

2-1-2018

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### Recommended Citation

Nurbekov, O. (2018) "MODERNIZATION OF THE ECONOMY BY COMMERCIAL BANKS TO IMPROVE THE FLOW OF INVESTMENTS IN THE REAL SECTOR OF THE ECONOMY," *International Finance and Accounting*: Vol. 2018 : Iss. 1 , Article 34.

Available at: <https://uzjournals.edu.uz/interfinance/vol2018/iss1/34>

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## **MODERNIZATION OF THE ECONOMY BY COMMERCIAL BANKS TO IMPROVE THE FLOW OF INVESTMENTS IN THE REAL SECTOR OF THE ECONOMY**

The article about the modernization of the economy by commercial banks to improve the flow of investments in the real sector national economy, the economy growing share of investments directed by the commercial banks in recent years, also the main effect of the factors, along with the share of commercial banks in the future economic development.

**Key words:** Industrialized countries, modernization and technical renovating, domestic product, real sector, economic development, commercial banks, experienced professionals.

Мақолада иқтисодийни модернизациялаш шароитида тижорат банклари томонидан реал секторни инвестициялаш, унинг самарадорлигини таъминлаш. Келажакда иқтисодийнинг реал сектори ривожланишида тижорат банклари самарадорлигини янада такомиллаштириш факторлари ёритилган.

**Калит сўзлар:** Саноатлашган мамлакатлар, модернизация ва техник қайта таъминлаш, миллий маҳсулот, реал сектор, иқтисодийнинг ривожланиши, тижорат банклари, тажрибали мутахассислар.

Этот статья посвящается о модернизации экономики и улучшение притока инвестиции в реальной сектор национальной экономики через коммерческих банков. Развивающая экономика делится инвестициями проведенные коммерческими банками в последний год, основные причины этих факторов это участия коммерческих банков развивать реального сектора экономику в будущем.

**Ключевые слова:** Индустризованние страна, модернизация и реконструкция, местный продукт, реал сектор, развивающая экономика, коммерческие банки, квалификационные специалисты.

Some economic literatures, the term “The real sector of the economy” refers to the movement of speculative capital is used to compare the processes of economic growth and restructuring.

The real estate sector is divided into two main categories: residential and commercial real estate. Within either category, there are vast and varied opportunities for investors, such as raw land, individual homes, apartment buildings, and large commercial office buildings or shopping complexes. Investors can choose to invest

directly in residential or commercial real estate or invest in real estate company stocks or bonds. There are also mutual funds and exchange-traded funds (ETFs) available that track the real estate sector.

One way investors can easily obtain diversification in real estate investments is through investing in one of the best-performing real estate investment instruments, REITS. REITS are securities that trade on an exchanges, just like regular stocks. REITs may be invested in properties, real estate or property management companies, mortgages, or any combination of these. They are specially regulated and offer tax benefits and investment advantages, such as dividend reinvestment plans. REITs have established a reputation for offering investors liquidity, diversification and good overall investment returns.

Investors can invest directly by buying shares of REITs or obtain access to them through real estate sector mutual funds or ETFs that have major portfolio holdings of REITs.

The credit obtained will be directed to financing republican investment projects of the *real sector of economy*, which forms Uzbekistan state budget revenues. Credit received will be invested into *real sector of economy*, into those enterprises that need recovery and further development several oil refineries in particular. Training for qualified specialists according to the demand at the local labour-market plays an important role in the development of the *real sector of economy*.

A result of significant changes, the last decade of the twentieth century to the present time, the figures of material manufacturing industries, as well as intangible types of assets, including manufacturing and services sectors of the economy structure, scientific and technical revolution, and labor productivity revealed growth. And we inform about recent years changes between the manufacturing sector and the service sector.

For example, the sectors of the economy of the industrialized countries<sup>[1]</sup> the share of service sector as twice as the manufacturing sector share, two-thirds of the entire economy. The population engaged in to reduce agriculture and processing of raw materials absolute and relative way. The share of population employed in the food processing industry is decreasing year-on-year.”

As a result of the implementation of structural reforms investments in the development of the real sector indicates a growth year-on-year. The application of information technology in the economy, the new information technology in the manufacturing sector, for example, serves as an impetus for the emergence of software production. Nowadays, the paramount issue of the economy is to increase the current share of the real sector of the economy and its future development.

In the global economy to develop of the real sector, ensure economic growth, the modernization and technical renovating, and the other is directed towards the implementation of innovative investments.

In recent years, we cannot ignore trends of investment in establishing effective processes in the Republic of Uzbekistan. The process of attracting investments, interaction and mutual relations are increased between investments and gross domestic product (GDP). The calculations show that the size of the GDP from 2000 to 2015 escalated from 3255.6 billion sums to 171369.0 billion sums, growth by an average of 52.6 times. At the same time increased the attraction of investments in the range of 54.7 times. This is compared to the size of the volume of investments in GDP, index reveals slight difference, notwithstanding, during the deep economic reformation and liberalization of the economy mode, the state's economic growth in the sales programs in all areas of economic development is important.

*1-table*

**The changing dynamics of the share of investments which is the primary capital of the Republic of Uzbekistan’s GDP.**

Years	GDP primary		Investments	
	Billion so’m	Compared last year%	Billion so’m	Compared last year%
2000	3255,6	103,8	744,5	101,0
2005	15923,4	107,0	3165,2	105,7
2010	62388,3	108,5	15338,7	108,7
2014	144867,9	108,1	33715,3	109,6
2015	171369,0	108,0	40737,3	109,6
2016	199300,0	107,8	16.6	109.6

If we are talking about the trend of 2016 year , GDP amounted to 199300,0 billion sums, the results of the year 2015, 107.5% rise. In 2015, the indicator of capital investment grew by an unprecedented level of 22304.8 billion sums, 111.6%, respectively<sup>[2]</sup>.

According to international experts measurements, additional actions have been done for consolidate the processes of modernization of the real sector of the financial mechanism

Some of them include:

- To organize the unique basis of the tax and reduce the amount of its size in next 5 years

- there should a law about that the number of taxpayers who pay income tax, is to be reduced following 3 years period

- To exempt innovative manufacturers from property tax throughout 5 years period
- to reduce customs duties for import of equipment for special accessories and spare parts, and create special expansion for machines
- To prevent an increase in the price of energy sources and types of communication services

Production of technical and technological sectors of the real economy in order to expand the resource base for financing the modernization of fixed assets and amortization expenses, net income and new technologies such as the work being carried out at the expense of orders

However, despite the expansion and modernization of the sector to the real economy of the state in the delivery of the products, lack of specialization and skills to solve problems not only at the expense of farmers, such as the construction of a very difficult issue.

Commercial banks role is increasing as a financial market participant.

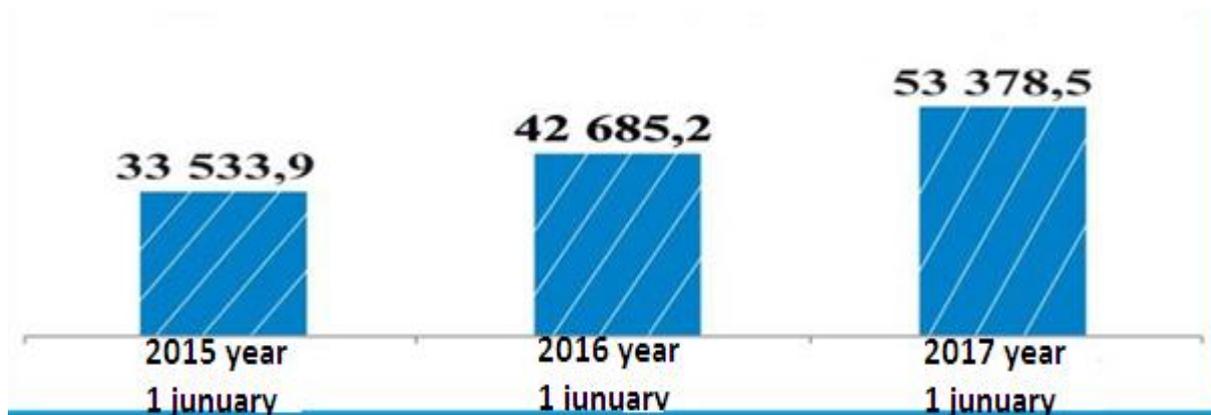
To advance, the process of capitalization of the real sector of the economy and financial stability, increase the amount of financial mechanisms, to improve the production and weak economic management, the further spread of commercial banks, investment funds to grow the economy, modernization, technical and technological re-equipment of production №UP-4053 the President of the Republic of Uzbekistan for “Measures to increase the tolerance of the financial to the real sector of economy” signed a decree 18.11.2008.

That same year, to avoid the negative aspects of the global financial and economic crisis, economic growth rates, to stabilize the macroeconomic prosperity of citizens in the basic sectors of the economy and employment, exports targeted to support the establishment of selecting the leading sectors of production, and small business focus on the President of the Republic of Uzbekistan “to protect the real sector of the economy, and ensure it runs smoothly and measures to increase their export potential application,” issued November 28, 2008. №UP-4058.

To avoid the negative aspects of the global financial and economic crisis, economic growth, stability, economic prosperity, citizens in the regulation of the basic sectors of the economy and employment, the exporter is targeted to support the establishment of selecting the leading sectors of production, and the selection of measures for small businesses to pay attention to the real sector of the economy of the Cabinet of Ministers of the Republic of Uzbekistan, and ensure it runs smoothly and to protect their export potential implementation of a special program.

Modernization of the real sector of the economy can zoom in to expand the role of the banks and major achievements are the funds necessary for the banks, “rate of 23 percent, 3 times better than the standard which is set by the Basel Committee of the

world and a positive interest. Banking system liquidity self-imposed 10 times more than the normal. The reliability of the banking sector are evidence of the fact that the country's total 90% of the 14 commercial banks in the banking system, are taken high stability from international rating companies: “Fitch Ratings”, “Moody's” and “Standard & Poor's”.



**Figure-1. The dynamics of a wide range of measures over the last 3 years in the field of industrial production**

Figure 1 shows the dynamics of a wide range of measures over the last 3 years in the field of industrial production, which is the most important high-tech facilities and the power of their power.

For example, in the real sector of the economy to build effective way to attract them to modernization of the banking sector and financial recovery of insolvent companies through the low-profit, or the participation of the largest commercial banks in the process to help resolve the mark.

At the same time there are a number of issues in the state, and modernization of the real sector to attract investments and improve their health, including the functional problems of the banking system.

They can take the following example:

- Certain types of technical and economic investment project preparation
- The main sectors of the economy, which is sufficient support for their businesses or innovative software for the implementation of investment projects to attract foreign investment
- Mobilization of financial resources, distribution and rational use of quality control

These problems would propose the following:

1. Experienced professionals from foreign higher education institutions and enterprises should be invited, development of the base of the Tashkent Institute of Finance, to organize seminars in order to learn the basics;

2. To create guidelines for the heads of the real sector of the economy, developing the preliminary technical and economic research projects;

3. To remove bureaucratic barriers for deposits of citizens and banking institutions to strengthen the confidence of the people, including through the mobilization of financial resources for the population through the establishment of the case;

4. An invitation of the parties to strengthen the monitoring of the use of resources;

5. In order to develop the country by commercial banks to the real sector of the economy and the credit of enterprises for the development of measures to create a healthy competitive environment;

6. The point is about creating effective and long-term incentives in attracting the spare means of population and economic entities to a banking sector, promoting its capabilities to expand crediting the *real sector of economy*;

7. The situation is complicated by the long-term trend of rising production costs associated with the tariff policies of the infrastructure monopolies, increase in the costs of raw, and other, materials outstripping the prices for the final goods, as well by rising labour costs.

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