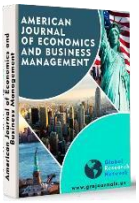

American Journal of Economics and Business Management

Vol. 9 Issue 1 | **pp.** 537-542 | **ISSN:** 2576-5973

Available online @ https://www.globalresearchnetwork.us/index.php/ajebm

Article

Analysis of State Participation in The Capital Market of The Republic of Uzbekistan Through Shares and Bonds

Ibragimova Gulchekhra Tokhirovna*[1], Sattorova Mekhriniso Komil kizi[2]

1. Associate Professor of the University of Science and Technologies
2. Student of Department "Finance and Financial Technologies", University of Science and Technologies

* Correspondence: gulchexra8062010@gmail.com

Abstract: This article analyzes the participation of the state in Uzbekistan's capital market through shares and bonds. The study employs statistical, comparative, and regulatory analysis methods to examine the volume, structure of government securities, and their relationship with macroeconomic indicators. The paper highlights the role of government bonds in liquidity management, inflation control, and creating reliable assets for investors.

Keywords: Capital Market, Government Bonds, Shares, Liquidity Management, Inflation, Government Securities, Central Bank, Investors, Financial Stability

1. Introduction

After gaining independence, the Republic of Uzbekistan identified the formation and development of the capital market as one of the most urgent tasks in the process of transition to a market economy. Since 2017, within the framework of large-scale reforms, the development of the capital market has become one of the priority directions of national economic policy. However, the role of the state in Uzbekistan's market as an issuer of securities and a major participant remains relatively high [1], [2].

On the one hand, this situation provides an opportunity to ensure macroeconomic stability, while on the other hand, it creates certain limitations for market deepening, diversification, and competitiveness. Therefore, a comprehensive analysis of the specific features, economic efficiency, and prospects of state participation in the capital market through shares and bonds is considered a relevant scientific issue [3], [4].

In particular, in order to increase financial resources in the economy, it is planned to increase stock market turnover from 200 million US dollars to 7 billion US dollars over the next five years. This requires accelerating the circulation of financial instruments and applying effective financing mechanisms, as well as diversifying financial resources in Uzbekistan's capital market. This, in turn, determines the necessity of conducting extensive scientific research on the effective organization of bond circulation in the capital market.

Literature Review

In the works of Keynes and Samuelson, government securities are interpreted as instruments for stimulating economic activity and balancing financial markets [5].

Frank J defines a bond as a debt instrument that obliges the issuer to repay the borrowed amount and interest to the investor within a specified period [6].

Eugene F notes that in developed countries, government debt is distributed among various investors such as pension funds, insurance companies, and foreign investors. In

Citation: Tokhirovna, I. G., Komil kizi, S. M. Analysis of State Participation in The Capital Market of The Republic of Uzbekistan Through Shares and Bonds. American Journal of Economics and Business Management 2026, 9(1), 537-542.

Received: 16th Dec 2025
Revised: 31th Dec 2025
Accepted: 19th Jan 2026
Published: 26th Jan 2026

Copyright: © 2026 by the authors. Submitted for open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (https://creativecommons.org/licenses/by/4.0/)

Uzbekistan, however, banks are the primary lenders. The weakness of this system is that if banks face problems, the entire system may collapse [7].

Frederic S states that a "stable" market is, in fact, characterized by a lack of liquidity. Shares of state-owned banks are traded below their market value because the market cannot form their true value [8].

Elmirzayev S.E defines a bond as a security that confirms a debt relationship between the issuer and the holder [9].

According to Kovalev V. V, the development of government securities creates an environment of trust in the financial market and serves as a benchmark for private issuers [10].

According to Drobozina L.A, the effective circulation of government bonds contributes to deepening the capital market and strengthening financial stability [11].

Butikov I.L defines a bond as a security that certifies a debt obligation and confirms the issuer's obligation to repay the nominal value of the security with fixed interest within the specified period [12].

2. Materials and Methods

This study is aimed at a comprehensive analysis of the state's participation in the capital market of the Republic of Uzbekistan through bonds and shares, its impact on market efficiency, increasing the liquidity of the banking system, reducing inflationary pressure, and financial stability.

In the research process, based on the method of obtaining and processing data, forecasting is divided into extrapolation method, comparison method, and statistical methods. This research work widely used methods such as observation, generalization, factor and dynamic comparison, logical analysis, induction and deduction, statistical analysis, empirical research, and comparative analysis.

The study was conducted on the basis of statistical analysis (Central Bank, TFB data), comparative analysis (stock and bond markets) and regulatory and legal analysis for 2019-2025. The main focus was on the volume, composition, and relationship of government securities with macroeconomic indicators.

3. Results and Discussion

In the context of globalization in the international capital market, the issuance of sovereign bonds by countries seeking to attract financial resources, and the constant placement of corporate bonds in international currencies by financially stable companies on major exchanges are the basis for the development of the international bond market. Such practices serve to expand and develop their activities by using financial resources for a longer period of time for state and corporate structures. The use of international bonds, without denying international credit relations, has led to positive results in the economic development of many countries. "Foreign bonds are traditional instruments in the international bond market. Foreign bonds are bonds sold by a foreign country in a currency that is foreign to it."

We can see that Uzbekistan's position in the Eurobond market is significantly lower than that of the CIS countries. Uzbekistan is considered by international experts as a promising country in the issuance of Eurobonds. The existence of unused opportunities in the capital market, the reforms being carried out in this area, are causing international experts to draw positive conclusions about Uzbekistan.

Because in today's competitive investment environment, it is not an easy task to attract additional financial resources from legal entities and individuals. Therefore, it is necessary to develop a specific mechanism for issuing municipal bonds. In this regard, we consider it appropriate to provide legal entities and individuals purchasing municipal bonds with the following opportunities and privileges:

a. Exemption from income tax of income directed towards the purchase of municipal bonds;
b. Offering lower prices than market prices for the purchase of products and services of production or service enterprises financed by municipal bonds;

c. Directing a project financed by municipal bonds to establish a production enterprise necessary for this region.

In addition, based on the general liquidity situation of the banking system, additional issuance of Central Bank bonds was carried out in cases where excess liquidity was observed in the money market.

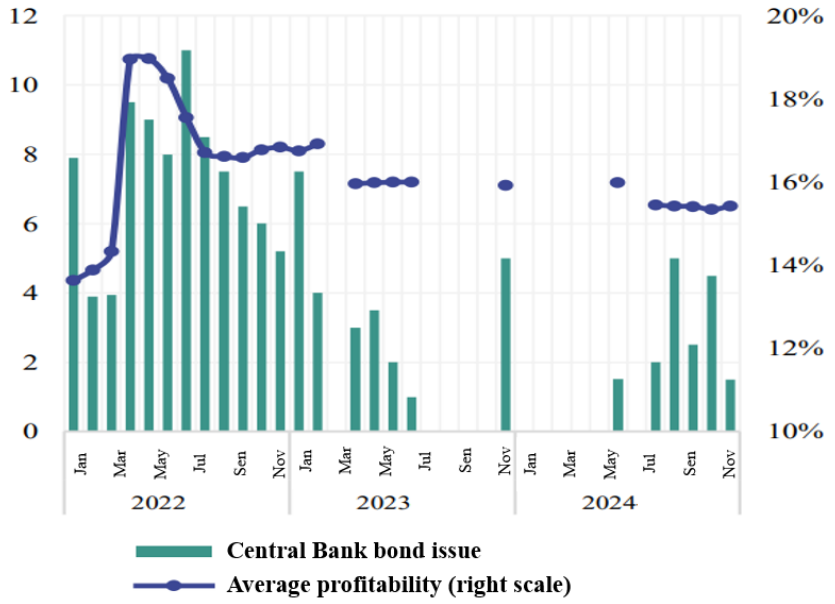

Figure 1. Dynamics of Central Bank Bond Issuance (trillion sum)

During June–December 2024, an increase in banking system liquidity was observed. In order to mitigate its potential pressure on money market interest rates and inflation, Central Bank bonds totaling 17 trillion soums were issued.

As of January 1, 2025, the outstanding balance of Central Bank bonds amounted to 11 trillion soums.

The state sector has a large share in the banking system in Uzbekistan. According to the 2024 report, state-owned banks accounted for about 68.8% of the total loan portfolio. This figure reflects the direct participation of the state in the financial system. Policies implemented through state-owned banks have a direct impact on the capital market, especially through preferential loans, microloans, and entrepreneurship support programs [13], [14].

The state's participation in shares is mainly aimed at organizing state-owned enterprises in the form of joint-stock companies and operating them in a market economy. However, the report does not provide specific information on direct state actions in privatization or the sale of shares on the market. However, the strength of state participation in the financial system indicates that the state plays an important role as a regulator and participant in the capital market.

We can see the state share increasing between 2023 and 2025 based on the following table (Table 1).

Table 1. Information about Joint Stock Companies (JSC) in Uzbekistan for 2023-2025

Year	Total number of joint-stock companies (units)	Number of joint-stock companies with state share (units)	Total nominal value of shares (trillion soums)	Total nominal value of shares owned by the state (trillion soums)
2023	612	220	178,3	134,4
2024	625	243	190,7	161,3
2025	688	261	216,4	172,2

Source: https://www.invest24.uz/news/

From the table, we can see that over the past 2 years, the number of JSCs with state shares has increased from 220 to 261. The state-controlled share package has increased to 172.2 trillion soums.

Government bonds are one of the most active and effective instruments of the state in the capital market of Uzbekistan. The 2024 report highlights the following aspects:

In 2024, the Central Bank issued government bonds worth 17 trillion soums in order to reduce excess liquidity in the banking system. This measure served to mitigate inflationary pressure and stabilize interest rates in the money market.

Uzbekistan has issued an international sovereign bond issue for 2025, raising $4.2 billion, generating high investor interest and marking a significant entry into the international market for Uzbekistan [15], [16], [17].

In 2025, the government of Uzbekistan successfully issued several sovereign bonds on the global financial market: bonds worth a total of ≈1.5 billion US dollars were placed on the London market in 3 currencies.

Table 2. Sovereign International Bonds of the Republic of Uzbekistan (2025)

Term	Currency	Amount	Interest Rate
7 years	In US dollars	$500 mln	(6.95% coupon)
4 years	In Euro	€500 mln	(~$525 mln, 5.1% coupon)
3 years	In Uzbek Soum	6 trln soum	(~$460 mln, 15.5% coupon)

Source: https://www.spot.uz/ru/2025/02/25

State structures, such as the Deposit Guarantee Fund, purchase government bonds in order to invest their funds in safe and stable assets. In 2024, 76.7% of the fund's investment portfolio was held in government securities.

The report notes that the practice of calculating and publishing the yield curve of government securities has been introduced. This will increase market transparency for investors, help them form macroeconomic expectations and make investment decisions.

Government bonds are one of the most active and effective instruments of state participation in Uzbekistan's capital market. In 2024, the volume of outstanding government securities more than doubled, reaching 44 trillion soums.

In 2024, a total of 3,471.5 billion soums were invested in income-generating assets, including 2,661.6 billion soums in government securities, 100 billion soums in bonds of the Mortgage Refinancing Company, and 709.9 billion soums in term deposits of commercial banks, due to calendar contributions received from banks, and 2,661.6 billion soums in government bonds. Government bonds allow for liquidity management, inflation control, and maintaining the stability of the banking system.

The expansion and transparency of the government securities market creates reliable assets for foreign and domestic investors. Funds received from government bonds are directed to guaranteeing deposits of the population, financing social programs, and infrastructure projects. Credit programs and macroprudential policies implemented through state banks directly affect the capital market.

4. Conclusion

The capital market of Uzbekistan is taking steps towards sustainable development under the active and strategic participation of the state. Analysis of the report materials shows that the state is not only a market regulator and controller, but also a direct participant in it. In terms of stocks, comprehensive credit programs and investment initiatives implemented through state banks, and in terms of bonds, such tasks as liquidity management, combating inflation and creating reliable assets for investors, are being successfully implemented.

At the same time, government bonds serve as a reliable instrument in the financial market to finance budget deficits, support long-term infrastructure projects, and form market benchmarks for interest rates. Regarding the bond market:

a. Reducing dependence on external debt by actively developing the domestic bond market through the effective use of inflation-indexed bonds, long-term and target bonds, for example;
b. Enhancing the use of government securities as an effective instrument of monetary policy.

Although the direct participation of the state in the stock market is mainly carried out through the financial system, in the future more active work may be carried out in such areas as privatization, improving corporate governance and managing state assets based on market principles. In this regard, it is necessary to:

a. Increase the investment attractiveness of banks and enterprises with state shares by introducing corporate governance standards (OECD principles) in their shares;
b. Gradually reduce the state share in the medium and long term and expand the participation of private and institutional investors.
c. In terms of institutional development, systematically expand the investor base and transparent reporting practices by integrating the national capital market with international markets.

The participation of the state in Uzbekistan's capital market through shares and bonds is balanced, goal-oriented, and aligned with the national economic development strategy. This policy serves not only to maintain financial stability but also to ensure long-term economic growth, increase investment attractiveness, and improve public welfare. By further aligning with international standards and opening the market to new investors, Uzbekistan's capital market can strengthen its position at both regional and global levels.

A high share of the state can limit the activity of the private sector and weaken market competition. Therefore, in order to further deepen the capital market, it is important to gradually optimize state participation, expand IPO and SPO mechanisms, strengthen corporate governance, and protect investor rights. As a result, balanced and targeted state participation will ensure sustainable growth of the capital market, the flow of private investment, and the competitiveness of the national economy.

REFERENCES

[1] V. Kapkanets, "Strategic model of effective management of the financial and economic potential of iron ore enterprises," *Economic Analysis*, vol. 27, no. 4, pp. 211–218, 2017, doi: 10.35774/econa2017.04.211.

[2] J. Sun and H. Zhang, "Research on technological innovation strategy of small and medium-sized enterprises in China based on the enterprise life cycle," in *Economics and Management Innovations (ICEMI)*. Volkson Press, Oct. 2017, pp. 65–67, doi: 10.26480/icemi.01.2017.65.67.

[3] K. V. W. Stone, "The daunting challenge: Economic justice for subordinated groups," in *The Daunting Enterprise of the Law*. Montreal, QC, Canada: McGill-Queen's Univ. Press, 2017, pp. 315–323, doi: 10.1515/9780773548916-024.

[4] M. Biron, C. Boon, E. Farndale, and P. A. Bamberger, "Taking unique enterprise types and emerging technologies into account," in *Human Resource Strategy*. London, U.K.: Routledge, 2024, pp. 320–340, doi: 10.4324/9781003402176-14.

[5] M. Wedel, "One vertex to bring them all, and in the darkness bind them," Apr. 2008, doi: 10.59350/pr51v-0he87.

[6] N. Y. Accostupa Huamán and P. O. Vega Espilco, "Internal control and its influence on the management of fixed assets of a textile company in Lima, Peru," *Edu-Tech Enterprise*, vol. 1, p. 3, Dec. 2023, doi: 10.71459/edutech20233.

[7] S. V. Gryshko and D. Chernikov, "Strategic priorities for the development of industrial enterprises in modern conditions," in *Sustainable Economic Development: Innovative Approaches and Strategic Perspectives*. Kharkiv, Ukraine: Press of Kharkiv National Univ. of Radioelectronics, 2025, doi: 10.30837/ek.2024.008.

[8] L. Jones and Y. Zou, "Rethinking the role of state-owned enterprises in China's rise," *New Political Economy*, vol. 22, no. 6, pp. 743–760, May 2017, doi: 10.1080/13563467.2017.1321625.

[9] M. Afanasiev, "New landmarks for the digital economy: On the relationship between economic complexity and material well-being," *SHS Web of Conferences*, vol. 141, Art. no. 01009, 2022, doi: 10.1051/shsconf/202214101009.

[10] J. Heckman, "Policy for stimulating human capital development (English translation)," *Educational Studies Moscow*, no. 3, pp. 73–137, Oct. 2013, doi: 10.17323/1814-9545-2011-3-73-137.

[11] C. de Bruyn and M. Venter, "Local economic development, innovation, new technology and green economies: Exploring current research trends," in *Local Economic Development: Innovation, New Technology and Green Economies*. Cape Town, South Africa: AOSIS, 2025, pp. 1–24, doi: 10.4102/aosis.2025.bk566.01.

[12] O. M. Kirilenko and M. I. Mishchenko, "Prospective directions for the development of the transport system considering the strategic priorities of the national economy," *Problems of Transport Economics*, no. 11, Sep. 2016, doi: 10.15802/pte.v0i11.77612.

[13] V. Nishonov and N. Muminov, "Sampling measurements used in medical metrology instruments," in *The Role of Standardization in Manufacturing*. Tashkent, Uzbekistan: Tashkent State Technical Univ., Oct. 2022, pp. 302–306, doi: 10.51346/tstu-conf.22.1-77-0080.

[14] V. I. Abramov and D. S. Evdokimov, "Situation center as a mechanism of public administration: Russian and international experience," *Regional Problems of Economic Transformation*, no. 10, pp. 21–35, Jun. 2020, doi: 10.26726/1812-7096-2019-10-21-35.

[15] J. Qodirov, "Public–private partnership and its interrelation with the development of economic sectors," *Economics and Education*, vol. 24, no. 5, pp. 233–240, Oct. 2023, doi: 10.55439/eced/vol24_iss5/a38.

[16] I. S. Baidzhanov, *Architectural Planning of Settlements and Public Centers*. Study guide. Moscow, Russia: Publishing Solutions, 2019, doi: 10.17513/np.515.

[17] E. V. Burdenko, *The Market of Educational Services in a Transforming Economy*. Ph.D. dissertation abstract, 2016, doi: 10.18411/b-2016-001.