FEATURES AND PROSPECTS OF FORMATION
OF FINANCIAL-INDUSTRIAL GROUPS IN UZBEKISTAN

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Abstract
The article describes the ways and possibilities formation of financial-industrial groups in Uzbekistan, and justified financial-economic conditions of the financial-industrial groups’ formation with the participation of commercial banks. In the current economic conditions, the formation and successful operation of the integrated companies and, above all, financial and industrial structures (groups) is undoubtedly the most important factor in improving the efficiency and sustained economic growth in industrial production. It should be recognized that the current economic reality is that without the concentration of production and capital formation of competitive industries is associated with considerable difficulties. Formation of financial-industrial groups in Uzbekistan - will improve the macroeconomic situation in the country, to raise the index of business activity and increase the reputation of the Republic of Uzbekistan on the global financial, economic and political arenas.

Keywords: Globalization, Financial-industrial group, Investment activities, Credit portfolio, Capitalization

INTRODUCTION
Further deepening of reforms in the real economy Uzbekistan and the achievement of sustainable economic growth impossible without creating the institutional framework for a more effective managing and improving the competitiveness of domestic producers. Given the high level of competition on world markets for goods and services, as well as backward technological level of most enterprises of Uzbekistan for the first crucial issue of accelerated formation of integrated corporate structures in the form of holdings of transnational corporations, financial-industrial groups or other large joint ventures.
Modern financial-industrial groups are diversified industries - banking - commercial complexes, formed as a result of matching large enterprises spheres of material production (industry, transport, communications, agriculture) and trade credit - financial institutions (banks, investment, financial and insurance companies, pension funds). At the heart of the formation of financial-industrial groups are the processes of concentration, further concentration and centralization of bank capital.

Nowadays in the world extensive experience has accumulated in formation financial-industrial groups, spent a lot of variety of approaches and organizational forms of their formation. The mechanism of activity of groups is based on the principle of association of industrial enterprises and financial institutions for the purpose of economic and financial interdependence, the division of labor and coordination. The composition, structure and mechanisms of creation of financial-industrial groups may be different due to the different level of economic development, the degree of commercialization, the state of the financial markets and other selected regions. Financial-industrial groups mobilize financial, industrial and commercial structures while maintaining the legal autonomy of each of the band members. In the financial structure may include banks, investment companies, pension funds, consulting firms, brokerage houses, information and advertising departments. The producing structure consists of production facilities and the commercial structure consists of foreign trade companies, commodity exchange, insurance, transportation and service companies.

**ORGANIZATIONAL STRUCTURE OF FINANCIAL-INDUSTRIAL GROUPS**

Financial-industrial groups – associations of industrial enterprise with financial institutions based on to install between them relations economic and financial interaction.

The Problems:

- to activate transformations in economy;
- to improve investment conditions;
- to increase competitiveness of domestic goods.

The theory of industrial organization provides several fundamental reasons for the development of integrated structures in any kind of economy. First of all, vertical integration where either asset specificity that raises the possibility of economy of scale or monopolistic position of one of the firms could lead to an increase in the efficiency of integrated structure compare to independently operating firms. Horizontal integration allowing an increase in the market power also could be another reason for integration.
A financial-industrial groups is an association of legal entities (the group participants) conducting business activities on the basis of the agreement on setting up the financial and industrial group.

A financial-industrial groups are created for the purpose of ensuring economic integration of its participants in order to implement investment projects and programs aimed at enhancing the competitiveness of the products (woks, services) and expanding their sales markets, increasing the production efficiency, creating new jobs.

The participants in a financial and industrial group can be legal entities that engage in any business activities which are not prohibited by the legislation of the Republic of Uzbekistan and make products (execute works, provide services), as well as banks and/or non-bank credit and financial organizations. Financial and industrial groups, in compliance with the legislation of the Republic of Uzbekistan, may also include other organizations which participation is important for the support of the investment process in a financial and industrial group.

Recognized as the participants of the financial-industrial groups are legal entities of any legal form of organization and ownership - residents and non-residents that have signed the agreement on setting up the financial-industrial groups, as well as the central company founded by them.

For coordination of their business activities and for handling transactions, the participants of a financial and industrial group sets up a central company, which possess legal personality, or, with the consent of all the participants of the financial and industrial group, is delegated with the authority to coordinate its business activities and to handle the transactions of the financial and industrial group to one of the participants of this financial and industrial group. In this case the headquarters enterprise will exercise the powers of a central company in addition to its operation as a business entity. A legal entity can’t be part of more than one group.

State-owned enterprises and organizations, or enterprises and organizations with a government property shares in its authorized capital fund, and may take part in a financial-industrial groups with the consent of a competent republican government body, an association (institution) subordinate to the Government, a local executive and administrative authority which is charge of these enterprises and organizations.

Republican government bodies, the Central Bank of the Republic of Uzbekistan and local executive and administrative authorities cannot be participants of a financial-industrial groups.

The supreme management body of a financial-industrial groups is the governing council which made up of the representatives of all the participants thereof.
The method of managing a financial-industrial group is established by the agreement on the creation of the financial and industrial group.

The central company is a legal entity sets up with the purpose of representing the interests of all the parties to an agreement on creating a financial-industrial groups in the form of a joint-stock company which is registered in the territory of the Republic and authorized by the agreement on creating a financial-industrial groups to handle transactions of this financial-industrial group. The central company is founded by all the parties to an agreement on setting up a financial-industrial groups. The only object of the central company’s activities is a support operation of the financial-industrial groups. The central company:

- represents the participants in relations connected with the creation and operation of this group;
- keeps summary (consolidated) accounting, balance sheet and records related to the financial-industrial group activities as established by the Government;
- prepares a report on the financial and industrial group operation;
- perform financial transactions by the interests of the financial and industrial group participants in compliance with the legislation of the Republic.

Other activities of the central company related to the financial-industrial groups transactions are stipulated by the Statutes of the central company and by the agreement on the creation of the financial-industrial groups. The responsibility of the central company of a financial-industrial group arising as result of fulfilling the obligations connected with participation in the activities of the financial and industrial group is regulated by the agreement to setting up the financial-industrial group. Financial-industrial group profit is the consolidated profit of its participants.

When a financial-industrial group keeps a summary (consolidated) balance sheet, the profit shows in the balance sheet of the central company (headquarters enterprise). The procedure and purpose of spending of the made profit or to cover the sustained losses is determined by the governing council, unless otherwise specified by the agreement on founding a financial and industrial group.

The participants of a financial-industrial group bears joint responsibility for the obligations of the central company (headquarters enterprise) arising as a result of the participation in the operation of this financial-industrial group.

The participation of banks in the financial-industrial groups opens up new opportunities for the development and strengthening of financial stability due to the concentration of funds, deposits, securities and other assets of the participants of financial-industrial groups. The Bank may also increase investment activities from within the structure of financial-industrial groups.
participants. There are various schemes of investment banks in the financial-industrial groups. Projects which are credited to measure at maturity and the degree of implementation of return: first credited fast-short-input production and service, then - the mid-term reliable projects. The resulting profit that is included in the financing of long-term strategic programs. It is the major long-term investments that most effective for developing financial-industrial groups.

ECONOMICALLY-FINANCIAL CONDITIONS & POSSIBILITIES OF FORMATION
FINANCIAL-INDUSTRIAL GROUPS WITH PARTICIPATION OF COMMERCIAL BANKS
Realization of the effective economic policy that is directed on achievement of steady growth of economy of Uzbekistan, is impossible without creative using world experience for formation of highly integrated corporate structures as organizational-economic forms the holding companies can act, transnational corporations, major concerns or financial-industrial groups.

However, as shown world experience, as more perspective form of integration of financial, trading and industrial capitals financial-industrial groups in which the scheme of effective integration of potential financial is organically realized, industrial and commercial structures act at preservation of legal independence of each of their participants.

In 2013, increasing the level of capitalization of the banking system, strengthen its liquidity, strengthening sustainability has been done. Stable and reliable functioning of financial and banking system, which continues to show strong performance. In 2013, the total capital of the banking system increased by 25 percent, and for the past three years - 2 times. As a result of effective indicators of the banking system will not only meet the generally accepted international standards, and in some areas, and provide the best results.

Implementation of effective banking supervision by international standards, monitoring of liquidity and asset quality have enabled local banks to get a positive rating from the leading rating agencies.

In 2013, the Bank has implemented extensive measures to ensure the competitiveness of the economy, the accelerated development of manufacturing industries and new high-tech enterprise As a result, the total amount of loans which is directed the real sector of the economy increased by 30,1 percent compared to the same period in 2012 and currently stands at 26,5 trillion UZS (Calculated from the base of Uzbekistan’s Central Bank statistical data).
The volume of loans for investment purposes, compared with 2008 increased about 5 times and, rose up to more than 7.2 trillion UZS as January 1, 2014. The current level of the liquidity is one of the evaluation factors of the stability of the banking system, which exceeds more than 65 percent during several years, that is 2 times as much than the set minimum level. The share of the domestic sources accounts for about 80 percent of the total loan portfolio.

In 2013 year due to the loans allocated by the commercial bank it was created more than 350,000 new jobs in various sectors of the economy. During the period of 2009-2013 years, it was transferred 172 unprofitable enterprises to the balance of the commercial banks, 112 enterprises of which were already restored industrial activity and realized to new owners. Currently the industrial activity of 43 enterprises, remaining on banking balance, was restored, 17 enterprises are in the process of restoration of the activity. For implementation of modernization and restoration of their industrial activity it was directed investment in amount of 316 billion UZS due to which it was exported products for 666 million dollars, produced by those enterprises.

The need to increase the participation of banks in the investment process follows the successful development of the interdependence of the banking system and the economy as a
whole. On the one hand, commercial banks are interested in a stable economic environment, which is a prerequisite for their activities, and on the other - the sustainability of economic development largely depends on the degree of reliability of the banking system, its effective functioning. Formation financial-industrial groups the most important factor of improving investment activity of commercial banks.

In the face of increasing globalization and internationalization of financial markets, their creation is not only a natural step in the development of organizational and legal forms of modern social production, but also a necessary step in the reorganization of the industrial structure of the real sector of the economy of Uzbekistan.

Created in Uzbekistan, financial-industrial groups have to be a versatile multi-complex, including large industrial base sectors of the national economy, leading commercial banks, insurance and investment companies, pension and mortgage funds. All of this is to provide secure access to its participants to financial and logistical resources, opportunities for the implementation of major investment projects, as well as the most reliable and profitable accommodation at their disposal capital (Vakhabov, 2008).

In the process of formation of financial-industrial groups in the country should be laid qualitatively new technological foundation for sustainable development of the basic industries of the national economy, capable of Uzbekistan rightful place in the international social division of labor.

However, the general policy of the state to establish a broad network in Uzbekistan highly integrated economic systems in the form of holding companies, corporations or financial-industrial groups should be supported by a set of measures of institutional and operational support from the state, allowing to increase the level of integration of industrial and financial capital and implement a balanced industrial policy.

The most successful cases are to be found among the newer financial-industrial groups with banks as their centres. They have managed the groupings through cross-ownership of subsidiaries, trust agreements and agent agreements, credits and direct investments, depository and clearing centres as well as various service units.

In developed countries, banks are centers of financial and industrial structures. Working on a specific range of businesses, the bank is well aware of the processes of the movement of their funds. In case of any problems, he immediately take the necessary measures, because the results of a production process affect its own economic interests. On the other hand, the legal system assumes the responsibility of the bank to the public: the deterioration of the financial situation of the company - member of financial-industrial groups bank is actively involved in
rehabilitation, that is, the implementation of structural changes and certain cash infusions, requiring the bank strong financial position.

There are many models of financial-industrial groups formation in the world experience, we offer to use Japanese and German models in the practice of Uzbekistan. Because, main features of this models corresponding activity of financial-industrial groups executed by banks.

Financial stability can be different and develops under the influence of a combination of many factors, but it creates a favorable climate for the integration of banking and industrial capital. The level of financial stability of the bank determines its level of “competence” as a participant in financial-industrial groups.

The main conditions for active participation of banks in the process of formation of financial-industrial groups are:

• direct involvement of the bank's specialists in the design and preparation of draft regulations on the formation of financial-industrial groups;
• active engagement of representatives of the Central bank and the company formed by financial-industrial groups with business leaders to include in its composition;
• organization within financial-industrial groups complete cycle of expanded reproduction and the presence of the optimal production structure;
• consolidation of the functions of the Bank's financial and billing center financial-industrial groups;
• building on the basis of the bank's central depository servicing the issue and placement of shares of the company and its member companies;
• direct participation of experts of the bank in the development of projects for the creation of financial-industrial groups and investment programs;
• direct involvement of the bank's specialists in the design and implementation of management systems of financial-industrial groups.

However, the participation of banks has the following limitations:

• the formation of financial-industrial groups on a voluntary basis is not permitted within the group ownership of a financial institution or investment institution for more than 10 percent of the shares of any company - the financial and industrial groups, as well as investing in shares of companies of this group of more than 10 percent of the assets of the institutions;
• banks can not act as buyers of stakes (shares, stock) of privatized enterprises as through cash or through the acquisition of vouchers, to own more than 10 percent of the
shares of a joint stock company, have as part of their assets more than 5 percent of the shares of joint stock companies;

• banks can not enter into financial-industrial groups in its own shares if the financial-industrial groups is created on a voluntary basis through the establishment of Open Joint Stock Company, as this is a violation of the ban on cross-shareholding;

• can not participate in financial-industrial groups holdings in the capital structure which tangible assets are less than 50%.

ADVANTAGES OF FINANCIAL-INDUSTRIAL GROUPS

In the process of formation of financial-industrial groups offer an opportunity to implement various schemes of integration capacity of financial, industrial and commercial structures while maintaining the legal autonomy of each of the band members. Their hallmark stands a huge synergistic effect obtained by the skilful optimization of all types of resources, and the ability to self-development in market conditions that make an effective and sustainable cooperation aimed at the development of priority directions of export-oriented social production.

Integration within the established industrial and financial capacity of the banking groups, industrial and commercial capital will accelerate the turnover of financial resources, reduce costs through the development of integrated enterprise systems within the netting and payments to rationalize the structure of total capital, to increase the share of resources in the form of money and mobility mechanism for the redistribution of capital. Financial-industrial groups have a number of advantages over other market participants in economic and financial terms (Sobirov, 2008):

• strengthening the production chain from the extraction of raw materials to end products, increased integration of production;

• diversification of activities gives businesses greater stability and increases the competitiveness of their products;

• create real conditions and opportunities for the restructuring of production;

• there are prospects of a significant accumulation of capital to achieve its operational and financial goals;

• there are real possibilities of maneuvering the financial resources both within the financial and industrial groups, and outside of it, increased activity and spheres of influence.
MAIN FEATURES OF THE PROCESS OF FORMATION OF FINANCIAL-INDUSTRIAL GROUPS

Formation financial-industrial groups in Uzbekistan should be subject to the following conditions:

1. For the organization of the activities of financial-industrial groups in Uzbekistan should take Law of the Republic of Uzbekistan "On financial-industrial groups" as the legislature's main instrument governing the establishment financial-industrial groups.

2. The concept of financial-industrial groups must provide for the establishment of financial-industrial groups - based technology and cooperation-related industries that produce complex high-tech products, ensure the solvency of demand and competitiveness in the domestic and foreign markets that meet the objectives and priorities of socio-economic policy of the country.

3. Creating financial-industrial groups should take into account antitrust restrictions arising from existing legislation in order to avoid getting large financial-industrial groups monopoly power in local commodity markets and limited access to financial-industrial groups other businesses.

4. Priority groups based on the formation of technology and cooperation-related industrial enterprises producing products, ensure the solvency of demand and competitive in the domestic and foreign market.

5. Socio-economic study on the establishment of groups, involving the use of their formation and appropriate examination of quantitative estimates of the potential effectiveness of future joint activities (market assessment of products, the economic efficiency of investment projects, employment, environment created productions).

Thus, the formation of financial-industrial groups in the country can contribute address the following major tasks:

- Achieving the full economic independence of the State due to the reduction of import from foreign countries critical natural resources (technical and food), component products and prepared foods on the basis of domestic import-substituting industries;
- Ensuring domestic needs (economy and population) in vital kinds of food and consumer goods at the expense of their own organizations production;
- Ensure a balanced and sustainable (in terms of national security) of the economy Uzbekistan;
- Organization of deep processing of the richest own resources (mineral and agricultural), increasing readiness and competitiveness of products;
- A significant expansion of the export potential of the state, achieve a positive balance of payments in foreign ties, increasing foreign reserves.
The process of formation of financial-industrial groups includes the following stages:

1. Conduct preliminary organizational work on the formation of financial-industrial groups, identifying the relevance and feasibility of the financial-industrial groups.
2. Definition of the goals of the business combination.
3. The predetermined primary participatory financial-industrial groups.
4. Getting information about the scientific, industrial potential of prospective participants financial-industrial groups.
5. Conduct preliminary analysis of alleged members of the financial-industrial groups.
6. Consideration of new activity programs for 2-3-year period proposed by the participants in the direction of the activities of financial-industrial groups, as well as projects to expand the scope of the financial-industrial groups.
7. Analysis of the conformity of the projected range of products to current and future needs of the domestic and foreign markets with the requirements of state antimonopoly policy.
8. Development of a common project of the financial-industrial groups.

CONCLUSION

Establishment of the Republic of Uzbekistan financial-industrial groups can be done within the framework of a general program of economic recovery and future economic growth. Strategy formation financial-industrial groups should be based on existing economic realities in the country, market analysis of supply and sales, established ties between enterprises within the country and with other regions, national priorities. This strategy must be coordinated with other programs - restructuring, antitrust policy, the development of small and medium business, conversion, etc. Drawing on the experience of foreign financial-industrial groups should strive to clearly defined specialization of individual groups (automotive, electronics, machine tools and so on.), Which allows to focus on improving technology and improving the quality of the constituent elements and the final product as a whole. This, in turn, will facilitate the accelerated development of science and technology and natural resource potential profiling industry.

In the process of the formation of financial-industrial groups in the country should be laid basis for the development of basic industries of the national economy, capable of self-development in market conditions, the effectiveness of and stable cooperation aimed at developing priority areas of social production. machinery their creation, composition and structure may be different due to different level of economic development, the degree of commercialization it, state of financial, stock and commodity markets. however general course of the creation of the state in Uzbekistan wide network of integrated economic complexes in the
form of holding companies corporations and industrial and financial groups should be underpinned by a set of measures of institutional and functional support from the state, can increase the level integration of industrial and financial capital and implement balanced policy.

Generally, the creation of effective financial and industrial groups is possible only in circumstances where the state actively promotes the formation and development of financial-industrial groups. The main objective is to enable the financial and industrial group to become strong enough, drain structures, capabilities and in its financial position and on the scientific-technical and production capabilities to compete with TNCs.

The above leads to the following conclusions:
1. Financial-industrial groups is the most competitive form of existence of the corporate capital, which justifies the acceptability of such structures for the formation of the national economy.
2. For the formation of a new class of structures such as financial-industrial groups, you must perform a number of activities that create an enabling environment (legal, economic, informational, and others.).
3. The financial sector has gained sufficient resources to carry out large-scale policy of investing in high-yield manufacturing industry. To date, the capitalization of the banking system allows integration with the industry on the basis of the largest commercial banks.
4. Industrial capital, experiencing an acute shortage of working capital and fixed assets to maintain existing business and further development of its production, interested and ready to integrate with the financial sector.
5. Financial-industrial groups should be formed on the initiative of the bottom, on a contractual basis of the market that will provide them with effective interaction and the necessary flexibility in the market conditions. Effectiveness and viability of financial-industrial groups as a whole will be very high if they are formed by the banks themselves or with their active participation.

    Thus, the formation of financial-industrial groups - is a worldwide trend of the economy, allowing to achieve faster economic growth, the reduction of socially necessary costs, lower costs and a more rational system of regulation and financial control over the activities of financial-industrial groups. Careful analysis and the use of suitable moments foreign experience can contribute to the effective development of this process in our country.

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