

Problems in the Development of Investment Funds

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Abstract

The article analyzes the current state of development of investment funds in Uzbekistan. Problems that hinder the development of investment funds have been identified and proposals have been prepared to address them.

Keywords: Investment, fund, joint stock company, share fund, net asset, investor, asset.

It is known that in practice, investment funds are created in order to make a profit, protect the investments of individuals and legal entities in securities, provide social guarantees and reduce the risk of shareholders in the securities market. The Investment Fund operates as a legal entity, from the mobilization of investors and their funds on behalf of the Fund to securities, bank accounts and deposits, as well as the purchase and issuance of shares for the implementation of securities transactions. These operations are the most important types of investment fund activities. In 2019, our country received an international credit rating for the first time and successfully placed \$ 1 billion in bonds in the global financial markets. The Organization for Economic Cooperation and Development (OECD) has improved Uzbekistan's credit risk rating for the first time in 10 years. [1]. This, in turn, creates the need to create conditions and support for the development of investment funds in our country.

It is known that investment funds are established to attract investors' funds and place them in securities, other investment assets, as well as bank accounts and deposits in accordance with the law.

According to world experience, the creation of a favorable investment climate will contribute to the rapid development of investment funds, which in time will create conditions for the emergence of international investment funds that will help to join the world economic community. In developed countries, investment funds and international investment funds can have a positive impact on the economic growth of a country and a region.

The investment fund carries out its activity on the basis of a license issued by the authorized state body for regulation of the securities market.

In accordance with the current legislation, the investment fund is required to have the appropriate funds to solve its tasks in the development prospects, to use the funds effectively and to find ways to increase it. Therefore, it is important to study the finance of investment funds through the analysis of the dynamics of its income, expenses and net profit.

Currently, there are current problems related to the development of investment funds in our country, the main of which are:

First, the small number of investment funds in the stock market. Currently, there are 9 investment funds in Uzbekistan, not all of which operate in the financial market. However, in the United States alone, there are 16,818 investment funds, of which 9,356 are open-ended and 530 are closed-end

investment funds [2, p. 52]. There are also 1,374 mutual investment funds in Russia [3] or 78 in Kazakhstan [27]. Joint-stock investment funds are participating in the financial market.

Secondly, the regulatory framework for regulating the activities of investment funds has not been improved. Despite the existence of the Law of the Republic of Uzbekistan dated June 29, 2015 "On Investment and Share Funds" the activity of mutual funds has not been established.

This is because the Regulations on the organization of the activities of mutual funds and the Procedure for maintaining the register have not yet been developed.

Third, as a result of the financial analysis of investment funds conducted by the Center for Coordination and Development of the Securities Market in the country, their requirements for supervisory boards and trust managers of investment assets are hampered, which hinders the activities of many investment funds in the country. As a result, a number of violations of the law by investment funds, which have become joint-stock companies, were also identified by the Center for Coordination and Development of the securities market.

Fourth, the high requirements for the charter capital of joint-stock companies operating in the country hinder the operation of the investment fund. As a result, a number of major privatizations were terminated by the decision of the general meeting of shareholders at the initiative of the Supervisory Board of investment funds. As a result, the volume of resources circulating in the secondary securities market has also decreased.

Fifth, the number of shares and net assets of investment funds in our country is very small.

The development of investment funds in rapidly developing countries in recent years has led the world's largest investors to invest in developed countries at a faster rate than in developed countries. Continuation of this trend is leading to increased competition for capital in the financial markets of developing countries.

Sixth, the official sources of investment funds do not fully reflect the transparency of information required for investors.

In summary, improving the mechanisms for the efficient use of net assets of investment funds, taking into account the development strategy of the country's economy, the current state and specific aspects of the activities of investment funds, it is advisable to implement the following measures:

First, in order to increase the net assets of investment funds in the country, it is expedient to increase the number of shares of legal entities in the portfolio of investment funds. The increase in the number of shares with the participation of legal entities will increase the value of net assets of investment funds.

Second, to encourage the population and businesses to attract free funds to the national economy for the development of investment funds in Uzbekistan and to improve the regulatory framework for investment funds to ensure integration into the global financial market should. In particular, it is expedient to develop and introduce the Regulation "On the establishment of mutual funds in Uzbekistan" and the "Procedure for maintaining the register of mutual funds." The development and implementation of these regulations is one of the key factors in increasing the net assets of investment funds. In our opinion, the experience of developed countries should be used in the establishment of mutual funds. In this case, it is advisable to use the following mechanism:

- After the decision to establish a trust manager's share fund, an agreement is concluded between the shareholders (investors) and trust managers.

The agreement shall include the shareholders' funds in the share fund for the purpose of consolidating each share;

- the trust manager submits documents to the authorized body for the commencement of the mutual fund. It is allowed after consideration of these documents;
- after the trust manager has authorized the share fund activity, the trust manager opens a depot transit (depot) account to form the share fund. This account is opened on behalf of the mutual fund before the start of the notification that the trust management company has started accepting applications for the purchase of securities from the stock market and after the registration of the rules of the trust management company. In addition, the trustee opens a special account in the bank to form a share fund. This account is opened on behalf of the mutual fund when the trust management company starts buying securities on the stock market;
- a trust management company opens a deposit account of investment shares of a mutual fund from the Central Depository. According to it, it maintains the account of the rights of investment shares in the mutual fund and keeps them. In addition, the Central Depository maintains a register of investment shares. According to it, the register of investment shares is made in the manner prescribed by the Center for Coordination and Development of the Securities Market.

Third, the official sources of investment funds should ensure the completeness of the information necessary for investors, ie the return on shares, the amount of dividends per share and other information. This leads to an increase in the attraction of their funds to investors about the investment fund and thereby increases the value of the net assets of investment funds.

List of used literature:

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