Ministry of Higher and Secondary Specialized Education of the Republic of Uzbekistan, 2019).

Out of seven (7) branches of international/overseas universities in Uzbekistan, four (4) offer their programmes in English language such as:

- i. Westminster International University in Tashkent;
- ii. Management Development Institute of Singapore in Tashkent;
- iii. Turin Polytechnic University in Tashkent;
- iv. Inha University in Tashkent;

whereas the remaining three (3) universities offer their programmes in Russian language, such as:

- i. I.M. Gubkin Russian State University of Oil and Gas in Tashkent,
- ii. Lomonosov Moscow State University in Tashkent, and
- iii. Plekhanov Russian University of Economics in Tashkent (Uzbekistan National Erasmus+ Report, 2017).

2.3 Human Resource Management (HRM) in Uzbekistan

Human Resource Management (HRM) has been accentuated on the governmental level of Uzbekistan. A regulatory framework has been adapted to enhance management of human resource in governmental organisations (resourcing, professional development, performance evaluation of human resource and management of organisations); Uzbek Presidential Decree № УП-4947 set the stage for the Strategy of Action of Uzbekistan's development in 2017-2021 that seeks to bolster state and public development and as commented by the Permanent Mission of the Republic of Uzbekistan to the United Nations (2017), special measures are planned to create a broad range of opportunities for upgrading skills, training at leading international companies and organisations and engaging in mutually beneficial cooperation with them" (Ministry of Foreign Affairs of The Republic of Uzbekistan, 2018).

Currently Human Resource Management system in Uzbek companies is still implemented in the views of traditional personnel management. However, "during the last 5-7 years in our country we are observing that the perception about role of Human Resources is started to change" (AmCham Uzbekistan, 2018).

There has been a positive shift in Uzbekistan towards the improvement of the Human Resource Management, evidence of which are the human resource (HR) forums and conferences organized on annual basis (UzDaily, 2017; DaVinci Solutions, 2016; uz24.uz, 2015; Podrobno.uz, 2013). As of 2019, there are about twenty-eight (28) recruitment agencies and HR consulting companies (GoldenPages.uz, 2019) which demonstrates demand in recruitment & HR consulting companies in the country.

It is also important to note, that job search through online platforms is becoming popular among population; it has increased by three (3) times during the first quarter of 2019, compared to same period in 2018, according to HeadHundter Job Index (2019). It is worth mentioning that, 83.95% of vacancies are placed in the city of the country – Tashkent, which denotes high number of companies' concentration and/or their headquarters.

To date, salaries for the HR related professionals range from 1 003 676UZS to 10 175 953UZS, while highest paid positions are listed among lawyers, top management and IT spheres (ranging from 14 415 945UZS to 18 000 000UZS (HeadHunter.uz, 2019). Although, companies publish reports about the most demanded positions in the country, researchers wanted to know more about the HR vacant positions

which was not clear in the reports prepared by the HR companies; for the sake of interest, data of June 2019 job postings at the online job search platforms has been analyzed by the researchers, Table 1 below shows the results:

Online Job Search Platform	No. of HR related vacancies as of June, 2019	Website Link
ishkop.uz	175	https://ishkop.uz/vacansii?l=Ўзбекистан&rbc=personal&rbc=c%2Ca&df=30
rabota.uz	95	https://www.rabota.uz/vacancy/search/?sortby=3&created=30&category%5B%5D=5&request=
hh.uz	61	https://hh.uz/catalog/Upravlennie-personalom-Treningi
hrc.uz	15	http://hrc.uz/ru/vacancy/?PAGEN_4=3&arrVacancyFilter_ff%5BIBLOCK_SECTION_ID%5D=8&set_filter=Y
MyJob.uz	13	http://myjob.uz/vacancy?industry=6
superjob.uz	4	https://www.superjob.uz/vacancy/search/?catalogues%5B0%5D=81&geo%5Bt%5D%5B0%5D=470
uzjobs.uz	3	http://uzjobs.uz/vakansy.cgi?raz=2&lan=r&search=1&keyword=&sfera1=1&sfera2=&pol=&obraz=&zanyat=&region=&go=%CD%E0%E9%F2%E8+%EF%EE+%E7%E0%E4%E0%ED%ED%FB%EC+%EF%E0%F0%E0%EC%E5%F2%F0%E0%EC

Table 1 Online Job Advertisement for HR Related Spheres

Source: Self-prepared by researchers

According to Table 1, above, it can be concluded that for the one (1) month period there have been about 175 job vacancies/advertisements posted on ishkop.uz; 95 on rabota.uz; 61 on hh.uz (2019). It could be that same companies were posting job advertisement on several job search platforms, thus we suppose that ishkop.uz has the highest rate of job advertisements for the HR related positions, that serves as an indication of existing demand within the HR sphere, which is considerably high.

Also, there is an increase in the number of HR related training courses in the country, however, still, compared to the accounting courses offered for instance, there are about sixteen (16) companies that offer HR related training courses (Kursy.uz, 2019a), whereas the number of companies offering courses in accounting is equal to forty-five 45 (Kursy.uz, 2019b). It was challenging to find an appropriate HR training course five years back, the situation is getting better now, however still, there is a high demand in good HR

specialists, hence appropriate training courses. According to Hideki Mori, World Bank Country Manager for Uzbekistan:

"In recent employer surveys, more than half of all employers cite the lack of adequately skilled workers as a key constraint to doing business in Uzbekistan. The Project signed today will strengthen higher education institutions in their ability to produce skilled graduates and to conduct quality, relevant research to further fuel economic development in Uzbekistan..."(TashkentTimes, 2017).

According to World Economic Forum's Centre for the New Economy and Society (2018), the roles that "leverage the human skills" such as Training and Development, People and Culture, and Organizational Development specialists are projected to grow. HR profession has a promising future outlook (United Nations in Uzbekistan, 2017).

HR role is crucial especially when it comes to mergers & acquisitions (M&A) when integration process is slow and variety of problems occur all at once; thus, HR strong leadership, communication and conflict resolution skills step in to save the company from troubles later on (Lindquist, 2007). There has been numerous research conducted pertaining problems related to recruitment, motivation, and retention of employees in small companies (Julien, 2001; Mc Evoy, 1984; Golhar and Deshpandem 1997; Hornsby and Kuratko, 1990 cited in Sels et al., 2006). Moreover, it is evident that HRM makes a contribution to the performance of the entire company (Boxall and Purcell, 2008 cited in Lindström and Vanhala, 2013). In fact, some research notes that main root cause of companies' failure lies in the incompetence of the HR specialists (Dun and Bradstreet, 2001 cited in Sels et al., 2006); which cannot be ignored and left alone.

HRM degree benefits employer, according to Nancy Woolever, academic initiatives Director at the Society for HRM:

"Principles and concepts learned during any graduate program expose the HR professional to viewpoints he or she may not have been exposed to previously. In the long run, this may mean additional competitive advantage for the organization in terms of applying evidence and knowledge acquired in graduate school to better manage the business enterprise."(Hauser, 2012).

Ross Kerr notes that advantage of HR degree that lies in the fact that it offers wide range of courses within the HR functions such as selection, performance management etc., as well as decision-making skills such as financial analysis, statistics etc. with the aim of providing integrated view on HRM practices (Raphael, 1999).

Therefore, with all the reviewed literature above, researchers were led to the following research question:

Research Question: What is the demand in Postgraduate/ Master's Degree in Human Resource Management in Uzbekistan?

3. RESEARCH METHODOLOGY

Research is based on the survey strategy and included online questionnaires from employers and students, focus group discussions and semi-structured interviews with employers, as well as data available on-line and publications. Detailed description is provided the table 2 and 3.

S/N	Source of data	Method of collection/Source
1	Focus group with employers	Guided discussion
2	Survey among employers	Online mediated questionnaire
3	Interviews with employers	Semi-structure interview
4	Survey/Questionnaire among students	Online mediated questionnaire in social media and SNS channels

Table 2: Primary data collected – sources and method

#	Source of data	Source
1	World Economic Report	Analytical reports
2	Uzbekistan President's and government's acts and resolutions, other legislative acts	www.lex.uz and other sources
3	State Committee of the Republic of Uzbekistan on Statistics, 2018	Uzbekistan Higher Education intake data

Table 3: Secondary data collected – sources and method

3.1 Data Collection

There were three (3) rounds of data collection from employers. Firstly, the focus group with twelve (12) HR representatives of the local and international companies (located in Tashkent and regions of the country) and eight (8) administrative members of the existing University in Uzbekistan (name of which will remain confidential and researchers shall call it a 'University Z') was organized and the potential of the new Postgraduate/Master's programme was explored.

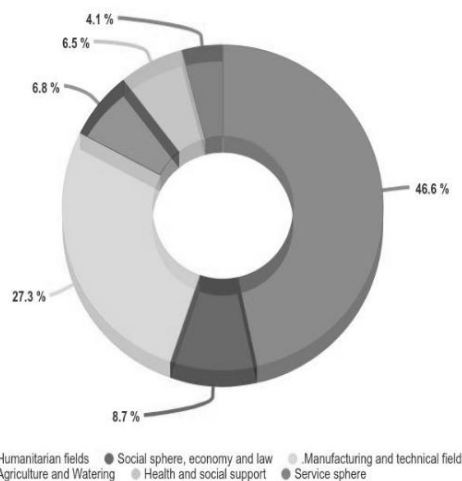
The second round, was online mediated questionnaire/survey disseminated through the professional telegram channel of HR managers representing IT, manufacturing, service and hospitality sectors comprised of thirty (30) respondents. Thirdly, semi structured interview was conducted with five (5) HR managers representing education, retail, oil and gas and manufacturing sectors. Employers located in Tashkent city were surveyed and some of the employers have branches in the regions so the results can be generalized.

Data on students' opinion was collected with the help of online survey among undergraduate students and alumni of one of the international universities in Uzbekistan (University Z) and via social media channels, and online google docs forms among prospective students and during the Open Day at the University Z.

The survey questionnaire was designed in two (2) languages Russian and English, to make it convenient for the most of the HR specialists who are fluent in Russian. Prior to sending the questionnaire it has been tested by the few members from the HR specialists and students with the aim of identifying possible errors and interpretation of questions.

4. ANALYSIS & FINDINGS

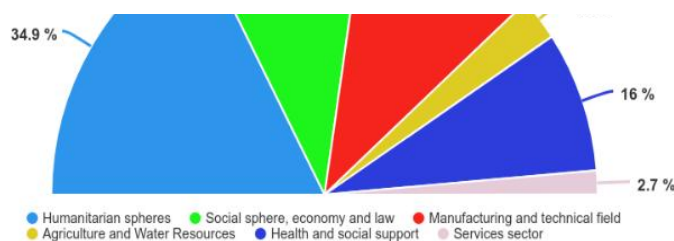
According to the State Committee of the Republic of Uzbekistan on Statistics (2018), Humanitarian fields are the most appealing area of education for undergraduate students as 46.6 % of the whole students' population chose this field.



Graph 1. Distribution of students enrolled in the master degree of higher educational institutions in the field of social sciences in 2018

Source:

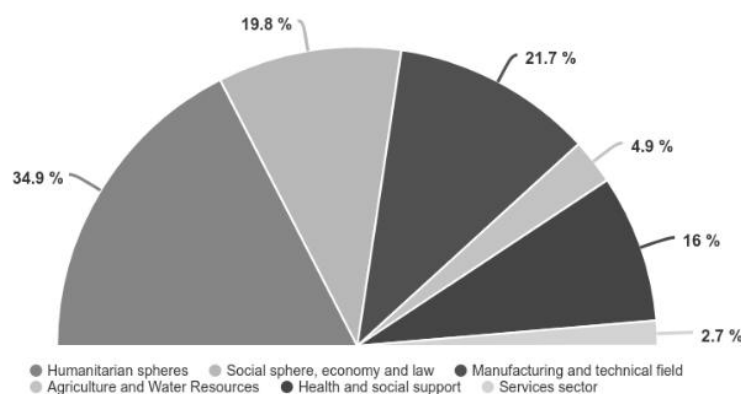
In 2018-2019 and 2019-2020, the following is the distribution of students enrolled in the master degree of higher educational institutions in the field of social sciences in the Republic of Uzbekistan.



Source: State Committee of the Republic of Uzbekistan on Statistics, 2018

2018

Source: State Committee of the Republic of Uzbekistan on Statistics, 2018



Graph 2 The number of students enrolled in the master degree of higher educational institutions in the field of social sciences in 2018

Source: State Committee of the Republic of Uzbekistan on Statistics, 2018

It can be concluded from the Graph 2 above, that there is a high interest in higher education in Uzbekistan but the coverage of it is still low.

4.1 Branches of International/ Overseas Universities in Tashkent

The researchers reviewed the branches of international/ overseas universities in Tashkent, to check if there are any HR related degree offered, thus the table below demonstrates the specializations offered by each branch at Postgraduate/Master's level:

S/N	HEIs Name	Postgraduate/ Master's Degree Title	Source
1	Westminster International University in Tashkent	<ul style="list-style-type: none"> ▪ MA in International Business and Management ▪ LLM in International Commercial Law ▪ MSc in applied economics 	http://www.wiut.uz/master-programme
2	Management Development Institute of Singapore in Tashkent	<ul style="list-style-type: none"> • MBA (Finance) • MBA (Marketing) • MBA (Hospitality Management) • MBA (Supply Chain Management) • MBA (Human Resource Management) 	http://www.mdiss.uz/postgraduate_programmes
3	Turin Polytechnic University in Tashkent	<ul style="list-style-type: none"> ▪ Sc in Mechatronic Engineering 	https://polito.uz/en/education/magistracy/admission/
4	Inha University in Tashkent	<ul style="list-style-type: none"> ▪ NA 	https://inha.uz/en/howtoapply/
5	I.M. Russian State University of Oil and Gas in Tashkent	<ul style="list-style-type: none"> ▪ NA 	https://gubkin.uz/ru/sveden/chastozadavaemye-voprosy
6	Lomonosov Moscow State University in Tashkent	<ul style="list-style-type: none"> ▪ Applied Mathematics and Information Technologies ▪ Psychology 	https://msu.uz/education
7	Plekhanov Russian University of Economics in Tashkent	<ul style="list-style-type: none"> ▪ Economy of firm ▪ Financial economy-investments ▪ International economy and business 	http://www.reu.uz/in-english/Education/

Table 4. Postgraduate Specializations Offered at the branches of international/ overseas universities in Tashkent

Source: Self-prepared by the researchers

According to the table above, it is evident that out of seven (7) branches of international/overseas universities in Tashkent, none of them are offering a complete Postgraduate/Master of Arts Degree in Human Resource Management; only Management Development Institute of Singapore in Tashkent is offering an MBA with HRM pathway.

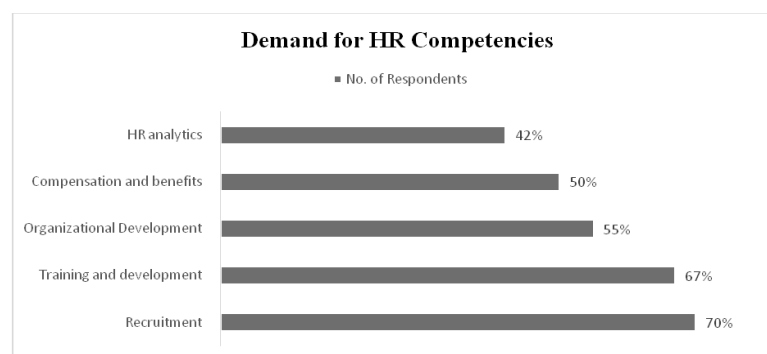
4.2 What Employers Think

Focus group with twelve (12) HR managers revealed that there is a need in the Postgraduate/Master's Degree in HRM. As commented by HR managers there are no offers from other universities in Uzbekistan and if University Z opens this programme, the university will become a pioneer to offer Postgraduate/Master's programme in HR among other universities and it will serve as an advantage. Overall, the HR managers supported the ideas and referred that there is a need in HR specialists in the country. They also provided an example of Chartered Institute of Personnel and Development, UK (CIPD) that unites HR managers and those who are involved in HR, establish community and provide professional development, and encouraged University Z to cooperate with CIPD and bring it to Uzbekistan.

Focus Group discussion also revealed that for the past two (2) years there has been a growing demand and at the same time shortage of professional HR experts. HR managers highlighted that students' selection or admission criteria for the programme are important and candidates should demonstrate experience to get into the programme. This would make the programme competitive and solid as well as the curriculum should contain 50 percent of the theoretical approach and 50 percent of the practical approach. Mainly, focus group representatives supported the necessity of opening the Postgraduate/Master's Degree in HRM and suggested that postgraduate education must be more specialized and contain practicum inside it. They also highlighted that there are some indirect competitors to universities such as individual consultants and training centers in this field, which has been discussed in the literature review above. The following aspects were emphasized while discussing the potential curriculum leading with impact, strategic leadership, HR Analytics as a niche to fill in, business strategy and HR, development of KPIs, human resource as competitive advantage.

Semi-structured interviews with five (5) HR managers also revealed that there is a shortage in HR specialists. Some HR managers commented that existing HR consultancy companies and training centers have fulfilled the need in training and development for HR managers but this is not the formal postgraduate education that develops holistic view integrating strategic HR and functions which prepares qualified specialists. The experts also stressed the importance of localization of HR practices to Uzbek labour market and understanding of cross-cultural management for international organisations.

Questionnaire/ survey of thirty (30) HR managers indicated that there is a demand in HR specialists who have competences in the following HR functions:



Graph 3.: Demand for HR Competencies-Survey Result

Source: Self-Prepared by researchers

Moreover, sixty-nine (69%) of employers stated the need for HR specialists at their companies as of current moment and this is the reality due to lack of specialists at the market. At the moment HR manager profile is dominated by the specialists with various degrees rather than HR undergraduate or postgraduate specializations, which is similar to literature findings by international researchers above. Usually, HR specialists are the employees with general degrees either in business, psychology, linguistics, etc., according to the HR Managers. Noteworthy to mention, according to the survey results, sixty-two (62%) of HR managers specified that they would hire graduates of Postgraduate/Master's Degree in HRM.

Currently the cumulative number of organisations that need HR managers would employ around sixty (60) HR managers as revealed in the survey.

According to the finding from employers and experts, there is a need in the Postgraduate/Master's course in Human Resource Management in Uzbekistan.

4.3 What Students & Alumni Think

University Z surveyed undergraduate students and alumni aged 22 to 40 years old with the majority of respondents aged between twenty-two (22) to thirty-five (35)-year-old with work experience from one (1) to six (6) years. Majority of respondents have working background in business and management, economics and law while there were few from fields of consultancy, pedagogy and psychology. Around forty-five (45%) out of sixty (60) respondents would apply for the proposed Postgraduate/Master's Degree in HRM.

From the results of students and alumni survey, it can be concluded that the Postgraduate/Master's course in Human Resource Management can be an attractive opportunity for students with diverse educational and working experiences.

5. CONCLUSION & RECOMMENDATIONS

This research aimed at finding an answer to the Research Question which reads: What is the demand in Postgraduate/ Master's Degree in Human Resource Management in Uzbekistan?

Analysis and findings of the research reveal that Uzbekistan labour market needs qualified HR specialists, and focus group and survey results conducted among the representatives of the HR specialists in companies of Uzbekistan indicate that there is a need for the Postgraduate/Master's Degree in HRM, since to date, there are not that many options offered by the remaining of the HEIs in Uzbekistan, and it would be an advantage for both organisations and HEIs to launch such degree.

Students and alumni survey also reveal that 45% of respondents (from one studied University in Uzbekistan) would apply for the Postgraduate/Master's Degree in HRM. Findings also support literature discussed earlier, that degree in HRM will benefit employers, which in longer turn will make a contribution to the development of the economy of the country through professionally managing, training, developing and retaining talents.

Recommendations:

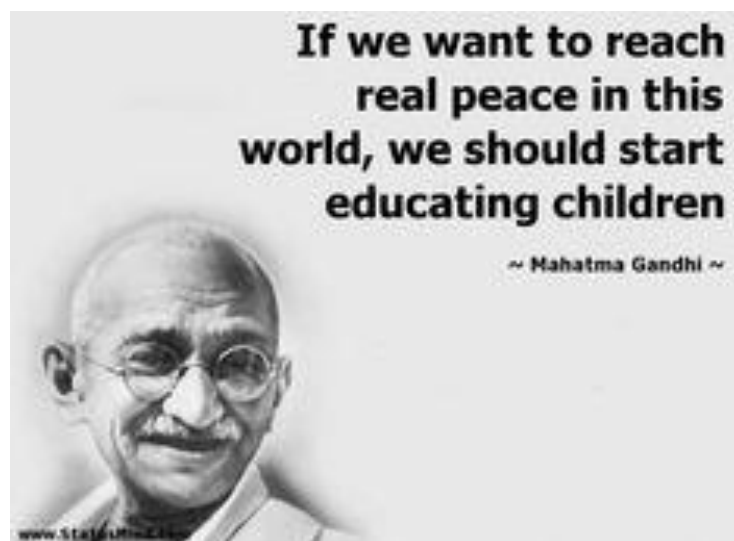
- establish community and provide professional development, through the cooperation with CIPD;
- selection and admission criteria for students to include the substantial work experience;
- the curriculum to contain 50 percent of the theoretical approach and 50 percent of the practical approach to provide hands on preparation for the programme graduates;

- To implement the work-based learning with problem solving and inquiry based learning and authentic assessment tasks to enhance the employability skills of the students

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THE WAY OF IMPROVEMENT TRANSPORT SERVICES IN DEVELOPING TOURISM OF UZBEKISTAN

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ABSTRACT

The article highlights how to organize useful transports for tourists in travelling and solve problems in order to avoid overloading the central highways of the region. It is also briefly discussed that the issue is caused by the increase in traffic intensity due to the insufficient width of the roadway, which leads to disruption of the traffic rhythm can only be solved by building a bus station, which will eliminate the spontaneous parking spaces for buses of suburban and intercity traffic..

Key words: Tourism, touristic services, online maps, touristic infrastructure, public transport, online services.

Introduction

Tourism is completely dependent on the regularity of traffic flows, their speed, safety, quality of services provided to the tourist during his movement. Understanding the basics of relationships with transport companies, the rules of interaction in ensuring the safety of passengers and their property, maintenance, the use of appropriate discounts and benefits for sales is important for both tourists and travel organizers.

Tourism development is hampered by the fact that transport systems in a number of countries do not meet international standards for convenience, efficiency and safety, and transport projects for the construction of new airports, roads and railways require huge investments and time for their implementation. In this regard, the organization of tourist flows using various means of transport becomes an urgent scientific and practical task. Establishing the relationship between different ways of moving tourists allows you to increase the information content of tourist routes, as well as reduce the time travel of tourists between destinations.

Analysis of Subject

The tourism industry is complex and diverse, its main goal is the service of travelers (consumers). The product produced in the tourism industry, tourist product - is a complex of services that are consumed during travel, entertainment, treatment, training and other activities. The main components of the tourism industry and, accordingly, the tourist product:

- 1) Transport service;
- 2) Accommodation;
- 3) Support services;

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4) Sale.

Successful development and functioning of the tourism industry is entirely dependent on the positive, harmonious internal relationships of all its components in order to fully meet customer needs.

Tourism would not be able to develop effectively, to reach such a level of diversity and distribution as today, if people would not be able to move from one point to another quickly enough and comfortably. Transport makes this possible. The elements of the transport component in the tourism industry are: airlines, railways, trucking companies, shipping companies and water transport enterprises. Tourism infrastructure in Uzbekistan also requires comprehensive improvement and raising up to international standards.

Tourist package is formed from the basic, additional and related travel services. In this case, experience of forming tourist packages shows certain shortcomings.

In this connection, it is necessary to focus on the international component of tourism, to develop a set of measures for compliance of tourist infrastructure with all international requirements in the field of tourism. It is advisable to take an inventory of objects of tourism infrastructure and develop a division into categories based on level of service in line with international standards.

Therefore, only in 2016 of December 2, the President of the Republic of Uzbekistan ShavkatMirziyoev directed number of changes to push tourism sector as whole. Accordingly, "Measures to ensure the rapid development of tourism in the Republic of Uzbekistan" Decree" that was outsourced on national magazine "Xalkso'zi" (People's word) on December 7 in 2016 introduces the status of a strategic sector of the economy, sustainable development, structural change and the diversification of the economy, employment, and directed it into a powerful tool for improving the quality of life of the population. Relatively, they may start a new stage in the development of this industry on the basis of it (Alam&Diamah, 2012; Bakhtishodovich et al., 2015).[2]

During the years of independence our country has created new legal and economic foundations based on market relations that are fundamentally different from the past. There have been fundamental economic reforms based on a single state policy aimed at accelerated development of the industry, modern tourism infrastructure has been established, many new tourism routes have been introduced at the world standards, historical and cultural monuments have been renovated and widely disseminated, training and retraining System has been formed.

The issues of serving the population of the region with passenger transport are of great social and economic importance, and for the Republic of Uzbekistan, taking into account the geographical location and seasonal fluctuations of tourist flows in particular.

An extensive network of routes has been formed in the cities of the Republic. Bus routes connect all areas to the city center. However, the insufficient width of the roadway leads to excessive congestion of central highways, caused by an increase in the intensity of traffic, the rhythm of traffic is disrupted, which leads to traffic jams and reduced traffic safety.

Analysis and results: In order to ensure a comfortable rest in the Republic of Uzbekistan, the development of transport infrastructure is required, ensuring the transportation of passengers both on intercity routes and directly on the peninsula. The internal transport of the Republic of Uzbekistan requires development: expanding the fleet and increasing the number of flights during the holiday season, improving the quality of the road surface.

With regard to issues of servicing the population and guests of the region by passenger transport, we can suggest the following ways to solve problems: in order to avoid overloading the central highways of the region, caused by the increase in traffic intensity due to the insufficient width of the roadway, which leads to disruption of the traffic rhythm can only be solved by building a bus station, which will eliminate the spontaneous parking spaces for buses of suburban and intercity traffic.

Table1.

The program of tourist and economic development of transport infrastructure of the Republic of Uzbekistan

№	Activity	Tasks
1.	Development complex of road transport	<ol style="list-style-type: none"> 1. Creating a modern system of public roads and road bridges; 2. Construction and reconstruction of highways for routes ecological and resort tours; 3. Construction of port infrastructure facilities in the region; 4. Creation of airport infrastructure; 5. Construction of road / rail approaches to the transport passage through the Asian Strait; 6. Improvement of the transport and operational condition of the roads through the implementation of an overhaul; 7. Ensuring road safety; 8. Introduction of a video surveillance system at the emergency crossroads of the city.
2.	Ensuring the development of passenger transport common use	<ol style="list-style-type: none"> 1. Updates of rolling stock of passenger motor transport, electric transport; 2. Implementation of measures to improve the network of urban transport routes; 3. Improving the quality of transport services; 4. Development of special measures aimed at increasing the efficiency of the existing bus network; 5. Creation of high-speed rail lines to the main resort centers of the coast; 6. The increase in the number of cities in the CIS having direct bus service to the Republic of Uzbekistan.
3.	Perfection city taxi traffic	<ol style="list-style-type: none"> 1. Creating a network of urban taxi parking.
4.	Perfection management of urban transport complex	<ol style="list-style-type: none"> 1. Improving the management of passenger transport by road and bus; 2. Improvement of dispatch and information support for urban management transport service.
5.	The implementation of the priority investment projects	<ol style="list-style-type: none"> 1. The reconstruction of the palace of Amirkhan Mohi Hass in Bukhara; 2. Construction of a suburban bus station in each region of Uzbekistan; 3. Enjoy the International Airport of Uzbekistan Airways; 4. Reconstruction of the highway in the villages of Bukhara; 5. Creation of the yacht marina in the Lakes Terengkul, IssiKul, Dengizkul and others; 6. Creating an international resort areas in the lakes in the city of Bukhara;

		<p>7. Creation of a yacht marina in the area of the Zomin mountain in the town of Zizach;</p> <p>8. Construction of the Bukhara Bridge to view tourists from the top of the city.</p>
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Source: As a result of research work by author's

Virtually all of our officials who are related to this with great enthusiasm support the idea of investing huge amounts of money in the construction and reconstruction of roads, widely advertising the “advantages” of such investments. Benefits, which say the following:

- Improving the local investment climate, increasing the country's attractiveness for foreigners, the development of domestic tourism;
- Population growth and the creation of new jobs along international transport corridors;
- A significant increase in the level of interconnectedness of regions and a reduction in travel time;
- Improved road safety;
- Reduced fuel consumption, reduced vehicle repair costs;
- Increasing the attractiveness of Moldova as a transit country.

However, in order to objectively evaluate the effectiveness of investments in such projects, the “minuses” of priority, large-scale investments of a poor state should be considered, namely in road construction.

It should always be remembered that there are projects that are no less important for the country and are able, in a short time, to give a significantly greater result and where not less funds of limited (own and credit) investment resources should be directed.

It is very important that the money that is attracted to the country be spent with maximum benefit and create the conditions for its long-term progressive development.

That is why, given the great excitement around road construction, announced by some officials almost a panacea for all ills, one should pay attention to the existing problems of the declared priority of massive investments in road construction of a poor country:

Road construction is an investment with the longest, of all possible options, payback period (even investment in education, if viewed only from an economic point of view, gives a significantly more tangible effect) for the following reasons:

- 1. Jobs in the period of development of investment in roads, created, in comparison with the money spent, is negligible. Road construction is the most mechanized type of construction work, so even with the largest road construction in the country, we can talk about 2-3 thousand additional workplaces in road organizations, companies, serving them and in quarries.*
- 2. Additional jobs in the roadside shopping and service centers (restaurant, cafe, shop, hotel, car service center and gas station) along the constructed international highways will also be created a little compared to the money spent. On the European and American highways, one such trade and service center is created on the 30-40 km of the road. It is possible to calculate how many kilometers of*

international autobahn we are planning to build and realize that we are talking about the same several thousand new jobs, including farmers producing products for these complexes.

- 3. Decent additional taxable base, these objects and their employees, also, will not create. However, advocates of this type of priority investment can talk about large revenues to the VAT budget from organizations involved in the development of investments in roads. But this VAT is part of the loan, which then will need to be given from the same budget.*
- 4. The advantages listed by supporters of mass road construction give a low (in comparison with some other areas of investment) economic and social effect in comparison with the money spent.*
- 5. Thus, the return of spent funds is absolutely unpredictable, mediated, delayed for decades, which is undesirable for indulging poor countries when it comes to credit resources.*
 - The country does not have, so far, sufficient experience in building high-quality roads that could serve for decades without major repairs. An example would be roads repaired over the period of independence, which in their entirety require re-repair, and some have already been thoroughly repaired several times. And this is due not only to the unfairness of the builders, but, to a greater extent, to the lack of sufficient experience to be gained by the road builders and the state. The country is not only financially but also technically not ready for large-scale road construction. It takes time to finalize the regulatory framework governing the requirements for pre-project studies of existing roads and roads that need to be reconstructed, project documentation, road base and coverage, taking into account the realities of the 21st century, associated with high traffic intensity and large-tonnage vehicles. Time is needed for the perception of these requirements by road builders, for the construction and reconstruction of the material and technical base of road-building companies. Preparation of the regulatory framework needs to start urgently and money for this is not much required.
 - “Buried” money on the road does not create, directly, any product that could generate profits, providing a return on investment, creating new jobs, adding to the budget. The money will be spent tremendously, it will be very difficult to return it to creditors in a tangible time frame and the overwhelming majority of the citizens of the Republic of Moldova will not feel a positive effect on their families from such investments.
 - The budget of our children and grandchildren will bear a huge burden on the return of interest and loans.
 - The state will be forced to postpone other, really high priority, investments for the country. At the same time, as it was shown above, it will hardly be possible to obtain a significant economic effect from road construction.

There is a huge risk for a poor state to invest credit resources in a direction that does not give a clearly predictable return and increase in borrowed money, and will not have a significant impact on improving the lives of citizens (solving social problems, creating jobs, etc.) .

Along with long-term loans (funded by the US Government Millennium Challenge Program) and grants, the Government uses medium-term loans from international banks and some countries for the construction

of roads, which, according to the authors of the project www.moldovenii.md, may be attractive for other development programs but unacceptable for road construction.

Obviously, first of all, it is necessary to restore roads of republican significance (which has been done in recent decades), connecting the capital and regional centers, as well as roads to tourist facilities (provided for by the developed general plans for their development), transferring to a smoother channel construction (restoration) significant roads.

At the same time, it is very important that the monetary resources attracted for road construction meet the following conditions:

- It must be grants.
- These should be loans taken for a period of at least 30 years, with a vacation for a return of at least 10-15 years, with a loan rate of no more than 1-2% per annum.
- It must be budget funds.
- It should be the funds of the National Fund for Road Construction for the replenishment of which should be used increasing taxes levied on car owners and oil (in the future and electric) companies.

To sum up, in order to develop and increase the role of transportation in tourism the countries should pay attention to the following points:

- The transportation modes specific to the regions must be developed;
- The transportation costs must always be kept competitive;
- The passengers must be attracted to sea and railway modes of transportation;
- New embarkation ports must be established in order to develop cruise travel;
- New fast train lines must be established and new fast trains must be bought and foreign experience must be applied;
- The distance from stations must be kept less ;
- New coaches must be brought to the country;
- New technologically advanced aircraft must be put into air lines;
- The personnel must be trained;
- The governments should allocate financial support for the development of transportation.

Finally, coordination of development of tourist activities, ensuring creation of new tourist routes in regions, carrying out their certification, forming of unified national registers along tourist routes and tourist objects are believed as a major feature of development.

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CUSTOMER SATISFACTION IN TELECOM INDUSTRY IN COUNTRY

A CONCEPTUAL STUDY OF FACTORS AFFECTING

Dr. Alka Mishra¹

1. INTRODUCTION

At the present time, the service dynamic environment is considered as a main point in effective marketing. It's essential to design service products based on customer's need and feasible prices. But the rate of customer participation and also the time are important in service delivery. Service quality, deregulation or free competition and new technology have increased competition and widened the range of network services available throughout the world. This increase in telecommunication capabilities allows business to benefit from the information revolution in numerous ways, such as reforming their inventories, increasing productivity, and identifying new markets. The mobile services have been recognized the world more than a significant tool for socio-economic progress. It is one of the key support services needed for the rapid development and transformation of various sectors of the economy. Economy becomes handicapped in the absence of a sound mobile network system. The mobile sector had a slow and uneasy start in India.

As per the ITU (International Telecommunication Union) Quality of Service is a set of quality requirements on the collective behavior of one or more objects. It is basically the level of guaranteed services provided to a user. Nowadays the level of guaranteed service is extremely imperative for an organization to progress and survive in this competitive market. An organization needs both to meet and exceed the expectations of the customer. The basic criterion on which a customer expects from a company is their past experiences, others' past experiences (word of mouth) and the marketing strategy of the company. The quality of services provided to the customers are directly proportional to the customer satisfaction and word of mouth as each customer generally compares the tangible services with their own expectations and if the tangible one falls below their expectations, the customer generally becomes disappointed and that affects his loyalty and satisfaction towards the service provider.

2. ABSTRACT

The purpose of this study is to discover those factors which can affect and have an impact on the satisfaction level of customers in the telecom industry in India. With the customer satisfaction, any organization can maximize the number of loyal users. The main objective of this kind of study is to search the factors influencing the satisfaction level of the customers in the mobile industry. This study has identified six factors by which customer satisfaction can be maximized in telecom industry. The study is conceptual in nature and secondary data is used to shape the paper. Profound study of literatures has been done to reach at outcome of the study.

3. CUSTOMER SATISFACTION

Customer satisfaction is a personal feeling of either pleasure or disappointment resulting from the evaluation of services provided by an organization to an individual in relation to expectations. Service

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providers frequently place a higher priority on customer satisfaction, because it has been seen as a prerequisite to customer retention. As a positive outcome of marketing activities, high customer satisfaction leads to repeat visitation to stores, repeat product purchases, and word-of-mouth promotion to friends, while low customer satisfaction has been associated with complaining behavior. A satisfied customer often stays loyal longer, and is likely to patronize the firm in future. Generally, there are two general conceptualizations of satisfaction, namely, transaction specific satisfaction and cumulative satisfaction. Transaction-specific satisfaction is a customer's evaluation of his or her experience and reactions to a particular service encounter while cumulative satisfaction refers to the customer's overall evaluation of the consumption experience to date.

4. OVERVIEW OF INDIAN MOBILE INDUSTRY

Today the Indian Mobile service industry is the world's fastest growing mobile service industry. It is also the second largest telecommunication network in the world in terms of number of wireless connections after China. Cellular services can be divided into two categories: Global System for Mobile Communications (GSM) and Code Division Multiple Access (CDMA). The GSM sector is dominated by Airtel, Vodafone, and Idea Cellular, while the CDMA sector is dominated by Reliance and Tata Indicom. Deregulation and latest technology have created cut-throat competition and widened the range of network services available throughout the world. To retain the customers, companies have to enhance the quality of services provided to the customers so that the customer adheres to the same company for much longer. The mobile sector now includes a good number of national and multinational companies providing varied mobile communication services to the mobile users within the country. Every day there is a significant rise in the number of mobile users from both urban and rural areas. The companies providing mobile services have also become competitive and are ready to capture the maximum market share. The business of all such companies namely BSNL, MTNL, Bharti AIRTEL, Reliance India communication, Tata Telecom, Idea, etc is expanding very fast throughout the country while on the other hand the branded handsets of Sony, Motorola, Samsung, Reliance, Tata Telecom and many more have established their name in the market with a wide variety of feature loaded handsets of all price ranges.

5. IMPORTANCE OF THE STUDY

It is really worth mentioning that in the last five years, the number of mobile users has increased tremendously. Now with such a fast expansion of the mobile user market it is very important for the companies to be conscious about their role in providing quality services to their customers so as to generate customer satisfaction. In the present scenario, the said aspect has become very important and a complete and realistic assessment of needs to be done. Since satisfied customer is the core concern of any organization therefore they pay close attention toward the factors that influence a customer's decision towards brand. The main purpose of this research study is to investigate the key variables that are having strong influence on customer satisfaction in telecom sector and influence purchasing decision of customers. Factors affecting customer satisfaction are key concern for any organization, department or country because any business can establish long term profitable relationship with customer through customer satisfaction. The reason behind is once a firm loses its loyal customers it has to incur a cost of acquiring them again in addition to acquiring the new ones. Keeping up above said issue in the mind, the research study has been contemplated.

6. REVIEW OF LITREATURE:

Anil Kumar and Manoj Kumar Dash (2013), conducted an exploratory research which aimed to construct a measure for service quality in banks. The purpose of this research paper is to construct a measure in service quality for Indian banks and establishes a causal relationship of service attributes performance with customer satisfaction. The statistical techniques conducted for this paper were: (a) Reliability Test (b) Exploratory Factor Analysis (c) Confirmatory Factor Analysis (d) Structural Equation Modeling.. The results indicate that service quality variables are important antecedents of customer satisfaction and retention. These antecedents of service quality have a positive significantly relationship with customer satisfaction. The study concludes with an analysis of how different dimensions of service quality performance attribute impact on customer satisfaction and retention. [7]

Rajkumar Paulrajan and Harish Rajkumar (2011), studied that the success of telecommunication industry depends on prudent efforts and feasible investments. The purpose of this research study is to understand the Indian consumers' perception choice in selecting cellular mobile telecommunication service providers. A structured questionnaire was developed to collect the required primary data from the consumers. Collected data were analyzed by Cronbach's alpha analysis test. The outcome of this research shows a comprehensively integrated framework to understand the relationships among several dimensions. The finding suggests that communication and price were most influential and most preferential factors in selecting telecommunication service provider. [11]

Victor Iglesias (2009), points out that in the concept of attribution, various dimensions that were considered in a large number of works. These dimensions are locus of causality, controllability, and stability. The purpose of research paper of is to analyze the effects of the identification of service failures on consumer satisfaction. ANCOVA test is applied in this paper. The results show that the attribution of the failure to the service firm causes a systematic reduction in all of the quality perceptions (even in service aspects not linked to the failure). But attribution also shows direct effects on satisfaction beyond the effect through perceptions. Attitude based processes as well as attribute-based processes are affected by attribution. [5]

According to **N. Mekoth, G. P. Babu, V. Dalvi, N. Rajanala, and K. Nizomadinov (2011)**, the service marketers are considering various constructs like service quality, consumer satisfaction and behavioral intentions while planning and developing the marketing strategies. Objective of research is to identify some of the critical service encounters that the outpatients undergo in a health care facility and to investigate whether the service encounter related process quality as perceived by the patient's leads to patient satisfaction, repeat visit, and recommendation intentions. Regression analysis is applied in this paper. Exit interviews of the outpatients have been conducted to identify service encounter related process quality variables which determine patient satisfaction and behavioral intentions. The result reveals that both the physician quality and laboratory quality have been found to be significantly related to patient satisfaction. [8]

The empirical research study of **Ms. Jayshree Chavan, Mr. Faizan Ahmad (2013)** focuses on exploring the major factors that lead to customer satisfaction in retail banking in Western Maharashtra in India. It also leads to developing a conceptual framework of relationship marketing practices in Indian banks by capturing the perspectives of consumers with respect to their satisfaction with various services. The findings revealed that customer satisfaction, a transaction-specific attribute, is dependent on nine different factors. It is hoped that this research paper would help the bank management not only in improving the overall level of customer

satisfaction but also strengthening the bond between the banks and their customers, thereby helping the banks to retain and/or expand their overall customer base. [1]

Research paper of **Chatura Ranaweera and Andy Neely (2003)** represents a holistic model of customer retention incorporating service quality perceptions, price perceptions, customer indifference and inertia. Data from a large-scale postal survey of telephone users in England showed that perceptions of service quality have a direct linear relationship with customer retention even in mass services with low customer contact. Price perceptions and customer indifference too were found to have a direct linear effect on retention. Furthermore, it was also seen how both price perceptions and customer indifference moderated the relationship between service quality perceptions and customer retention. A linear relationship between inertia and customer retention was not found. Furthermore, there was evidence to indicate that inertia was a relatively unstable condition and that reliance by service providers on inertia to retain customers could indeed be a risky strategy. [12]

7. OBJECTIVES OF THE STUDY

- i. To analyze the factors which may affect the quality of services provided to the customers.
- ii. To analyze the satisfaction level of customers on the basis of quality of service provided by the telecom service providers.

8. FACTORS RESPONSIBLE FOR CUSTOMER SATISFACTION IN TELECOM INDUSTRY

8.1. COMMUNICATION SERVICES

Communication is one of the integral parts of services that have always been a focus point for exchanging information to the customers. Later the discovery, telephones replaced the telegrams and letters. Similarly, the term 'mobile' has completely revolutionized the communication by opening up innovative applications that are limited to one's imagination. Today, mobile communication has become the strength of the society. All the mobile system technologies have enhanced the way of living.

8. 2. NETWORK COVERAGE

Geographic coverage describes the locations covered by the telecommunication companies. These may be specified as location names, various codes for localities, census map spots, and latitude and longitudinal ranges.

8.3. TECHNOLOGICAL SERVICES

The purpose of evaluating technological services is to analyze and evaluate the development of a particular technological field in terms of the structures and processes that support or obstruct it. Technological Innovation is defined in terms of knowledge/competence movement rather than flow of ordinary goods and services.

8.4. COMPETITIVE PRICES

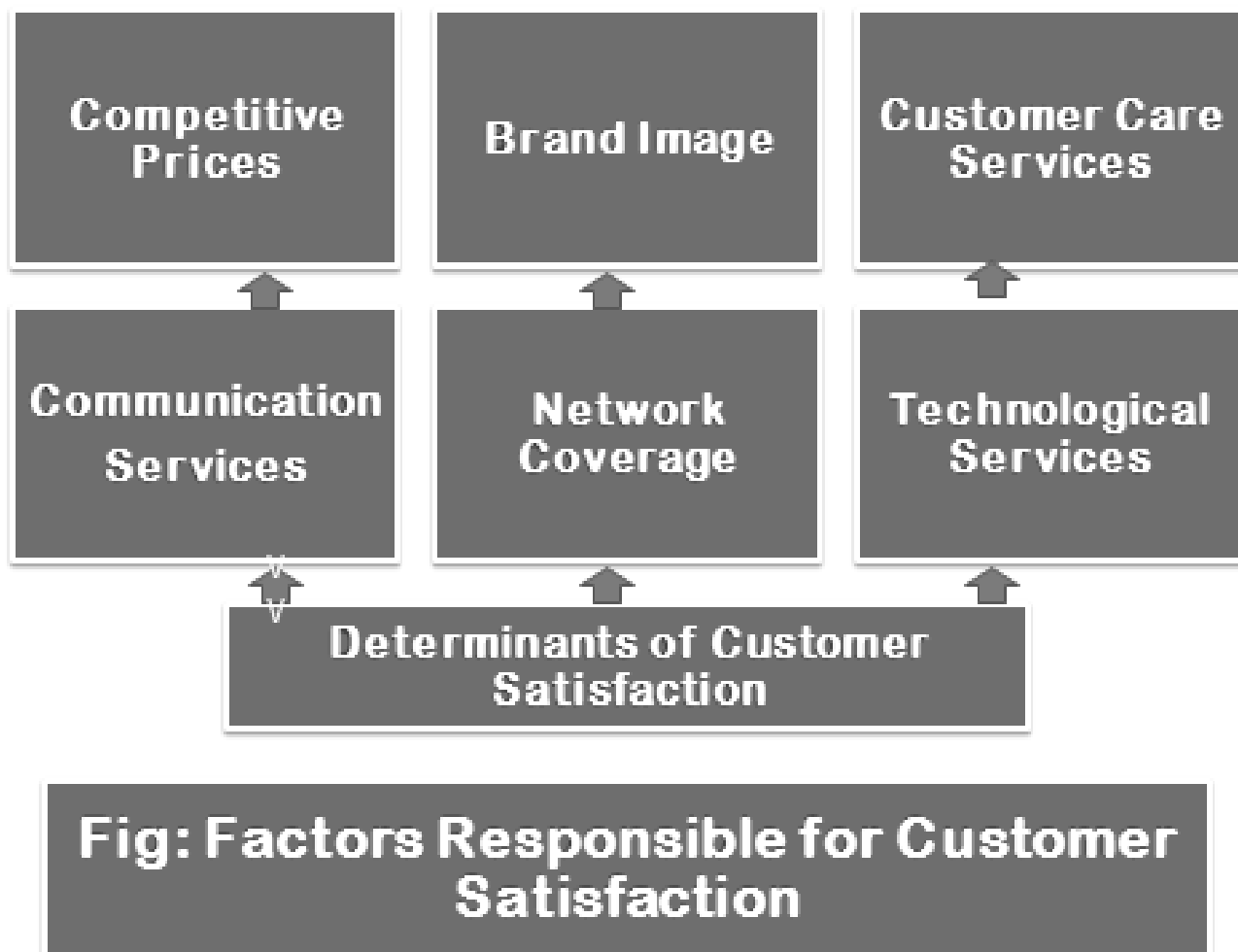
Competitive pricing is setting the price of a service based on what the competition is charging. Competitive pricing is used more often by businesses selling similar services, since services can vary from business to business while the attributes of a service remains similar.

8.5. BRAND IMAGE

Image of service provider plays a vital role in choosing the telecom network in telecommunication sector. Criteria of image of telecom operator includes following points. Brand image refers the impression of brand's total personality in the consumers' mind (real and imaginary qualities and shortcomings). Brand image is developed over time through advertising campaigns with a consistent theme, and is authenticated through the consumers' direct experience.

8.6. CUSTOMER CARE SERVICES

Customer care refers the work of looking after customers and ensuring their satisfaction with one's business and its services. Modern consumers are aware of their right to a high standard of customer care. Customer care is very important to us. It is the approach of an organization to winning and retaining customers.



9. MEASUREMENT OF CUSTOMER SATISFACTION

Since this study is based on secondary data hence literature review helps researcher to understand following variables which are responsible to customer satisfaction in telecom industry:

- Low call drop facility plays an important role in customer satisfaction. If the customer is satisfied then he/she automatically promotes the network and services of service provider among the people by word of mouth.
- In this highly competitive scenario in the telecom sector, Service quality generates fair competition among the small as well as giant player of the industry. Hence disturbance free network system satisfies the need of the customers.
- Operators offer services with new technology for customer satisfaction but the consideration should be given on sustainability of users not only offering a new technology.
- Customers prefer the network which provides low international tariff plans.
- Since customer is the king of the market so he should be satisfied with the services at affordable prices.
- Set up a 24x7 Customer oriented call centers and innovative/competitive service offers for enhancing the service quality boosts the customer satisfaction.
- Up-to-the-minute technology to satisfy the needs of young generation in fast and under developing cities boosts the customer satisfaction.
- A promotional offer with affordable tariff plans enhances the customer satisfaction.
- For enjoying the interactive session with customers, Operators must establish customer relationship management (CRM) cell.
- In this competitive scenario, Operators should conduct systematic marketing research to know the customer satisfaction for the service quality that will include customers' perception and expectations both.
- Encourage upward communication from customer-contact employees.
- Make a blueprint of the service and standardize as many components of it as possible and institute a formal, ongoing process for setting service specifications.
- Eliminate "perception of infeasibility" on the part of senior managers and make a true commitment to improve customer satisfaction.
- Invest in ongoing employee training and support employees with appropriate technology and information systems.
- Reduce role conflict and role ambiguity among customer-contact employees.
- Have consistent customer-related policies and procedures across branches or departments and resist the temptation to promise more than the organization can deliver.
- Work systematically to remove organizational barriers that lead to poor customer service -- offline and online.

- Recognize that e-service quality as perceived by customers involves much more than having a state-of-the-art website and Put in place a solid behind-the-scenes infrastructure information systems, logistics, and human resources -- to deliver what a website's front promises.
- Service provider must pay heed on service quality and its five key dimensions: reliability, responsiveness, empathy, assurance, and tangibles.

10. CONCLUSION AND DISCUSSION

This research study aims to figure out the factors responsible for customer satisfaction of mobile users in telecom sector. In which we pull the attention on service quality with the special consideration given on attractive/aggressive tariff plans, innovative services, quality of service, Voice quality, low call drops and state-of-the-art customer service setup, customer relationship management cell, brand strength, network quality and better customer care services, grievance redressal cell And value added services etc. Service quality will facilitate the satisfaction of unsatisfied users. This also means operators will have to put more effort on to provide better services to retain the customers, better services mean the companies will have to set up more mobile phone towers, upgrade their equipment and provide instant rectification of problems so that the subscribers are always able to get connected, surf the internet and make full use of their mobile telephones. Operators must think on reducing the gap between the customer expectation and customer perception. Because gap deduction will help to serve better to the customers and contributes in brand image, profit maximization and footfall of customers toward them.

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USE OF MARKETING IN THE DEVELOPMENT OF TOURISM

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ABSTRACT

This article discloses information about the importance of tourism in the economy, as well as revealing data on the development of tourism in the Republic of Uzbekistan. Further, the objective of marketing in the development of tourism is highlighted and the stages of using marketing concept in touristic enterprises companies are presented.

Key words: *tourism marketing, tourism potential, tourism enterprises, market opportunities analysis, marketing concept, strategy.*

Today, in the context of globalization in the world economy, tourism has become one of the most important socio-economic and cultural factors. Tourism appears to be a profitable and fastest growing strategic sector of the economy. For that reason, many countries around the world are trying to further the industry and to bring the relevant infrastructure to the requirements of the world.

The development of tourism sector will help in the creation of new jobs, economic diversification and find a solution to other important socio-economic problems, further development of the regions, improvement of incomes and quality of life of population.

“Driven by a relatively strong global economy, a growing middle class in emerging economies, technological advances, new business models, affordable travel costs and visa facilitation, international tourist arrivals grew 5% in 2018 to reach the 1.4 billion mark. This figure was reached two years ahead of UNWTO forecast”^{*}.

Analysis of the current state of tourism in many countries makes it possible to understand that tourism development should be accompanied by efforts to promote domestic, national, and tourism programs. Within the frame of each country domestic tourism, thanks to the redistribution of national income, contributes to the stable position of the national economy, a deeper awareness of common interests and the development of activities favorable to the country's economy as a whole.

Uzbekistan is one of the countries with the greatest tourism potential in the world. The country has all the necessary resources for the development of modern tourism industry, favorable natural-climatic conditions and rich historical cultural heritage.

Uzbekistan possesses a great historical and cultural heritage - more than 7,300 ancient-architectural and archeological sites. Most of them are located in such cities as Samarkand, Bukhara, Khiva,

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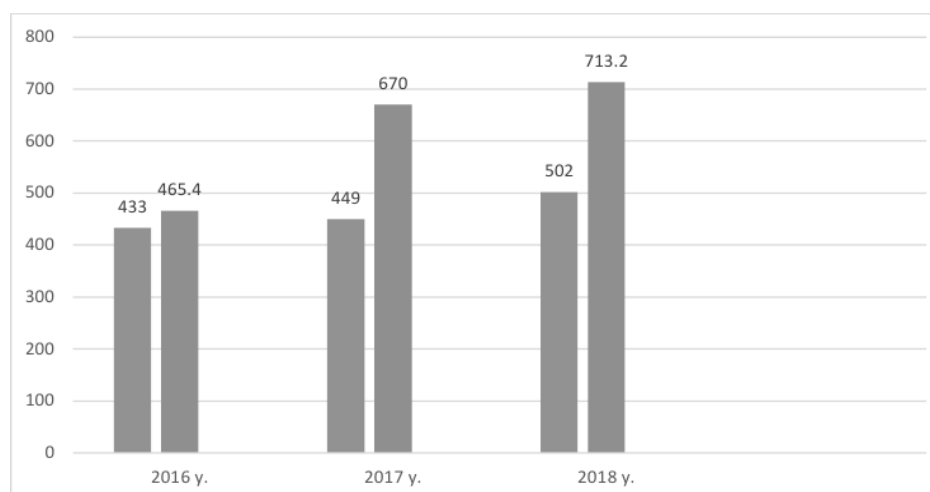
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^{*} www.unwto.org “International tourism to outpace the global economy”

Shakhrisabz, Termez, Kokand and Tashkent. More than 200 historical monuments and sites of our country are included in the UNESCO Cultural Heritage List.

The Republic of Uzbekistan carries out consistent reforms in development of tourism as one of the most important strategic sectors of the national economy. In particular, in five priorities of the Strategy of Actions for the further development of the Republic of Uzbekistan in 2017–2021 years puts emphasize for "accelerated development of tourism industry, increasing its role and share in the economy, diversification and quality of tourism services, expansion of tourism infrastructure" [1].

In recent years, the importance of tourism in the socio-economic life of our country has been increasing and the number of foreign tourists visiting Uzbekistan is growing year by year. The number of enterprises and firms providing tourism services is rising, and the share of tourism in the country's GDP is expanding. The share of tourism in the country's export is also demonstrating high rates.



■ Number of tourism enterprises and companies ■ Number of visitors they served (in thousands)

Figure 1. Analysis of tourist enterprises in Uzbekistan and the number of visitors they served¹

It is explicitly seen from the figure that in 2016, there were 433 tourist enterprises and by 2018 this number indicated 502. The volume of services provided by these enterprises to tourists is also growing.

Increased market relations and increased demand for tourism services in a highly competitive environment have led many countries to accost to marketing for adaptation of their travel companies to environmental changes.

Marketing activities are not meant to be only the satisfaction of market demand, but also the success of the company in its competitive struggle. Since marketing first appeared in the industrial sector, there was no sufficient reason to apply it in tourism area until the mid-twentieth century. However, in the XXI century, which is considered as an information age, the growth of competition and the development of global commercial activity have led to the rapid introduction of marketing principles in the activities of tourism enterprises. Therefore, one of the main tools for effective organization of such activity is the marketing system, which is under the study of the factors influencing the development of tourism enterprises and the

¹ Created by author based on data from www.stat.uz

efficiency of export activities in international markets. Tourism marketing has distinctive features in connection with the nature of the services provided, the form of the sale and the specifics of the competition.

Many confuse marketing with commercial marketing efforts, while in reality it combines several types of activities aimed at identifying, servicing, and satisfying consumer needs. Marketing begins long before and continues long after the act of sale.



Figure 2. The position of marketing in the organization [5]

Webster F. gave the definition of the concept of marketing and its role in the company, which showed that marketing is both culture, strategy, and tactics (figure 2).

Marketing as an organizational culture is a combination of values and beliefs that aim the organization towards sustainable development.

Marketing as a strategy is the development of measures in response to changes in the external market environment.

Marketing as a tactic is product management, pricing, distribution, marketing communications.

Marketing in tourism is the activity of planning and developing tourism products and services, promoting sales of goods and services, stimulating demand and prices for them. The specifics of marketing in tourism are determined by the characteristics of tourism products (compared to other consumer goods and services), as well as the characteristics of consumers and manufacturers of tourism goods and services.

French scientists R.Lancar and R.Ollie define tourism marketing: "Tourism marketing is a series of basic methods and techniques developed for research, analysis and solving problems. The main thing that these methods and techniques should be aimed at is identifying the possibilities to most fully meet the needs of people from the point of view of psychological and social factors, as well as identifying ways to do business most rationally from a financial point of view by tourist organizations (enterprises, bureaus or associations), allowing to take into account revealed or hidden needs for tourist services. Such needs can be determined either by motives of rest (entertainment, vacation, health, education, religion and sport), or other motives that are often found in entrepreneurial groups, families, various missions and unions" [4].

The intensive development of the tourism industry today makes it attractive for entrepreneurship globally. W.Middleton and J.Clark explain the increasing demand for marketing strategies: “the desire to see the future and to be a leader, to do business in a rapidly expanding global market, requires travel companies to plan their activities based on marketing strategies. Therefore, they should organize their activities according to the marketing strategy” [2].

In accordance with the recommendations of the World Tourism Organization (UNWTO), there are three main functions of tourism marketing:

- Forming contacts with consumers of tourism services;
- Development of contacts through innovations;
- Monitoring of service results.

Establishing contacts with customers aims to convince them that the proposed vacation destination and the existing services, attractions and expected benefits are fully consistent with what the customers themselves want. The development of contacts involves the design of innovations that can provide new marketing opportunities. Such innovations should meet the needs and preferences of potential customers. Control includes analysis of the results of activities to promote goods and services to the market and verification of how the results reflect the full and successful use of the opportunities available in the tourism sector, a comparative analysis of the costs of advertising marketing events and revenue.

The marketing process in a tourist enterprise begins with an analysis of market opportunities by implementing a set of marketing studies. The results of these studies are related to the analysis of start-ups (enterprise environment, potential consumers, market status assessment, competition level) and providing specific recommendations for the future activities of the tourist enterprise. Comparing the market opportunities identified with the research along with the goals and resources of the enterprise provides the marketing potential.

Under the marketing research should be understood - the systematic collection, registration and analysis of data on issues related to marketing. The objectives of marketing research are part of the marketing information system, which is part of the enterprise management information system. Marketing research is associated with decision-making on all aspects of marketing activities, all marketing research in two sections: the assessment of certain marketing parameters for a given point in time and obtaining their forecast values.

Marketing research in tourism in its basic features does not differ from other forms of economic activity. Therefore, all the necessary conditions of modern marketing can be fully applied in tourism.



Figure 3. Technology of the realization of marketing concept in tourism enterprises¹

¹ Z.I.Usmanova. Tourism Marketing. Lecture text. Samarkand: 2009. P.7.

Choosing the most effective long-term target markets allows you to focus on meeting the needs of a particular customer group that will benefit the enterprise without spending marketing efforts on the entire market. The consumer markets are very diverse: buyers have different tastes, habits, opportunities and more. The greater the difference between consumers, the more difficult it is to create a product that satisfies everyone. On the other hand, it is not possible to produce a separate product for each customer (for individual orders, either very expensive or inconvenient). Therefore, the seller reveals a wide range of buyers with similar features, including relative demand.

Elaboration of the most rational marketing strategy in the activity of the tourist enterprise will allow reducing the degree of uncertainty and risk in marketing activities by concentrating resources on selected priority areas. Implementation of marketing strategy is related to the choice of tools to achieve goals and objectives. Private strategies (product, price, sales, communication strategies) will be developed to implement the overall strategy. Developing a marketing strategy can be cost-effective in terms of research and management time, but it is relatively inexpensive to implement.

In order to ensure the effectiveness of marketing management in a tourist company, it is necessary to develop auxiliary systems:

- Marketing system;
- Marketing planning;
- Marketing organization;
- Marketing control.

The technology of implementation of marketing concept can change the order of the stages, depending on the content, the nature of the enterprises, the market level, the goals and objectives, and the market conditions. However, all of these elements are inextricably interconnected, and if one of them fails, the whole system will be lost.

In summary, the use of modern marketing technologies is a complex process that requires a lot of labor, resources and knowledge. Proper organization of this process ensures enterprise success in the long run and leads to stable market position.

In the context of innovative development of the economy, the competitiveness of tourism products and services directly depends on marketing.

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THE DEVELOPMENT OF THE INDUSTRY IN THE REGION IN THE CASE OF TASHKENT REGION

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ABSTRACT

This article describes features of the regional industry. The economic potential and geographical location of the regions of the region are analyzed by the fact that different geographical location causes the actual separation of certain regions in industrial production. In particular, the peculiarities of industrial development of Tashkent region are stated. It also analyzes the economic potential of the region one by one. It describes the economic potential of districts and cities, the availability of financial resources, and the extent to which they have achieved scientific and technological progress. It is necessary to change the principles of state regulation of the scientific sphere for innovative development and effective functioning of the regional industry. International experience is an example of organizational and economic measures that support innovative development of the region's industry. In conclusion, recommendations for sustainable development of industry in the region are presented.

Keywords: Industry, Innovation, Region, Region, Technology Park, High Economic Growth, Production, Cluster.

Introduction

The modern economy is characterized by the deepening of regionalization, integration and competitive struggle between regions. The industrial sector plays a special role in the development of productive forces of the society and the achievement of high economic growth in the regions. The industrial complex is an integral part of the region. The industrial complex of the region is a set of economic entities operating independently within a certain territory, which are an integral part of the regional socio-economic system, producing labor and consumer goods. That is why it is the basis for the economic development of all sectors of the manufacturing industry. Improving and developing regional governance is based on the stimulation of the industrial complex.

Literature Review

The study shows that the innovative development of the region's industry is influenced primarily by external and internal factors, which are divided into four groups: economic, technological, social and political. Glazev S.Yu., who has done research in the field of industrial development in the region. Scientists such as [1, c.205], Greenberg R.S. [2, c.350], Tatarkin AI [3, c.7] have argued in their research that innovation is a key factor in the intensive development of the industrial complex of the region. Factors influencing development in this area are categorized as externalizing and internal.

External factors include factors associated with the process of cluster formation, namely:

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- Natural and climatic factors (climatic, geographical, geophysical, ecological, quantity and accessibility of natural resources);
- Political factors (geopolitical situation, political stability, interethnic and interregional situation, level of terrorism);
- Social factors (social tension, employment, demographic situation, purchasing power, health);
- Public administration factors (monetary, fiscal, customs, antimonopoly policy of the state, regional economic policy, government support of key sectors, licensing of activities and product certification, control over compliance with public and national security requirements);
- Resource factors (availability of necessary labor and material resources in the region, access to financial resources);
- Market factors (presence of competitors, freedom of competition, presence of demanding local consumers, special demand for the products of enterprises in the region and the presence of this demand in the global market as well).
- Internal structural factors are characterized by the interaction of enterprises with the following factors:
 - Competitive relations between enterprises and organizations;
 - Interconnection of enterprises within the network, service providers, suppliers and manufacturers;
 - Innovative links between enterprises and organizations;
 - The level of innovation activity of enterprises;
 - The degree of interaction of enterprises with research and educational institutions;
 - Interaction of enterprises in the diffusion of innovations;
 - Interaction in the formation of qualified personnel.

Development of an innovative model of industry is difficult without effective use of economic advantages. Advantages of innovative development of the industrial complex of the region are the increase of scientific and technical level of industry, use of innovations in forming of technological chain, strengthening of inter-branch integration, deepening of specialization of industry and trade and formation of industrial clusters.

Thus, there are several types of innovative infrastructure formation. One of the main steps in this direction is the formation of scientific parks, research parks, incubators, innovation centers, techno parks, and clusters, which are the result of industrial production and integration of science. In most cases, these facilities represent a large regional scientific and industrial complex that covers all stages of the innovation process. Scientific park is an integrated form of non-profit research institutes with an integrated form of science and industry.

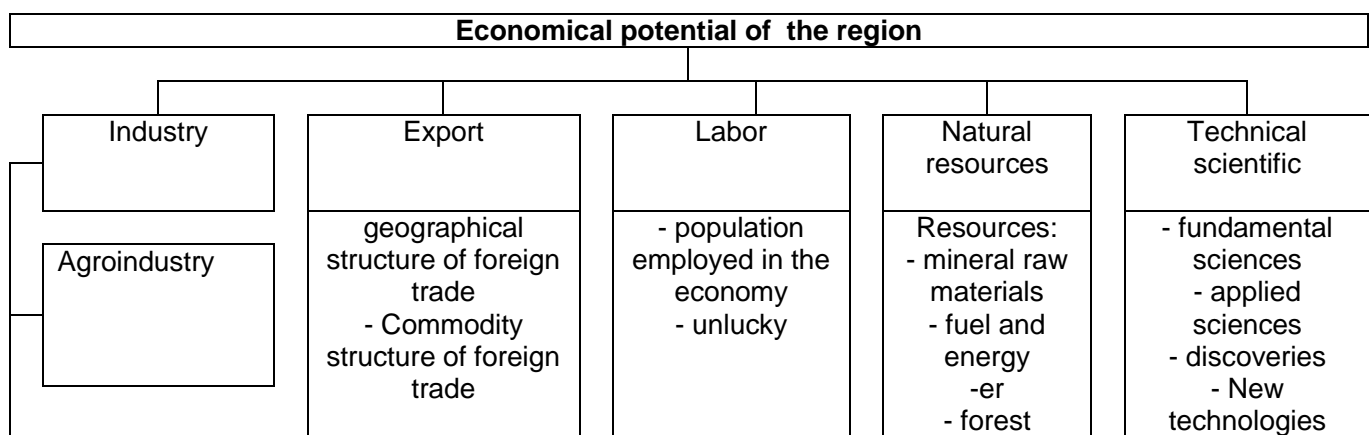
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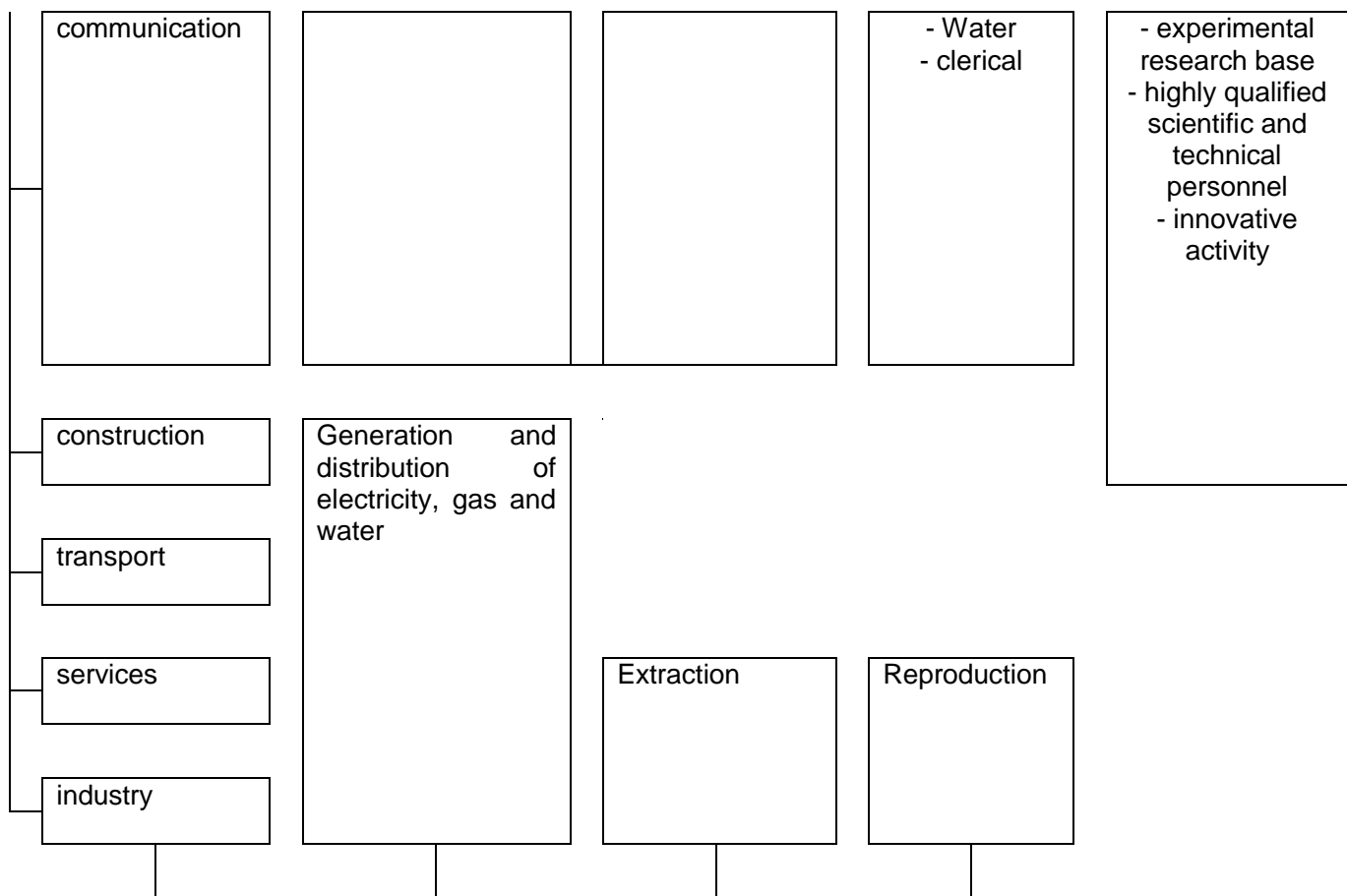
Industry policy in the country and its regions is becoming one of the key issues. In the conditions of the transition to an innovative economy, the economic reforms in the country are aimed at building a democratic

system based on free market, money and economic systems. Industrial production is developing on the basis of objective economic laws of society and laws and resolutions adopted in our country in recent years. Support by the Government of the Republic of Uzbekistan for domestic producers and introduction of tax and customs preferences for them new types of industrial products - spare parts for agricultural machinery, metal structures for educational facilities, metalworking and woodworking facilities for educational institutions. It contributes to the production of industrial equipment such as equipment, conveyor rollers and several types of consumer goods. Domestic production of foreign production is being expanded. For example, products such as footwear, furniture, automotive and railway cars, leather accessories and footwear, shoe fittings and linings, linoleum, carpets, oil gas filters, cartons for chemicals, sports equipment, based on local raw materials. is being manufactured.

Economic reforms in all regions are aimed at attracting domestic and foreign investments and creating complex high-tech industries. At the same time, in the process of restructuring industrial sectors in the conditions of transition to an innovative economy, the main task is to attract foreign investments and advanced technologies for the production of high-quality industrial products. In recent years, given the increasing pace of scientific and technical development, special attention is paid to the development of scientific and technical cooperation with foreign countries in the implementation of competitiveness in the economy. The industry is currently providing logistics and products that are in line with the needs of the population for their networks and other social networks. The development of the industrial sector in the country and its regions is carried out through the expansion of import-substituting industries, the creation of export potential and the establishment of basic industries, and the development of science-intensive industries. These processes are also being carried out in Tashkent, one of the country's most important regions.

The high economic potential of the region is the primary basis for the welfare of the people living in the area. It is a combination of all the opportunities and means for achieving economic development in the region. Economic potential is an important basis for establishing national and regional economic systems. The size of the economic potential reflects the development of productive forces, the competitiveness of the country, the level of capitalization of enterprises. It is implemented through the development of the following factors:



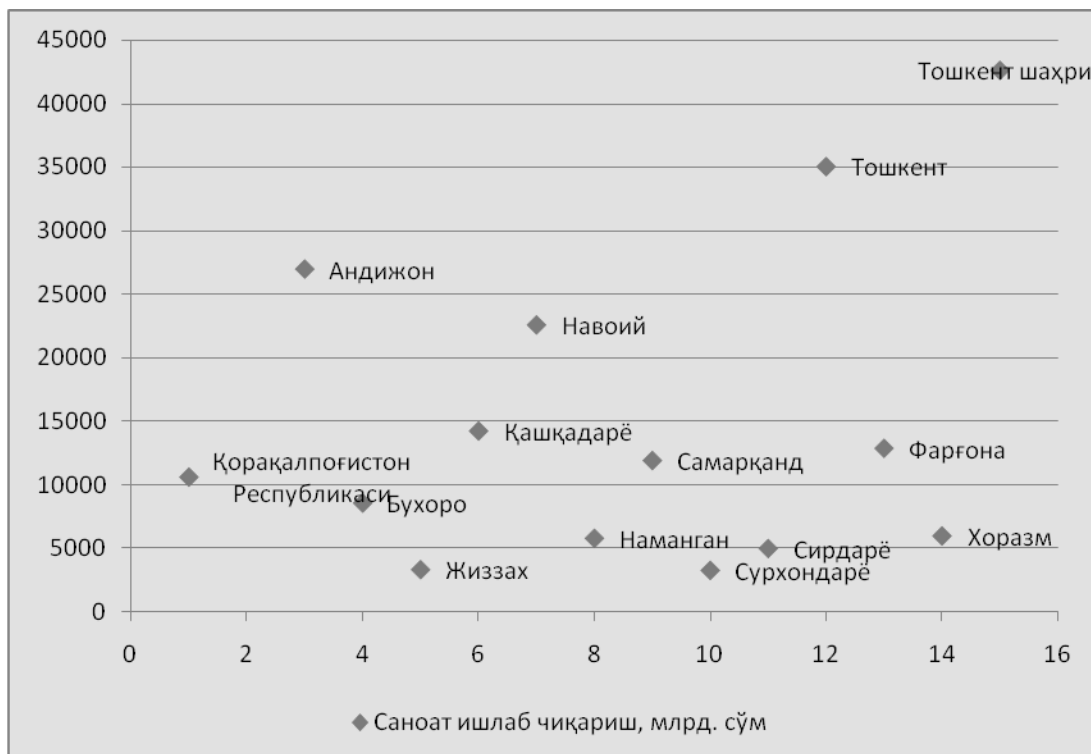


Authors' construction

Figure 1. Economic potential of the region

The geographical location of the Tashkent region, which is the object of research, has great economic potential and plays a significant role in the innovative development of the country. One of the main advantages of Tashkent region is the presence of production factors and natural resources, as well as industries that complement and support each other. From a regional perspective, the theoretical and practical potential of sustainable development is addressed by the development of all industrial sectors in the region and the establishment of a regional regional balance. Apart from economic and social development, balance and dynamic change in the region are also important. The distinctive feature of this region is that it has the potential to develop in nature - population-industry.

High concentration of the population in Tashkent region, intersection of highways and historical development made it an important industrial center of the republic. The favorable business environment in recent years has allowed for significant changes in the structure of the economy. The adoption of measures to diversify, modernize, technical and technological upgrade the industry has made it one of the fastest growing industries. The role of the Tashkent region has significantly increased in the structural changes taking place in the country. A number of measures have been taken to improve the economic potential and competitiveness of the region.

Tashkent region's role in industrial production of the Republic (2018) [4, page.74]

The basis of the regional economy is the processing and production of food and agricultural products. The construction materials industry is also developing rapidly. Technical modernization and expansion of production with the efficient use of local raw materials is carried out in the region. In addition to the rapid industrial development in the region, agriculture remains an important sector.

Table 1. The role of regional economic sectors in the country and additional growth rates compared to the previous period [5, p. 23,42, 62]

years	region	GDP (GDP))			Industry			Agriculture			Investigation	
		Per capita (thous. Soums)	In% to the previous year	Share in total (%)	Per capita (thous. Soums)	In% to the previous year	Share in GDP (%)	Per capita (thous. Soums)	In% to the previous year	Share in GDP (%)	Per capita (thous. Soums)	Share in total (%)
2000 y.	Republic	132,1	103,8	100	76,8	105,9	14,2	56,2	103,1	30,1	30,2	100
	Tashkent c.	148,9	110,9	10,8	129,3	108,8	21,9	78,5	101,9	39,9	25,6	8,1
2005 y.	Republic	608,5	107	100	420,9	107,2	20,7	206,2	106,2	25,0	121,0	100
	Tashkent c.	740,0	103,8	11,4	718,2	100,1	27,3	337	113,7	30,5	137,2	10,7

2010 y.	Republic	2184,3	108,5	100	1207,8	108,5	26,7	611,8	106,8	19,8	543,4	100
	Tashkent c.	2463,1	112,8	10,3	1910,2	108,1	27,8	797,6	106,5	24,4	581,4	9,8
2015 y.	Republic	5489,3	107,9	100	3118,3	107,9	25,7	1473,4	106,8	18,3	1331,4	100
	Tashkent c.	6345,6	107,1	10,3	5187,3	108,1	35,2	1908,4	105,4	20,7	1460,9	9,7
2016 y.	Republic	6279,6	106,2	100	3512,6	106,2	25,7	1634,9	106,8	18,1	1509,8	100
	Tashkent c.	6660,9	106,1	9,4	5998,0	106,9	35,1	2134,4	105,1	19,7	1373,9	7,9
2017 y.	Republic	7843,9	105,2	100	4594,7	108,0	22,2	2145,2	102,0	19,2	2112,6	100
	Tashkent c.	8154,1	103,0	9,1	7624,6	105,4	39,3	1592,5	100,8	23,4	1962,6	8,2
2018 y.	Republic	12365,6	105,1	100	6944,7	114,4	26,3	6054,7	100,3	32,4	3256,9	100
	Tashkent c	13333,4	106,4	9,4	12160,0	115,6	40,6	7428,4	102,8	32,5	3247,1	8,7

The prevailing region's macroeconomic indicators, such as GRP, industry, agriculture and investment per capita, higher than the national average, and the high share of these indicators in the country reflect the dominance of the region. The average annual cost of employment in the economy is 1289,600 or 45% [5, c. 62]. The proximity of the region to the capital contributes to the intensification of internal labor migration and the growth of natural and mechanical movements. The region ranks 4th in the country in terms of the number of economically active population. In 2000-2018, the number of employed in the economy of the region increased by more than 1.3 times. Most of the labor resources by region are in Zangiota, Urtachirchik, Yangiyul districts, Chirchik and Angren.

Regional infrastructure is also a priority. The region has an extensive network of railways and highways. In 2018, cargo turnover by all modes of transport was \$ 1311.8 million. tons, and passenger turnover - 16956.3 mln. passenger miles [6, c.86]. Air transport is also well developed. The highways Tashkent-Angren-Kokand, Tashkent-Chirchik-Burchmulla, Tashkent-Akkurgan-Buka, Tashkent-Chinaz-Gulistan show the developed transport system. Human resources and education are also high and there are large research institutions and institutions in the region. The region is distinguished from other regions of the country by its high quality of education. The presence of many research institutes in the region gives a great appreciation of the region's scientific potential. The region's investment potential is superior to other regions of the country. The implementation of various investment projects contributes to high growth rates of investment in the region. There is a steady increase in investments in the electricity, metallurgy, food and coal industries. Investments in these sectors are focused on the production of machinery, equipment, vehicles, and business equipment. Stable growth of the total volume of attracted investments contributes to the stability of the share of total investments in the region.

Table 2. Investment allocation in Tashkent region,% [7,1]

years	Total investition							Foreign investment and loans						
	2000	2005	2010	2015	2016	2017	2018	2000	2005	2010	2015	2016	2017	2018
Republic	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Tashkent region	8.1	10.7	9.8	8.2	8,3	8,2	8,7	10,7	8.1	6.1	8.2	5.5	4.2	5.6

Also, the low rate of growth of foreign investments at the national level leads to the reduction of the regional share in the volume of foreign investments of the republic (from 10.7% in 2000 to 5.6% in 2018) [8, c.73]. However, the share of investments in the industrial sector remains high.

The Tashkent region has a high industrial potential. On its territory a diversified and highly developed industry is established. There are enterprises of ferrous and non-ferrous metallurgy, machine-building, chemical, electro-power, building materials, light and food industries, covering almost all branches of industry. Over the past five years, the industrial output of the region has increased by 3.63 times, while in the country it has been 3.56 times [9, c.16]. The volume of industrial production per capita made 12160 thousand soums. In the Republic this figure is 6944,7 thousand sums [6, c.68]. This means that the regional average is higher than the national average.

In recent years the industry of the region has been developing rapidly. The gross regional product (GRP) of the region is 9.4% of the country's GDP and per capita 13333.4 thousand. This is 107.8% of the national average. The share of industry in GRP is increasing. Its share is still higher than the country's contribution to GDP (14.3%). The region also produces 10.7% of the country's agricultural output. A lot of work is being done in the region as well. Reforms in industry and agriculture make the region the leading (second) country in terms of export share (11.2%) [6, c.13]. The region's proximity to the capital makes it one of the most profitable regions.

A number of efforts are being made in the region to modernize production and move towards innovative development in economic development. One of the key areas for innovation is the industrial complex. This network enables the development and implementation of scientific and technological developments, the effective use of the achievements of technical development, and the formation of a new approach to industrial complex management. Every year the number of enterprises producing innovative products, works and services is increasing. In 2017, innovative product production increased 7.5 times compared to 2010 [10.1]. Particular attention was paid to the intensification of industrial modernization measures following the global financial and economic crisis. Therefore, important laws and decisions were adopted during this period, which influenced the development of industrial sectors. This has made industry one of the fastest growing industries in the region. Currently, the light and food industries, machine building and metal processing, chemical, ferrous and non-ferrous metallurgy are growing rapidly. As a result of increased exports of metallurgical products, the share of these sectors in industrial production increased, while their share in the export of goods increased from 5% to 7.4% (2018). With the increasing demand for solvency, the imbalance of domestic prices with imports has become one of the factors in the development of the food industry. The share of the construction materials industry in the regional industrial production remained low, reaching 5.3% (2018).

Table 3. The contribution of industrial sectors in total industrial production (%) [6, p.17]

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Industry, including	100	100	100	100	100	100	100	100	100
Electricity	1,9	0,1	0,1	10,4	11,4	11,9	11,31	10,7	9,7
Fuel	2,0	2,3	2,4	2,5	2,4	2,7	2,10	2,2	1,7
Metallurgy Industry	42	41,7	40,8	29,2	28,2	26,6	25,2	33	43,9
Chemistry and Petrochemistry	10,4	10,0	10,0	8,7	8,8	7,9	8,40	9,1	7,4
Mechanical Engineering and Metalworking	5,3	6,0	6,3	9,0	8,0	6,9	5,86	7,9	9,4
Woodworking and paper industry	1,5	1,7	1,8	2,0	1,5	1,4	1,44	2,3	1,6
Building Materials	7,9	7,3	8,5	10,5	8,5	7,1	8,46	7,8	6,6
Light industry	13,6	10,3	9,3	8,8	9,5	9,3	10,02	9,9	8,5
The food industry	15,3	17,7	17,9	16,0	18,8	22,4	26,41	16,3	10,3
Other	0,1	2,9	2,9	2,9	2,9	3,8	0,82	0,9	0,8

Despite the fact that the region's industrial sector remains stable, mining and quarrying increased by 8.0%, processing - by 17.2%, electricity, gas, steam and air conditioning - by 13.5%, and water supply. , a 25.4% increase in sewer system, waste collection and disposal [6, c.17]. Availability of raw materials such as coal, kaolin, iron, copper, lead, lithium, glass, has led to a high share of mining in the industry. (The mining and quarrying industry in the country is 12.43%.) The coal industry also produces paper, rubber, glass and plastic products. The industry is dominated by sectors such as electricity, fuel, mechanical engineering, light and food industries, non-ferrous metallurgy. The food industry accounts for almost 20% of the regional industrial output. The region has a special place in the country in the production of fish, cheese and dairy products, canned fruits and vegetables, alcohol, meat and confectionery. The share of the electric power industry in the industrial sector is around 9.7%, and the energy industry's growth from 1.9% to 9.7% indicates that energy independence has been achieved and the processing capacity in the sector has increased. The increase in the share of the machine-building industry from 5.3% to 9.4%, and metallurgy from 42% to 43.9% indicates the effectiveness of modern enterprises. Although the share of the chemical and petrochemical industry, the fuel and paper, and the building materials industry in total industrial production has not changed significantly, economic reforms have been carried out in these areas as well. High rates of growth in the industrial sector during these years have been, to a certain extent, driven by the stimulation of finished products in mechanical engineering, metalworking, ferrous metallurgy, chemical, light and food industries. Production of gas, electricity, coal, steel, cement, and automobiles increased as a result of increased capacity utilization. Imports of canned meat, as well as clothing, cement, concrete, and fire retardants have significantly decreased as a result of increased food production by local industrial enterprises. The stable demand for ferrous and non-ferrous metals in the foreign market and the need to saturate domestic markets with national products, as well as the development of localized production, have been important factors in the growth of the metallurgical complex. The region is also the leader in the country in the mining industry. Hydropower and power stations, located in Kibray district and Angren city,

account for 23.3% of the country's total electricity. The Angren coal-mining deposit fully meets the demand for these raw materials.

Growth in industrial output is not due to extensive factors, but a well-thought-out consecutive policy in the market economy, attracting foreign investment, deep structural changes in the economy, modernization and renewal of production, creation of new export-oriented sectors and enterprises. and development of private entrepreneurship. Special emphasis was placed on innovative development of industrial production.

In terms of innovative products, Tashkent region ranks fourth in the country (6.4%). In 2017, Tashkent region's enterprises introduced 219 types of technological innovations. Of these, 106 were made by small businesses and microfirms [10, c.5]. These changes are mainly reflected in the industrial sector of the region. This will keep the industry from growing, with the bulk of GRP at stake.

Regions play an important role in getting the region one of the leading places in the country. 15 districts and 7 cities are higher than in other regions of the country in terms of development of industrial potential. Industrial enterprises located in Zangiota, Ahangaran, Chirchik, Bekabad and Almalik are of great importance in achieving high industrial output. The use of new equipment and technologies at these enterprises contributes to the steady growth of labor productivity. This contributes to the industry's 43.1% share in GRP (including construction) [11, c.15]. This significant contribution is made possible by the development of such industries as ferrous metallurgy, chemistry, cellulose and paper, food, machine-building, printing and glass.

Production structure of the district, living conditions of the population, management mechanisms, economic interrelations of districts with other districts determine the possibilities of development of the region. The economic potential of districts and cities, the availability of financial resources, and the level of implementation of scientific and technological progress are one of the key factors of regional industrial development. Among districts and cities, Almalyk, Bekabad, Chirchik, Akhangaran, Angren, Zangiota, Kibray districts are clearly ahead of other industrial production areas.

These regions are rich in minerals, as well as industry specialization, high labor potential and high level of investment.

Table 4

Index of industrial production per capita in Tashkent region and by industrial production volume¹

№	Rating	Regions quantity	Name of regions
1	High	6	The city of Angren
2	Upper middle	4	The city of Almalyk
3	Medium	5	The city of Bekabad
4	Low	7	Chirchik town
In total		22 pieces	

Consequently, Almalyk, Chirchik, Akhangaran and Angren, Bekabad cities are important regions in the region to ensure balanced development. Almalyk, Bekabad, Akhangaran, Chirchik, Nurafshan, Angren and Zangiota districts are the leaders in per capita industrial production and provide 75% of the region's industrial output. The advantage of these regions in regional industrial production is the location of large enterprises of national importance, proximity to the capital, and high production infrastructure. Year-to-date growth of industrial production in the context of districts indicates the increasing industrial potential of the region. The opening of large export-oriented industrial enterprises in Ahangaran, Nurafshan, Chirchik and Zangiota and Kibray districts from 2000 to 2018 has had a positive impact on the growth of industrial production in the food, metallurgy and chemical industries.

Despite the proximity of the region to the capital, favorable geographical location and potential, industrial development in the Ahangaran, Buka, Bekabad, Kuyichirchik, Akkurgan, Parkent, Pskent, Urtachirchik and Chinoz districts remains low (5.7%). In these areas, per capita industrial output is also low. These districts are mainly used for cotton processing and sewing.

The development of agriculture in the region has led to the development of food and light industry, and the presence of mineral deposits in the metallurgical, chemical, and electrical industries. However, the fact that only three provincial cities produce 56% of the whole region (Almalyk, Bekabad and Chirchik) shows an uneven distribution of industrial production across the region. Agricultural production in these cities is even less than 2%.

The districts that make up a small share of industrial production (Ahangaran, Buka, Bekabad, Kuyichirchik, Akkurgan, Parkent, Pskent) account for almost half (43.3%) of agricultural production. The share of regions in regional industrial production has not changed for years. This indicates that some of the regional districts are specialized in industry, others are in agriculture, and large industrial enterprises are uneven across the region. This difference in the share of industrial production of the districts in the region is explained by the wide distribution of labor resources, natural resources and financial opportunities across the region. Innovative industry development is one of the solutions to address this situation positively, and to reduce the disparity between districts.

Conclusion

It is necessary to change the principles of state regulation of the scientific sphere for innovative development and effective functioning of the regional industry. In research and innovation, it is important to improve the financial and social status and increase the cost of science. Institutional changes in the innovation area are needed to finance the priority scientific and technological areas and to develop mechanisms for their implementation. Including:

- Development of venture-wide mechanisms of news production;
- Creation of favorable conditions for mastering new technologies and private capital investments in the field of R&D;
- To study the innovative potential of regions and to activate scientific and technical resources in them;
- Recognition of the recognition of expenditure on M&E in the time required for industrial enterprises;

- Inclusion of accelerated tax depreciation expense for fixed assets allocated to MITS as deductible expenses;
- Extension of tax credits;
- Complete write-off of current non-material expenses for scientific research and development in calculating the tax base;
- Condition of wide use of technological transfers at national and international levels.

The innovative mechanism of the innovation process plays an important role in the development of the leading sectors of the economy related to microprocessor technology and gene engineering. The experience of the leading countries shows that for the development of the venture business it is necessary to have separate tax incentives for long-term and medium-term investment. In the world practice, the following organizational and economic measures supporting the industrial development of the region are implemented:

- implementation of special-purpose programs at the regional level;
- Special state subsidies;
- Implementation of tax incentives in areas aimed at stimulating innovative development;
- Creation of technological, innovative and scientific parks;
- Creation of small innovative business incubators;
- Establishment of state centers for technology transfer from state-owned industries to industries;
- Establishing business advisory centers for entrepreneurs.

Thus, an important point of increasing the innovation content in the industry is the active commercialization of scientific and technical products formed at the expense of the state budget. However, the main condition for implementing this strategy in the country and enhancing its technological potential is the improvement of intellectual property protection. In this regard, it is advisable to commercialize the results of STII by state-owned research centers, to develop interaction between state laboratories and private industry. In addition, for the development of industrial production in the region, it is necessary to use geographical location, use the potential of special industrial zones and techno-park resources correctly. This will have a positive impact on the development of industry in the rural areas of the region as well.

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ROAD AHEAD FOR INVESTORS- BOON OR A BUBBLE?

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ABSTRACT

Recently Government of India has announced the new policies which aims to boost the India's economic growth, which has been estimated to be at 7%, lower than 7.2 % in 2017-18. Some of the major announcements are, Exemption of startup from "angel tax", Removal of "surcharge" on FPIs, opening of "DMAT Account" through Aadhar, Govt working to bring offshore rupee market to domestic market and Reduction in "Corporate Tax Rate".

But the real effect of same has positively or adversely affected the markets and different indices in accordance with their respective behavior.

This paper is an attempt to study the effect of information and announcements in accordance with behavioral Finance.

Key Words: Angel Tax, Surcharge, FPI, Recency Bias, Economic Growth Rate

Introduction

Economic growth of a country is hugely dependent on the policies and decisions taken by government in coordination with different organizations like RBI, FICCI, Foreign Relations and boost to corporate sector. If we have a look at the major announcements done by government in last quarter, major ones can be listed down as below:

- Exemption of startup from "Angel Tax"
- Removal of "surcharge" on FPIs.
- Opening of "DMAT Account" through Aadhar.
- Govt. working to bring offshore rupee market to domestic market.
- Reduction in "Corporate Tax Rate".

The implication of each announcement can be discussed in detail as below:

Angel Tax

Angel tax is levied when a privately-held company raises funds at a rate higher than its fair valuation. Due to this policy many Indian startups are forced to close down because the tax is charged at 30% and the startups are not able to pay the charges at very high rate. As a repercussion they receive notices from the income tax department which are demanding very high penalties, which in some cases is higher than the total funding itself. Ultimately it leads to restricted growth of startups and affects India's growth story.

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So now the government has come up with relief to start up sector by removing “angel tax” from it. It will boost the morale of entrepreneurs and encourage the entrepreneurship in India. By this move investors invest the money into new ventures and generate employment. Department for Promotion of Industry and Internal Trade has proposed various measures such as tax incentives to promote budding entrepreneurs as part of the ‘Startup India Vision 2024’. Start up India is the program which intends to build a strong ecosystem for the growth of startup businesses, to drive sustainable economic growth and generate employment opportunities. The vision of this program aims at facilitating setting up of 50,000 new startups in the country by 2024 and creating direct and indirect employment opportunities.

Withdrawal of Super Rich Tax

This is another policy announced by Finance Minister in which the relief is given to the Foreign Portfolio Investors. This move helps to encourage the investment in the capital market. Though by this move government will suffer a loss of approximately Rs. 1400 crore but apart from loss there are many benefits also, like foreign money will again start flowing into Indian market, it should also help in the appreciation of currency, stability should come back to the market, secure the transmission of lower repo rates, addressing delayed payments and ensuring that bank officials are confident about lending and targeted towards raising investments is also a good move for encouraging FPIs. FPIs which have income of more than Rs 5 crore in a year, the effective short-term capital gains tax rate would come down to 12% against 14.25% after removal of the surcharge and the long-term capital gains tax rate would decrease to 18% from 21.4%, but the sad thing is that the tax on business income will continue to be 42.74% against 35% before the budget.

Opening DMAT through Aadhar

This policy will help and make it easier for retail investors to access the mutual fund products and also improve participation in stock markets. e KYC will ensure a smooth process for those who do not want to share their Aadhaar number for opening bank account. e KYC will involve capturing the live photo of the customer and officially valid documents or proof of possession of Aadhaar where offline verification cannot be carried out, along with latitude and longitude of the location where such live photo is being taken by an authorized officer of the bank. A step-by-step procedure has been laid down for performing eKYC. The process which has been laid down for Digital KYC makes it convenient, safe, secure and fraud-proof. Earlier, someone could have perhaps misused someone else's ID documents, without that person's knowledge for opening bank account. This policy will help the economy to grow in many ways like implementation of eKYC can revive the growth of the Rs 24-trillion mutual fund industry. This will lead to increase the investment and help the industry to deepen the penetration levels. The mutual fund industry's penetration stands at 11% of India's economic output or gross domestic product (GDP). The only focus to implement this policy has been towards bringing incremental investors to capital markets and such initiatives have potential to double the industry size of both the mutual funds and the stock market in future. This move of our Finance Minister is such a positive move for the mutual fund industries.

Offshore Currency Market to Domestic Market

Now the first question come in our mind is what is offshore currency market, it is a market where a resident of a domestic country trades in a currency of foreign origin say for e.g. an Indian having a trading a/c in London and trades in GBP or USD or in any other currency other than Indian. Rupee.

Earlier there is a crisis situation in India or abroad due to the capital flows and these flows can exit quickly and making it difficult to manage the import bill. So the policymakers place restrictions on capital

flows and conversion of foreign exchange into domestic currency and these restrictions led to the development of the offshore rupee market. Due to this policy foreigners cannot trade in rupees abroad and instead settle transactions in the notional currency. So now the government is trying to remove these restrictions of offshore market which helps the foreign investors to build the interest to invest in Indian market and many other benefits of this policy to our economy is:

- Indian businesses will be able to issue foreign currency-denominated debt to local Indian investors.
- Indian businesses will be able to hold foreign currency deposits in local Indian banks for capital requirements.
- Indian banks will be able to borrow and/or lend to foreign banks in foreign currencies.

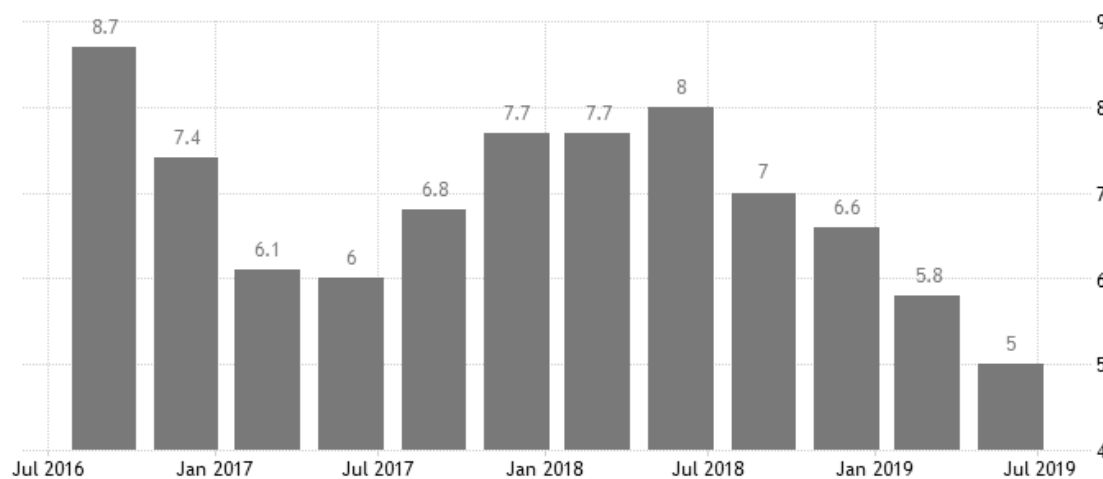
Corporate Tax Rate

Government has announced this policy of tax rate reduction because it will boost the investor sentiment in the midst of this slowdown period. It was a long-pending demand of Indian firms and India is likely to attract investors looking to move out of China. This might expand the corporate universe as new firms will now be taxed at 15%. But more importantly, lower tax outflow could increase the share of profit-making companies in India over time. Tax cuts might also raise their profit margins above 10%.

Present Investment Scenario in India

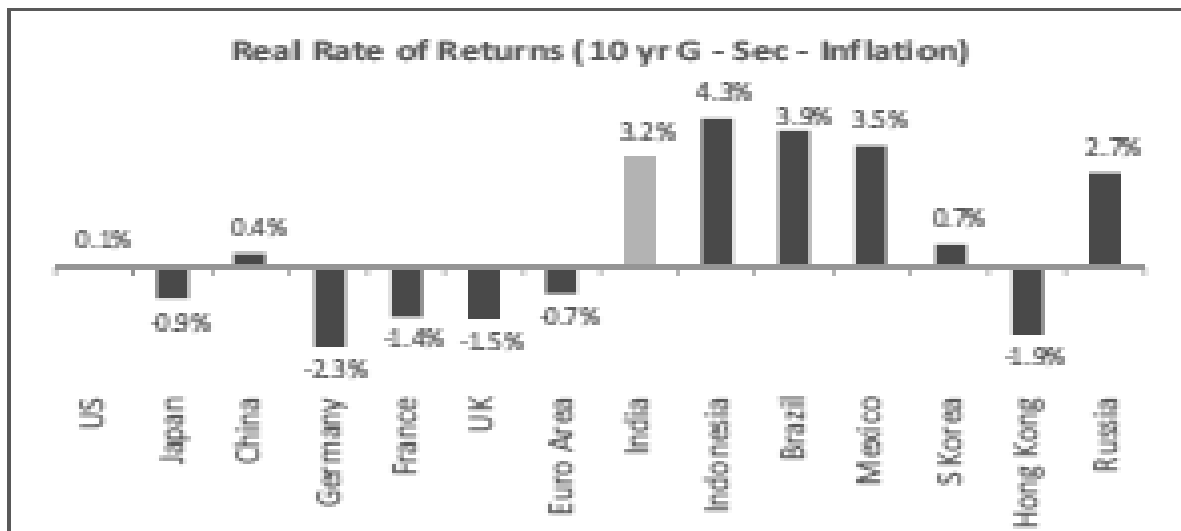
India's GDP Today is \$ 2.7 Trillion, which has grown to its 1st Trillion \$ from 1947- 2007 in 60 years, which has achieved its 2nd Trillion \$ in next 7 years from 2007-2014. By 2025, India expect to become \$5 Tn economy. Let's look at other parameters of India's growth story as well:

GDP Graph



SOURCE: TRADINGECONOMICS.COM | MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (MOSPI)

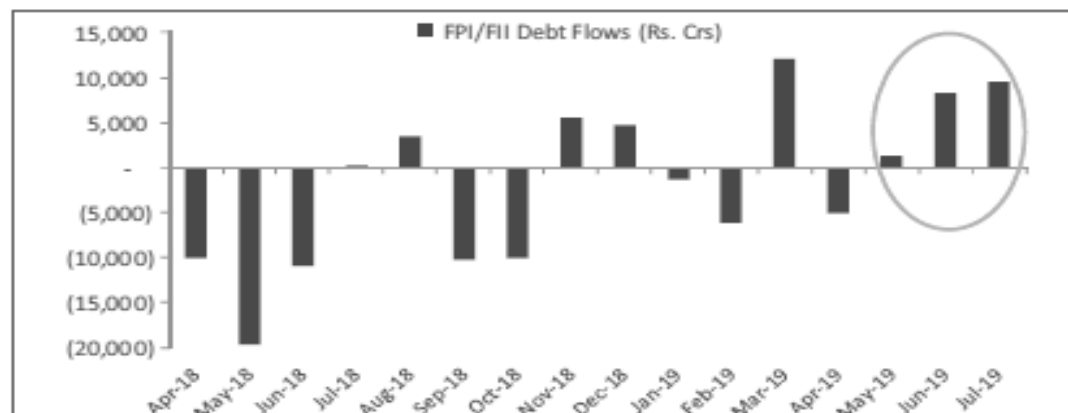
Interest Rate and Bond Yield



Source: Bloomberg

As clear from the above data, that India stands at a decent place in terms of Real Rate of Returns, being ahead of other south Asian Countries, barring Indonesia, and still it is at advantageous position offering a relatively attractive real interest rate. Fed Interest rate cut is been seen as historic event, encouraging FIIs to invest in India. But the uniqueness in this investment start this time is that FII is continuing to invest in Indian Bonds, as globally bond market is giving negative yield, where as India is offering decent positive yield.

Foreign investors turn net buyers since May 2019



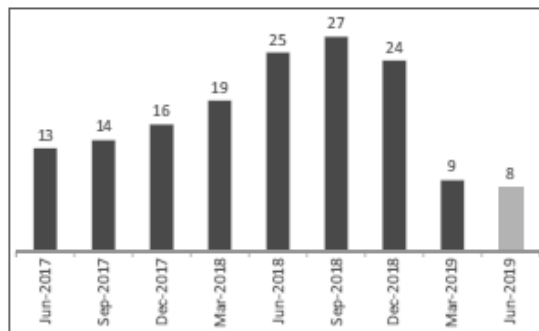
Below mentioned graphs of Monthly FPI/FII Net Investments (Calendar Year - 2019) and yearly FPI/FII Net Investments (Calendar Year) clearly indicates the recent change in the FIIs and FPIs investment preferences.

Calendar Year	INR crores			
	Equity	Debt	Hybrid	Total
January	-4262	-1301	7	-5556
February	17220	-6037	871	12053
March	33981	12002	2769	48751
April	21193	-5099	634	16728
May	7920	1187	2264	11370
June	2596	8319	2196	13111
July	-12419	9433	-17	-3003
August	-17592	11672	49	-5871
Total - 2019	48637	30176	8773	87583
Source : NSDL				

Calendar Year	INR crores		
	Equity	Debt	Total
2007	71486	9428	80914
2008	-52987	11771	-41215
2009	83424	4563	87987
2010	133266	46408	179674
2011	-2714	42067	39353
2012	128359	34988	163348
2013	113136	-50849	62286
2014	97054	159156	256213
2015	17808	45857	63663
2016	20568	-43647	-23079
2017	51252	148808	200048
2018	-33014	-47795	-80919
Source: NSDL			

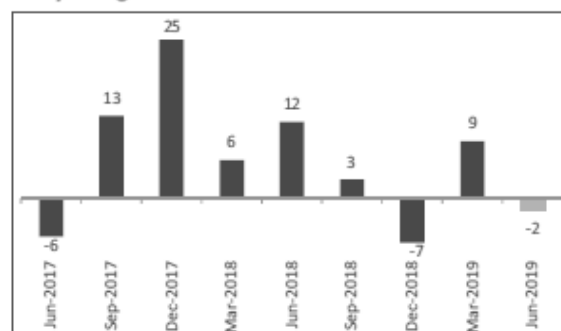
Also Nifty 50 Q1FY 20 Earnings Review Year on Year, PAT and EPS CAGR discloses the facts about trend in equity markets.

Nifty Sales Growth YoY



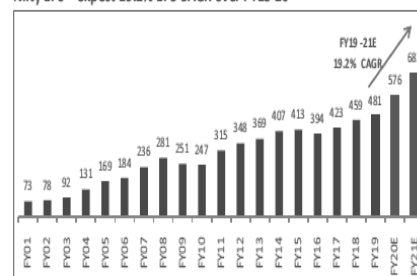
Source:Bloomberg

Nifty PAT growth YoY



Source:Bloomberg

Nifty EPS – expect 19.2% EPS CAGR over FY18-20



Change in market condition due to these policies

(in Rs. Crore)

Month	FII Trading Activity	Mutual Fund Trending Activity	Debt Market Trading Activity
July	-1497.07	2897.58	5833.66
August	1162.95	1414.75	4588.51
September	-469.4	300.12	4868.81

As we can see that there is negative flow of funds (Net Selling) on NIFTY, positive flow of funds (Buying) in Mutual Funds and maximum positive flow of funds (buying) in Debt Instruments.

Behavioral Aspects Involved

Review Literature of Recency Bias

This is a psychological bias which causes people to take references from recent events as compared to those which have become a distant past. The most important manifestation of recency bias is that people judge the portfolio manager on the basis of their recent performance and to avoid the effects of this bias, practitioners wisely use "periodic table of investment returns. As mentioned by **Diaz, J. (1999)**, "The first decade of behavioral research in the discipline of property", *Journal of Property Investment & Finance*, Vol. 17 No. 4, pp. 326-332, recency effect investment decisions to a huge extent. Also individual investor's behavior appears systematic (**Barber 2009a**) and therefore, affects prices (**Barber 2009b**). In line with the findings of Grinblatt & Keloharju and Odean showed that the stocks American investors bought underperformed the stocks they sold (**Odean 1999**). **Tversky & Kahneman (1986)** argued that the rational theory of choice did not provide an adequate foundation for a descriptive theory of decision making.

As we can see that even though the policies have been announced, but still there is negative sentiments towards NIFTY, showing the recency effect of dissatisfactory remarks of Corporates and SMEs about the policies and announcements made by government. Also the NIFTY is adversely affected by Fed Rate Cut (again a recent announcement boosting Debt Markets). Though the tables mentioned above support a positive outlook about NIFTY in long term, but yet short term disbelief in NIFTY proves the RECENCY EFFECT.

Conclusion

Though the policies and announcements helps the economy to boost, as the growth rate of economy does not meet the expectations and the purpose of exempting start-up and investors from 'angel tax' and announcing easier long-term and short-term capital gains tax is to re-energize the investments, but still the short term view is uncertain due to gloomy outlook, having the recency effect on market behavior.

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ANALYZING INVESTOR'S ATTITUDE TOWARDS MUTUAL FUNDS AS AN INVESTMENT OPTION

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Investors invest in mutual fund schemes with an expectation of earning higher rate of return than the risk-free rate at a minimum degree of expected risk. At present, a large number of mutual fund schemes are available in the Indian financial market, as the mutual fund industry is no longer confined to the Government sector only, the private sector has come up with large number of mutual fund schemes. At present in India 44 mutual fund companies are operating with 950 schemes (open & close ended) with a view to provide varieties of objectives as per investors' need (AMFI report). Therefore, it is very difficult to the investors to select right schemes from a large number of schemes. In this situation, due to the lack of sufficient knowledge and skills, investors are expected to become confused regarding selection of appropriate scheme (s) among the available schemes that would offer them higher acceptable rate of returns with a minimum degree of expected risk. Following this suggestion, in this chapter, it is examined the efficiency of the mutual fund managers relating to their stock selection ability. In order to make appropriate selection, one needs to make appraisal of performances of the available schemes. The stock -selection performance of the mutual fund managers suggested by Jensen¹ (1968) may be used as an appropriate basis for evaluation. Before application of this measure in empirical analysis, it is very much needed to discuss about the genesis of this model. The important issue in finance is to evaluate portfolio performance in risky investments. Generally, the concept behind portfolio performance has two distinct proportions. One is to increase returns of the portfolios through successful prediction of security prices by the portfolio managers and other is to reduce the degree of unsystematic risk born by the investors through efficient diversification. Large numbers of studies have evaluated the performance of portfolios mainly on mutual fund perspective. Almost all of those studies have focused on relative measures of performance and mainly confined to ranking of portfolios. Therefore, the past studies of investment performance cannot quantify the element of risk and its control. The first Mutual Fund in world was "Societe Generale de Belique" formed by King William of Netherland in 1822. The emergence of Mutual Fund in India was with the setup of UTI in 1964 by an act of Parliament. The first discussion highlighted was 'Why should there be a Mutual Fund?' And the clarified reason was 'It is an attempt to mobilize the savings of small investors.' This is the basic objective of a Mutual Fund Industry. It helps such investors who by any reason are not able to invest their savings in right direction or in right securities. The reasons may be fewer amounts of savings of such retail investors, lack of financial market information, lack of specialized skill for investment or fear of risk return analysis. Thus Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal.

FACTORS AFFECTING MUTUAL FUND DECISION-

All the investments in the mutual fund and securities are subjected to market risk and the NAV of the schemes may vary depending upon the factors and forces affecting the securities market. In this respect, the offer documents/SAI/SID/KIM may be helpful to the investors. All mutual funds also required to disclose the risk factors in their offer documents which are faced by the funds and thus by the investors. All the risks associated in a mutual fund investment can be grouped as: 1. MARKET RISK: Stock prices are always

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sensitive to what is happening in an economy (local, national, international). Performance of an economy has inverse correlation with the risk involved.

Types of mutual fund scheme

Mutual Fund schemes can be classified into different categories depends on their investment goals or their maturity time. Mutual fund schemes can be classified into three categories based on their maturity periods.

Open-ended funds: An open-ended fund or scheme is one that is available for subscriptions and redemptions on a continuous basis. Investors can willingly sell and buy units at Net Asset Value (NAV) related prices which are declared on weekly bases [5].

Close-ended funds: A close-ended fund or scheme has a variable maturity period which can range from a few months to a few years, e.g., 6 months, 6 years or 10 years. i.e., fund is open for subscription only during a specified period at the time of launch of the scheme.

Interval funds: These schemes are a cross between an open-ended and a close-ended structure. These schemes are open for both purchase and redemption during pre-specified intervals (viz. monthly, quarterly, annually etc.) at the prevailing NAV based prices. Interval funds are very similar to close-ended funds, but differ on the following points:

- (1) They are not required to be listed on the stock exchanges.
- (2) They can make fresh issue of units during the specified interval period, at the prevailing NAV based prices.
- (3) Maturity period is not defined.

Advantages of mutual fund

1. Manage inflation
2. Safe and transparent
3. High return
4. Diversification
5. Liquidity

Research Methodology

Source of data

The present study is based on primary data which was collected using questionnaire method.

Data collection

The data was collected using questionnaire from professionals/ common man like those who wants invest in mutual funds and other investment option.

Hypothesis

1. Investors have mix opinion about mutual fund

2. Investors are more interested about known instruments

3. Investors of metros are more aware about mutual fund (Appendix 1).

Data analysis and interpretation

From Table 1,

Age group	Profession/Number	Income	Preferences
25-30	Student/20	100,000-200,000	Not aware
35-40	Clerk/15	200,000-300,000	Fixed deposit
40-45	Bank employee/10	300,000-400,000	SBI mutual fund
45-50	Teacher/20	400,000-500,000	NSC
55-60	Advocate/15	500.000-600,000	Tax saving SBI mutual fund
60-65	Business man/10	600,000-800.000	Not aware
Above	Retired person/10	10,00000	LIC

Table 1: (Meerut) Give preferences of investor to different instruments.

$\Sigma X = 200,000 + 300,000 + 400,000 + 500,000 + 600,000 + 800,000 + 10,00,000$

$= 38,00,000$

$N = 100$

Mean of income $= 38,000$

$\Sigma X = 30 + 40 + 45 + 50 + 60 + 65 + 70$

$= 360$

$N = 100$

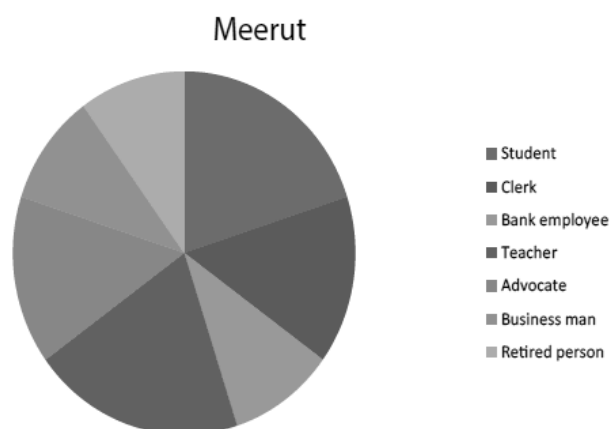


Figure 4: Pie chart shows different perception of different people of Meerut.

Mean of age $= 3.6$ year insignificant.

After computing these mean we conclude about the perceptions (**Figures 3 and 4**) [6].

Figure 3: Pie chart shows different perception of different people of Delhi.

Figure 4: Pie chart shows different perception of different people of Meerut.

Results and Analysis

Graphical presentation age and income (**Figure 5**).

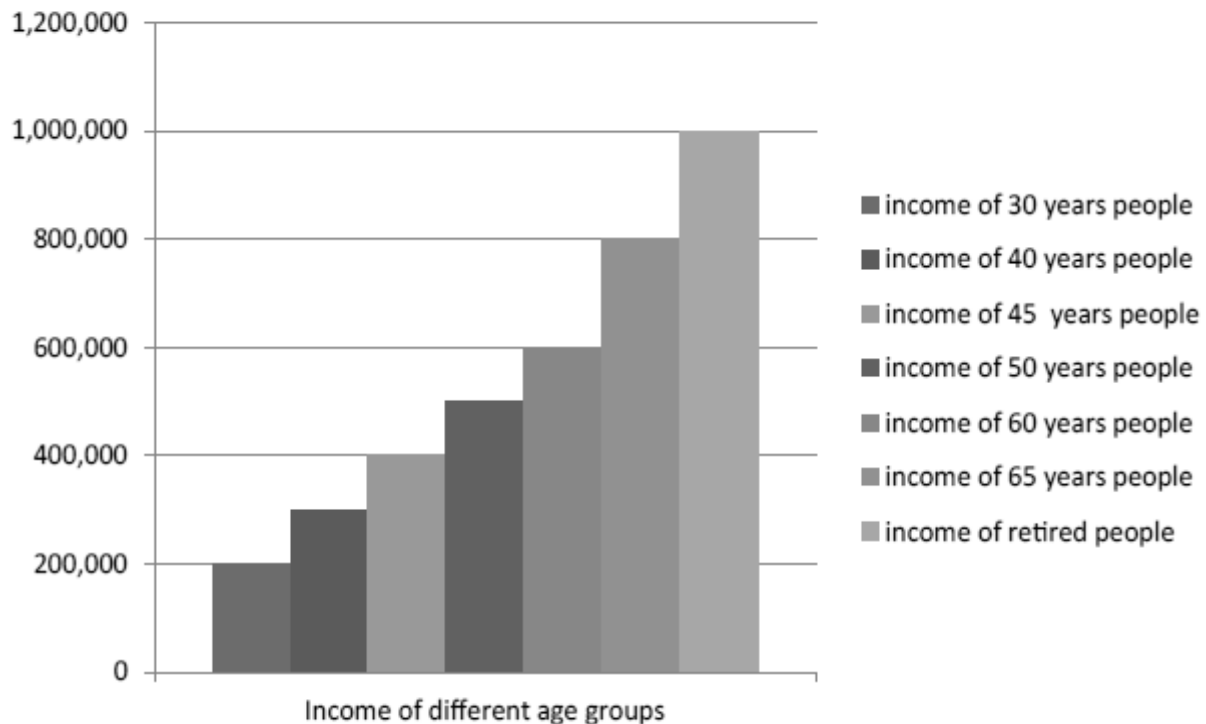


Figure 5: Graphical presentation age and income.

Suggestions and finding of the study

There are some suggestions based on our study for better investing for investors that they should keep their investment for long time keeping in mind the level of risk involves and saving pattern investors first look over the risk factor because they are investing for the maximum returns [7]. Once they invested in mutual fund they need returns and if it is not giving proper returns to them again it is affecting the interest of the investors to invest in MF. There is need to work on ground level in tier two cities because there is huge potential but is still untapped. Expert people go for make people aware about financial product hold small gathering and show the documentary and return back to their home this is merely not possible. We should go and talk to them after knowing their future financial need things will surely improve like metro [8,9]. In my study I have taken three hypothesis and found that on the bases of empirical studies found true. The findings show that mutual funds as an investment option have displayed tremendous growth potential when the markets are optimistic and when wise choices are made. They have performed much better than traditional investment options in the long term and thus help investor beat inflation to some extent. It is of paramount importance that investors do not make a rash decision simply by looking at the return figures

generated by an individual fund, but investor belong to tire two cities are not aware about good news about mutual fund and stock market but news of scandal and miss happening reach very fast to them, so they scared.

Conclusion

The objectives of study towards mutual fund as per the sample size and method which is applied to the study and found that the investors are not choosing or feeling confident in investing in mutual fund because they think that mutual fund is risky than other investment options. The awareness level of mutual fund among the investors are very low because of only having the partial knowledge about the mutual fund which prevent them to Invest in mutual fund to avoid risk bearing factor and fear of losing money. The objective of study to know about the perception of common investor about mutual funds of PSU and private entities in different cities. The awareness level of mutual fund among the investors are very low because of only having the little knowledge about the mutual fund which prevent them to invest in mutual funds. To avoid risk bearing factors and danger of great loss. What we observed there is enough money with them in tire two cities of people but they are in confusion in absence of awareness.

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WAYS OF EFFECTIVE DEVELOPMENT OF FREE TOURIST ZONES THROUGH ACTIVELY ATTRACTING FOREIGN INVESTMENT

Berdimurodov Azizjon Shukrilloyevich¹

ABSTRACT

This scientific article describes the concepts of investments such as foreign investment, definition of foreign investment in free-tourism areas and the ways of attracting investments into the free tourist areas. Moreover, the role and importance of foreign investments in the development of free-tourism areas where the conditions create privileges for the investors that helps to analyze by both theoretically and practically. Finally, the utilisation of foreign experience in attracting investments was concluded and practical proposals were experienced.

Keywords: *Tourism, Free-Tourism Area, Tourist Infrastructure, Privileges, Tax Incentives, Investment, Foreign Investment, Foreign Investment in the Free Tourism Area, Investment Climate.*

I. Introduction

Over the past two years, the necessary organizational and legal mechanisms have been established in the Republic of Uzbekistan for the development of the tourism industry and the relevant regulatory documents have been adopted by the government. In this regard, it is important that the tourism sector was attached the status of strategic sector of the economy for the first time [1]. In addition, "... it is necessary to take comprehensive measures to develop tourism and attract investments in the sector and increase the capacity of the staff. ... Therefore, the number of foreign tourists visiting our country in 2025 should be reached 7 million, and the annual revenue from tourism exports should be reached \$ 2 billion". [2]

Creation of favorable economic and organizational-legal conditions for the accelerated development of the tourism sector as a strategic sector of the national economy, further increase of export of tourism services through the use of the huge tourist potential of the country, development of free tourist areas, promotion of our country in the world markets. The acquisition is one of the pressing issues.

One of the main sources of development of Free Tourism Areas (FTA) is foreign investment, and the effectiveness of its development depends on the level of financial support. Foreign experience shows that 30% of investments in the development of the tourism industry are public funds. This means that the remaining 70% is made up of foreign investments. 30% of public funds are mainly spent on tourism infrastructure, such as the development of transport network, its modernization, construction of trunk facilities, provision of tourism with modern means of communication, preservation and restoration of historical monuments, training for this sector. and retraining, and addressing external hazards [3]. Thus, it is important to study the ways of active attraction of foreign investment, to develop effective mechanisms for the effective development of free tourism areas, and to determine the use of foreign experience.

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The development of the tourism industry of the Republic of Uzbekistan through EEPs is promising, with the attraction of foreign investments, the rapid development of such areas, the attraction of large tourist flows, the increase in tourist revenues, and the further development of the country's economy.

II. Literature review

Although the economic literature provides definitions of the concept of investment and foreign investment, the concept of foreign investment in free tourism areas is virtually unknown.

The term "investment" comes from the Latin word "invest", which means "to invest", "to mobilize", to "invest". In the broadest sense, investment means mobilizing capital to increase and recover funds. In most cases, the term "investment" is defined as the tangible and intangible benefits and rights that are included in economic and other activities.

Some economists describe it as "all sorts of riches that are used to make a business profit," and some use the word "invest" in the Latin translation of the word literally.

Specifically, the most popular textbook by the US-based Nobel Prize winner, Sharp, is that "Investments are currently abandoning certain values in order to receive future (probable) value" [4].

According to Swedish economist Klos Eklund, "Investment is something that is left to tomorrow for greater consumption in the future. Some of it is now unused consumer goods and the other is resources for expanding production"[5].

Also, Barrell and Holland [6], Omri, Nguyen and Rault [7], Feeny, Iamsiraroj and McGillivray [8], Iamsiraroj and Ulubaşoğlu [9], Pegkas [10] reported a beneficial effect of Foreign direct investment on the economy.

Foreign investment refers to all forms of foreign currency invested in the national economy in the form of cash, securities and loans [11].

The Law of the Republic of Uzbekistan "On Investment Activities" defines the following definition: "Investments - material and non-material goods and other non-material goods, which are not prohibited by law. rights, including intellectual property rights, and reinvestments"[12].

In the study of the economic literature, we found it appropriate to develop the following authors' definition for 'foreign investment' and 'foreign investment in free tourist areas': foreign investment is directed from one state to another for profit or profit, material and intangible benefits of all kinds.

Foreign investment in free tourist areas - free tourist area (territories) from one state to another, in the form of cash, securities, credit, technical means are investments.

In the study of the economic literature, we found it appropriate to develop the following authors' definition for 'foreign investment' and 'foreign investment in free tourist areas': foreign investment is directed from one state to another to generate income, material and intangible benefits of all kinds.

Foreign investment in free tourist areas - free tourist area (territories) from one state to another, in the form of cash, securities, credit, technical means are investments.

III. Research methodology

The present study in the field of attraction of foreign investments into free tourist zones is based on the results of scientific researches of foreign and national scientists, observations of the activity of free economic zones and creation of free tourist zones in the country, field researches, observations and other data. The article uses methods of scientific observation, observation, abstract logic, comparative and systematic analysis, analysis and synthesis, induction and deduction.

IV. Analyses and results

For the last two years significant reforms have been carried out in the tourism industry of the Republic of Uzbekistan. A number of decrees and resolutions of the President of the country outline specific plans and measures for further development of tourism potential of Uzbekistan, increasing the flow of tourists and creating the necessary conditions for them.

In order to attract direct investment and create a favorable investment climate in the tourism sector, the Ministers will increase their confidence in public policy pursued in this area, as well as increase the responsibility of government agencies for investors. The Resolution of the Cabinet of Ministers "On Additional Measures for the Effective Conduct of the First International Investment Forum on Tourism, to be held on November 19-21, 2018 in Tashkent" was signed.

On the basis of this, the first International Investment Forum for Tourism was organized at the end of the year in order to attract investors to future projects on further development of tourism infrastructure. One of the highlights of this event is that the number of foreigners visiting Uzbekistan in the 10 months of 2018 has increased from 2 million 200 to 4 million 400 or twice. These numbers will require us to create the necessary conditions for further development of tourism infrastructure, hotels, transport and road infrastructure. To this end, the First International Investment Forum was held on November 19-21, 2018 in Tashkent. This forum was attended by over 200 participants from 48 countries. Investors from India, Turkey, China, Singapore and Germany showed great interest in the tourism industry of our country.

During the forum, a special procedure for allocation of land for investment projects was established. According to the special procedure, the investor will be given a land plot for the construction of the tourist infrastructure facility on the basis of the specific investment obligations without any electronic auction. In the event that an agreement between local governments and investors is reached, the investment project agreement will be signed.

As part of the first investment forum in tourism, more than 500 investment projects from all over Uzbekistan, including Charvak Free Tourism Zone, Samarkand, Old Bukhara, Surkhandarya region, as well as Almazar city and Ferghana city of Tashkent. Road projects and reviewed. Projects include hotels and shopping malls, resorts, health centers, theme parks, restaurants, and agro-tourist attractions.

About 600 projects from the regions were presented during the forum. More than 350 of them have been posted on official websites of the State Committee for Tourism Development and the State Committee for Investment for Investors. The most active investors to date are representatives of Turkey, China, India and a number of European countries.

At the end of the forum, 123 agreements and memorandums were signed to expand cooperation in tourism and to attract more than \$ 401.1 million in foreign direct investment.

Number of submitted projects (units)	Number of documents received (pcs)	Amount of foreign investments (USD Million)
600	123	401,1

During the official visit of the Uzbek delegations to the foreign countries, the heads of the State Committee of Tourism of Spain, Tajikistan, Germany, Russia, Kazakhstan, Pakistan, Japan, Georgia and Belarus have visited. Meetings with heads of foreign diplomatic missions in the Republic of Uzbekistan (Republic of Korea, Japan, Turkey, Germany, Malaysia, Indonesia, United Arab Emirates, Kazakhstan, Kyrgyzstan) were held.

As part of the financing of tourism projects, the European Bank for Reconstruction and Development launched the project "Fundamentals of Integration of Cultural Heritage". The total project cost is US \$ 330 million. US dollars. Of these, \$ 145 million was used to support tourism business projects. US \$ 180 million to improve infrastructure US \$ 5 million to preserve dollars and cultural heritage

Upon successful completion of the project it is planned to expand its geography to other regions of the country.

Legal guarantees and various financial incentives, as well as the reduction of bureaucratic obstacles in the attraction of foreign investment to the country's tourism industry, particularly in the tourist areas, are important. It should be noted that the Decree of the President of the Republic of Uzbekistan "On Additional Measures for Stimulating the Attraction of Direct Private Foreign Investments" On the basis of [13] the following are established:

Direct foreign direct investment in programs for further improvement of the investment climate in the country, privatization, modernization, technical re-equipment and reconstruction of production, creation of new jobs in the regions with surplus labor enterprises specializing in the production of services (services) in the sectors of the economy, attracting direct foreign direct investment for the purpose of wide attraction of investments, as well as reliable legal protection and guarantees for foreign investors, development of tourism. tax on income of legal entities, property tax, tax on development and improvement of social infrastructure, single tax for microfirms and small enterprises, as well as obligatory deductions to the Republican Road Fund n, the following types of tax incentives are available:

- From \$ 300 thousand to \$ 3 million - for a period of 3 years;
- from \$ 3 million to \$ 10 million - for a period of 5 years;
- more than \$ 10 million - for a period of 7 years.

It is established that tax incentives apply to the following conditions:

- Direct foreign investments by foreign investors without guarantees of the Republic of Uzbekistan;
- the share of foreign participants in the authorized capital of the enterprise should be not less than 33%, and for joint-stock companies - not less than 15%;
- foreign investments in hard currency or new modern technological equipment;

- to direct at least 50% of the benefits received during the life of these benefits to reinvestment for further development of the enterprise.
- In accordance with the Decree of the President of the Republic of Uzbekistan dated January 5, 2019, PQ-4095 [14], the following facilities are available to investors in the tourism industry:
- The land parcel allocated for hotel construction may be sold to the investor upon completion of the construction, except for the territory and protected areas of the material and cultural heritage and land for agriculture;
- If a hotel with a minimum of 50 rooms for a 3 star category and a room fund of 100 rooms for a 4 star category will be put into operation by January 1, 2022, the investor will be charged with the cost of building and equipping a new hotel. The State Budget of the Republic of Uzbekistan (hereinafter - the State Budget). At the same time, some of the investors' expenditures should be financed from the State Budget, with the annual indexation of the budget parameters for the following year, up to 50,000:

\$ 40 million per room for 3-star hotels;

For 4-star hotel rooms, it costs 65 million sums.

- within three years from the date of entry into force of the royalty franchise agreement for organizations - residents of the Republic of Uzbekistan on the use of well-known and reputable hotel brands in the world (according to top-50 hotel brands) is partially financed at the expense of:
- The first 50 3-star hotels - equivalent to \$ 200 per room per hotel;
- The first 30 4-star hotels - equivalent to \$ 400 per room per hotel.

At the same time, the total amount of royalty funding for organizations is no more than \$ 10 million.

During the first five months of 2019, 244 investment projects totaling 500.2 billion soums were developed. In January-May, 1.3 million tourists visited Uzbekistan in the first quarter, an increase of 42% [15].

Attraction of foreign investments plays an important role in the development of tourism. However, before making an investment project decision, the investor needs to make sure that there are opportunities to implement it. However, the risk of implementation should not exceed future dividends from project implementation, which is not always possible in the context of long-term tourism projects.

Therefore, the main task of state and local governments in planning tourism development is to adopt a system of measures to improve the investment climate.

We propose that the development of a system of measures to create a favorable investment climate in the tourist areas under construction in our country can be divided into several regional levels:

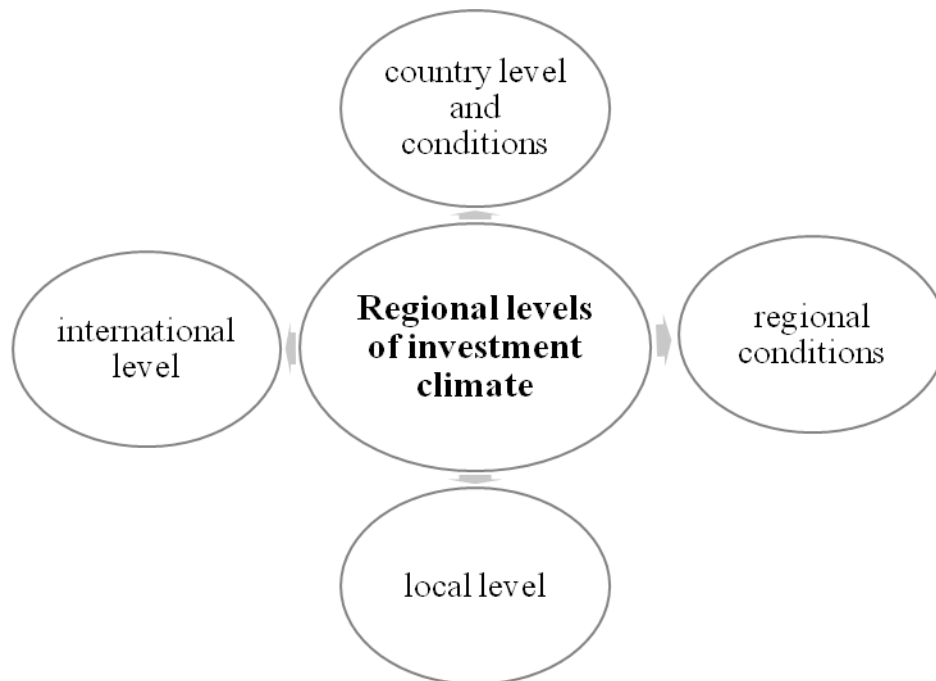


Figure 1. Regional levels of investment climate

A plan and mechanisms for improving the investment climate for each regional level need to be developed.

International environment. Despite the intensification of cross-country competition, government support for the tourism industry is important. Such support could be expressed in sales campaigns, companies entering international markets, major advertising and news agencies, and television. Examples of such propaganda are the United States and the United Kingdom, where they actively use information resources. Many countries are seeking international cultural and public events, such as film festivals, exhibitions, conferences, sports events and more.

In the Republic of Uzbekistan, special attention is paid to this important direction of tourism development, and we believe it will give its results.

State-level environment. At the same time, it is necessary to create a regulatory framework to promote tourism at the state level.

The main directions of improving the legal and regulatory framework in the field of tourism include the development of regulatory documents covering all sectors of the tourism industry.

These include improving state and regional legislation, encouraging investment activities, improving the quality of tourism services, and supporting state tourism.

One of the most pressing issues today is the protection of private property. At the same time, it is important to ensure that the regulations are implemented.

Local level environment. Implementation of investment projects at the local level is one of the most important stages. At the same time, the issues of allocation of the investor, as well as coordination of the formalization of relations, are often the responsibility of local authorities. In addition, the issue of obtaining the necessary permits for personnel training, construction and operation of facilities at the local level will be considered. Therefore, first of all, it is necessary to improve the issues of regulation of relations between local authorities and economic entities.

We found it necessary to review the experience of a number of tourism-developed countries. In Spain and Greece, the state offers investors tax incentives, preferential tax regimes, depreciation deductions, and reducing the tax burden on turnover.

EU countries are pursuing a policy of equalizing the value-added tax on tourism and hotel activities. In Germany and Luxembourg the VAT is applied about 15% and in Denmark and Sweden the rate is 25%.

In Spain, VAT on hotel accommodation is 7% on average, and restaurant services and car rentals are 16% [16].

In Greece, VAT is 8% on bookings and meals, and the government provides special discounts and benefits for non-seasonal businesses. In France, the VAT is 6% for meals, 19% for meals and 10% for other types of tourism.

In Austria, the average VAT rate is 10%. Also, according to the Federal Tax Law, all tourist businesses pay a monthly fee for tourist accommodation. Collections are seasonal and some clients (children, students and students) are exempt from paying this tax.

In some European countries, tourist organizations also receive preferential tariffs on utilities. In some European countries, it is also encouraged to build new tourist facilities with relatively low prices for rent or lease for a certain period (up to 99 years in Cyprus, 49 years in Turkey and Israel), and later on.

The experience of foreign countries with advanced tourism shows that free tourism zones, together with the attraction of local and foreign investments, bring new technologies to the state, the use of new foreign management and marketing practices, the creation of high quality tourism services, and The creation of new jobs will increase employment, increase the inflow of foreign currency and, thus, accelerate the integration of the national economy into the global economy.

According to many foreign experts, the most attractive factor for foreign investors is the opportunity to start their activities with ready-made production, service facilities, engineering facilities, transport and social infrastructure. With ready infrastructure, the project will save the investor up to 20% of the investment. World experience shows that for every 1 dollar invested by foreigners in free economic zones, the state must invest \$ 4.

One of the main incentives for FEZ participants is the removal of administrative barriers. Unfortunately, although there are many benefits and privileges in the legislation on investors' rights and state guarantees, there are many inconveniences. There are also some shortcomings in registering investors, allocating them space, running their own businesses, and protecting their property. In social networks and information

programs, we often hear reports of foreign investors. This means that the regulations on this issue are not working well or not enough.

In Uzbekistan, unlike the West, there is little historical partnership between government and business. In addition, there are issues such as business incompetence in dealing with authorities.

According to the Statistics Committee of the Republic of Uzbekistan

During the period January-December 2018, the country received \$ 29,895.5 billion. sums of foreign investments. These funds include transportation and storage, trade, healthcare, scientific and technical activities, financial and insurance services, educational services, arts, entertainment and leisure, living and nutrition, information and services. communication and other services [17]. These services are directly and indirectly related to tourism and contribute to the development of tourism.

This guide does not specify the amount of investment in tourism.

Trends in the development of the world economy over the past period show that the main factor of competitiveness is not the price, but the quality, novelty and scientific intensity. In this regard, the creation and functioning of free economic zones is an important means of increasing the professional and intellectual level of the population, an effective means of attracting investments into the country's economy, its diversification and innovative development. For example, special economic zones in China are the real means of developing the country, especially in the eastern part. About \$ 40 billion is attracted to China's free economic zone each year, providing a platform for more than 200 reform initiatives.

V. Conclusion and suggestions

Based on the research, it can be said that the attraction of foreign investments is important for ensuring sustainable economic growth of the tourism sector of the Republic of Uzbekistan, in particular, the free tourism areas. In this regard, in its numerous speeches, the head of state counts as a priority the further enhancement of the international prestige of the state by boosting its economic relations with foreign countries and boosting its economic potential abroad. The

Thus, the active investment policy in the development of the tourism industry plays an important role in the socio-economic and comprehensive development of the country. This, in turn, involves improving domestic and foreign investment.

Today, thanks to the reforms being implemented under the leadership of the President of our country, the tourism industry in our country is entering a new phase. In particular, a lot of work is being done in our country on the creation and effective organization of free tourist zones.

However, it is worth noting that there are still many challenges ahead. Foreign direct investment can be an effective tool to address the shortage of accommodation facilities during the active tourist season, poor tourism infrastructure, lack of funds for the creation of free tourism areas. is considered lib.

The creation of a favorable business environment for foreign investors, a strong guarantee of their activities, and a variety of incentives play an important role in attracting investment to our country, and this creates competition, and each region is committed to providing the best opportunities and conditions for investors. He does.

Attracting investment in the creation of free tourism areas To carry out structural changes in the economy, improve the infrastructure, develop the service sector, develop competitive, comprehensive

services and provide foreign tourists with effective support for the tourism sector and the real sector of the economy. It will be used effectively.

Foreign experience of attracting foreign investment in free tourist zones shows that a system of incentives and incentives for foreign investors has been actively introduced. The privileges in the free tourist areas can be divided into customs (foreign trade), tax, finance and administration.

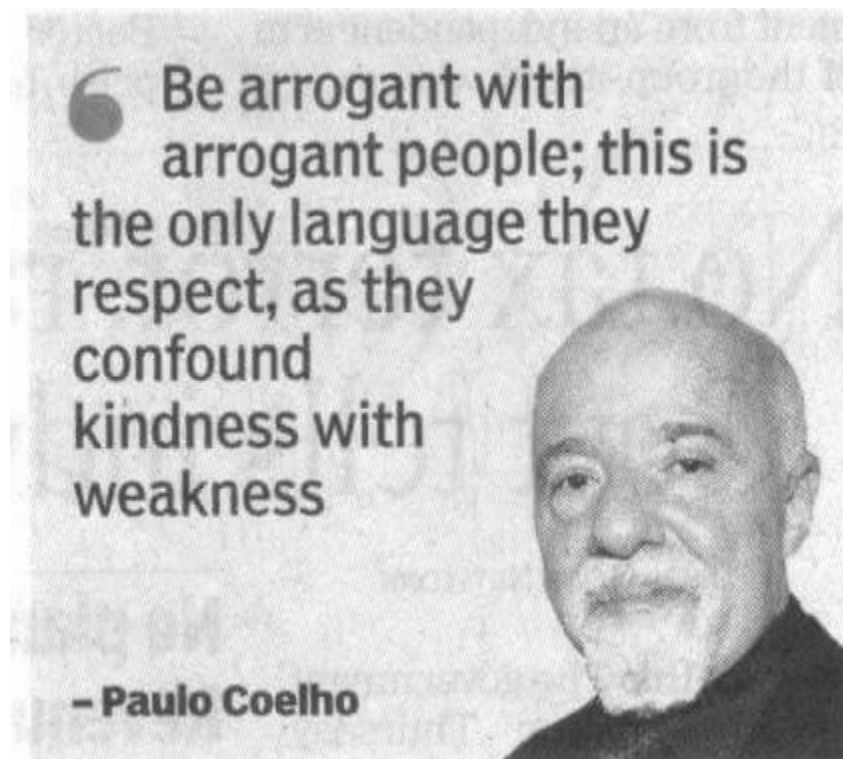
The number of free tourist destinations around the world is increasing year by year, and they have a strong impact on the economic development of many countries: foreign investors bring new technologies to the country, apply new management methods; many jobs will be created, qualified professionals will be created, new working methods will be created, investment companies will pay for land and infrastructure and pay for services; increasing living standards, increasing incomes, developing the tourism market, meeting the demand for services; Enterprises operating in such areas will have better facilities than others, which will result in a reduction in the cost of services and increase of its competitiveness, enhancing entrepreneurial activity in the regions and increasing the export potential of the sector. Promotes development.

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