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The Effect of The Level of Monopoly of the Economic Sectors on the International Attractivity And Introduction of Innovations

Raximova Shaxlo
Assistant of the Tashkent Financial Institute

Abstract

The article examines the processes associated with the impact of the degree of monopolization of sectors of the economy on investment attractiveness and the introduction of innovations. The impact of the level of network monopolization on investment attractiveness and innovation has been systematically analyzed. Assessing the current level of monopolization of the industry, the problematic cases of the process of ensuring investment attractiveness were studied. The conditions and opportunities for investment attractiveness and innovation have been systematized by reducing the level of monopolization of the industry. Scientific proposals and practical recommendations on overcoming the existing shortcomings in this regard are given.

Keywords: The introduction of innovations, the monopolization of the industry, overcoming the existing shortcomings, the competitive environment, market dominance, the policy of effective competition.

Introduction:

In the context of socio-economic development, each country faces problematic processes related to competition and monopoly, regardless of which direction of the market economy model is formed. The level of maturity and development characteristics of a market economy suggest that in the presence of competition it is expedient to optimize the system of measures to form a context related to the competitive relationship and its environment. An important condition of this context is the effective functioning of the market mechanism and the coordination of the activities of monopoly enterprises, which hinders the provision of a competitive environment. A number of scientific studies have been conducted on monopolies in the market, their causes and characteristics, and in this research monopolies are mainly; the accumulation of capital, the accumulation of a portion of value added, is studied as a process associated with an increase in the volume of capital. In this process, the scientific conclusion is formed that the emergence of monopolies is mainly due to the centralization of capital. In particular, research in this area has been conducted by A. Tyonnesmann [1], D.B. Rubin [2], M. Porter [3], Jan Gordon [4], Yu.B. Rubin [5], R.O.Alimov, AF Rasulev, AM Kadyrov [6], R. Waterman [7], R.A. Fatkhutdinov [8], Yudanov A.Yu [9] have a special place in scientific research.

The above research has explored that there is more incentive and opportunity to introduce the achievements of scientific and technological progress into production in monopolistic enterprises than competing enterprises. It also reflects the wide range of financial opportunities in monopolistic enterprises, the expediency of using the indicator of the degree of centralization of the market to characterize the monopoly power. However, this study does not examine the processes that affect the level of monopolization of sectors of the economy to investment attractiveness and innovation. allows you to coordinate your struggle to be.

The competitive environment in each network will depend on the specific characteristics of the network. After all, if the number of enterprises in some industries is not enough to create healthy competition, it is enough to have several enterprises in some. Even the establishment of several relatively small enterprises to create a competitive environment in a network with a natural monopoly (e.g., local electricity, gas, telephone networks) may not be justified in terms of the scale of production efficiency. Accordingly, today it is important to determine the number of enterprises that need to be established, based on the nature and development characteristics of each industry.

Materials and Methods:

In the research process, the degree of monopolization of sectors of the economy is justified by the use of methods of scientific abstraction, induction and deduction, systematic analysis, statistical analysis of the processes associated with the impact of investment attractiveness and innovation. The method of logical abstraction has also been widely used in the formation of the part of scientific conclusions and propositions.

Analysis and results:

In the twentieth century, we have witnessed the liberalization of the economy, the opening of markets, the production and distribution of goods and services, and most developed countries have begun to rely on market forces rather than government. Competitive policies are supported by encouraging economic freedom and sometimes by demanding competition between independent buyers and sellers. Therefore, all developed countries have further strengthened their anti-competition laws. At the same time, some countries have introduced new laws that impede trade, removing barriers that could later be re-established by other actions.

The policy of restricting monopoly activity has long been used to protect the competitive process in countries with developed economies, where domestic competition is an important factor in trade. Therefore, it can be acknowledged that the most serious competition policy is followed by the United States, Germany and the European Union (hereinafter referred to as the EU). In the American and German systems, which have served as a model for antitrust law and as a basis for its dissemination to other countries around the world, court decisions play a central (key) role in defining and enforcing competition law. A similar aspect exists in Australia, Japan, Korea, Canada, France and the EU. In contrast, court decisions are less important in UK, Spanish and Swedish law. In these countries, the implementation and definition of this law is based on administrative courts and officials appointed by the executive (usually the Minister of Economy). Competition laws are based on two but interrelated concepts: market dominance and market dominance. In practice, most forms of competition policy are aimed at either preventing suppliers from exercising market dominance or stopping dominant enterprises from abusing their position. Such a situation in which market dominance is incompatible with economic efficiency, and having a dominant position allows the supplier to create private barriers to trade, restrict competition, and allow other parties economic freedom and freedom of action.

Market dominance depends on the relative size (market share) and structure of economic markets, i.e. the number of competing suppliers, the serious barriers to trade, and the presence of a substitute. Having a dominant position depends on the absolute size of the supplier, its relationships with customers and individual suppliers, as well as its ability to know the economic situation of its trading partners.

Competitive laws based on the concentration and efficiency of market domination arise with a view to consumer welfare. On the contrary, laws based on the concentration of superiority serve to protect competitors rather than the competitive process.

Liberalization of trade changes the policy of effective competition, because in many cases free trade is less clearly reflected in the competitive structure of the market and does not encourage effective operation in the market. Therefore, it would be appropriate to consider competition policy and trade liberalization as an adjunct to alternative policies.

The Law on Competition covers three areas: the way businesses are run, the structure of economic markets, and the way they are run. The rules of conduct that abuse the dominant position in the market or restrict trade, weaken competition, take prohibited forms, are different in content. In certain cases, these restrictive actions contribute to economic efficiency. possible.

If we analyze the impact of the level of monopolization of sectors of the economy on investment attractiveness and the introduction of innovations, we can see that the upper and lower limits of economic activity are directly related to the activities of the sector. In particular, in the economy of Uzbekistan in January-September 2020 in the private sector of the economy amounted to 105743.6 billion soums. UZS were invested in fixed assets. This figure was 82.1% of total investments in the Republic of Uzbekistan, as well as in Kashkadarya region - 93.8%, Andijan region - 91.1%, Namangan region - 90.5%, Fergana region - 89.7%. %.

In January-September 2020, the bulk of the state budget will be spent in Tashkent region (12.4% of total investments financed from the state budget), Surkhandarya (9.0%), the Republic of Karakalpakstan (8.6%) and Samarkand regions (8.0%). %) mastered [10].

Significant investments were made through loans and other borrowings of commercial banks in the following regions: in Fergana region - 27.8% of total fixed capital investments, respectively, in Namangan region - 25.7%, Khorezm region - 22.6%, Tashkent - 20.5% and in Samarkand region - 20.4%.

In January-September 2020, the non-governmental sector of the economy amounted to 105743.6 billion soums. UZS were invested in fixed assets. This figure was 82.1% of total investments in the Republic of Uzbekistan, as well as in Kashkadarya region - 93.8%, Andijan region - 91.1%, Namangan region - 90.5%, Fergana region - 89.7%. %.

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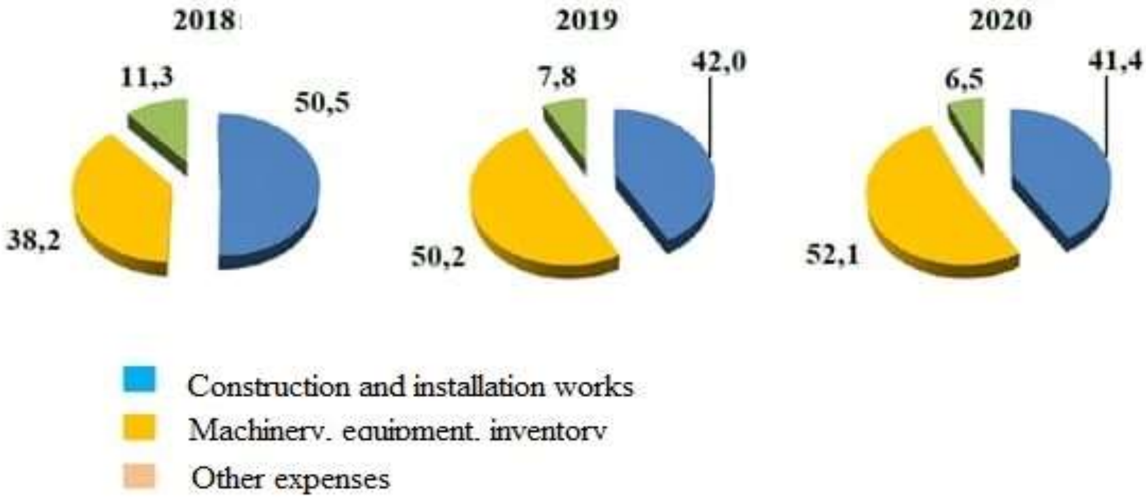

Figure 1. The dynamics of the technological structure of investments in fixed assets in *January-September, in% to total* [10]

In January-September 2020, the bulk of the state budget will be spent in Tashkent region (12.4% of total investments financed from the state budget), Surkhandarya (9.0%), the Republic of Karakalpakstan (8.6%) and Samarkand regions (8.0%). %) mastered. Significant investments were made through loans and other borrowings of commercial banks in the following regions:

In Fergana region - 27.8% of total investments in fixed assets, respectively, in Namangan region - 25.7%, Khorezm region - 22.6%, Tashkent - 20.5% and Samarkand region - 20.4%. In the technological structure of investments in fixed assets, the share of construction and installation work in the country - 41.4%, the purchase of machinery, equipment and inventory - 52.1% and the share of other costs - 6.5%.

The level of monopolization of sectors of the economy, in addition to ensuring investment attractiveness, also affects the process of innovation. This process is formed by market dominance depending on the relative size (market share) and structure of economic markets, ie the number of competing suppliers, serious barriers to trade, the presence of a substitute. In turn, dominant enterprises affect the absolute volume of innovation.

Competitive laws based on the concentration and efficiency of market domination arise with a view to consumer welfare. On the contrary, laws based on the concentration of superiority serve to protect competitors rather than the competitive process. Liberalization of trade changes the policy of effective competition, because in many cases free trade is less clearly reflected in the competitive structure of the market and does not encourage effective operation in the market.

The activities of monopoly enterprises have a significant impact on the process of shaping the transfer of innovations. In particular, as the transfer of innovations creates a concentrated process in the activities of monopolies located in the region, there are regional problems associated with the placement of innovations. As a result, the potential for economic growth in the regions is limited. This, in turn, may increase the risk of creating a number of problems associated with the large number of enterprises operating in the regions and the intensification of competition between them.

The introduction of innovations into production in many enterprises requires the presence of personnel with a high level of knowledge who can quickly master the innovations. This, in our opinion, can lead to an increase in cooperation between universities and manufacturing companies in the field of personnel training and personnel exchange.

Discussion:

A.Tyonnesmann [1], D.B.Rubin [2], M.Porter [3], Jan Gordon [4], Yu.B.Rubin [5], R.O.Alimov, A.F.Rasulev, The need to regulate monopolies in the research of AM Kadyrov [6], R. Waterman [7], RA Fatkhutdinov [8], Yudanov A.Yu [9] is due to the lack of qualified personnel and experience in regulating the activities of natural monopolies in countries. explain by a partial repetition of issues through antitrust regulation. In particular, the fact that this does not apply to the use of a leadership position (or monopoly power) for a specific purpose by a natural monopoly entity makes it necessary to deepen this research.

Some models of description of monopolistic markets reflect the impact of the degree of monopolization of sectors of the economy on investment attractiveness and the introduction of innovations.

There are pros and cons to monopoly affecting economic development. Its positive side is mainly reflected in the following two aspects. First, as noted above, it is relatively effective in certain industries and leads to cost savings. Second, there will be more incentives and opportunities for the introduction of scientific and technological advances in production in monopolistic enterprises than in non-monopolistic, small, competitive industries. This is because less competitive competitors are typically financially constrained, focusing more on current revenue than on increasing future revenue by introducing innovations into production. In addition, new ideas are quickly assimilated by competitors and, as a result, all benefit from its effectiveness, while eliminating the cost of implementing these ideas. Large monopolistic firms have a wide range of financial opportunities, and the benefits of innovation are clearly guaranteed to reach their authors.

The impact of the degree of monopolization of sectors of the economy on investment attractiveness and the introduction of innovations Forms of regulation of monopolies can be categorized according to their purpose as follows: Natural monopolies need special regulation by the state. In them, the state by administrative means and in other sectors of the economy in a "natural" way - under the influence of the competition mechanism, in terms of their contribution, inevitably achieves the desired results for the welfare of society. Thus, the creation of antitrust authorities coincides with the formation of regulatory bodies of natural monopolies.

All the models that have emerged in the world as a result of the new policy on regulated natural monopolies have their own legal basis. They believe that in the CIS countries and some developing countries it is necessary to adopt separate laws that establish rules and regulations in all areas of natural monopolies. Thus, we have considered system elements that differ from one or another model of regulation of natural monopolies.

Various tools can be used to regulate natural monopolies, which are conventionally divided into the following three groups:

1. Direct setting of prices and tariffs for products of natural monopolies.
2. Indirect regulation of prices and tariffs by setting a limited amount of profitability and price growth.
3. The use of competition mechanisms for the transfer of production rights in a natural monopoly.

Conclusion:

Banks play an important role in the level of monopolization of sectors of the economy in the introduction of investment attractiveness and innovation, increasing investment activity and economic growth of the country. Banks should be seen as an accumulator of developing investment resources, but the volume of investments is still insufficient. First, it is associated with a high risk of investing. This is especially true for capital-intensive investment projects. In this situation, attracting resources to invest in the industry has become a very difficult task. Second, declining profitability in financial markets limits banks 'investment opportunities. Some banks are reluctant to participate in investment projects, monitoring the current liquidity situation. It should be noted that even in relatively favorable economic conditions, the total financial resources of most banks are not enough to provide capital investment in industry, transport, communications and other sectors.

Third, how a state behaves in the field of investment has an impact on the investment climate of a country. The withdrawal of the state from this area will also have a negative impact on this climate. One of the conditions for further improvement of the investment climate is the improvement of the banking system, ie the creation of competition in the financial market, the improvement of information supply for foreign investors. It is advisable to offer a syndicated loan in order to solve the problem of lack of funds and reduce bank risk.

In order to implement these directions, it is necessary to carry out practical work in the field of investment lending, mobilizing external and internal resources. In order to improve the investment activity of banks in this regard.

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