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Assessment of the Impact of the Securities Market on Economic Growth and Improvement of Investment Attraction Mechanisms

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Abstract: This article analyzes the impact of the securities market on economic growth and issues of improving investment attraction mechanisms. The study examines the relationship between stock market development and economic growth from both theoretical and practical perspectives. In addition, the current state of the securities market in Uzbekistan is assessed, and scientifically grounded proposals for improving the investment climate are developed.

Keywords: securities market, economic growth, investments, stock market, capital market, investment mechanisms, financial system.

INTRODUCTION

In recent years, the securities market has been recognized in the global economy as one of the most important financial mechanisms ensuring economic growth. The experience of developed countries shows that an efficiently functioning stock market accelerates economic growth by ensuring optimal allocation of capital across economic sectors and increasing investment activity [1].

The securities market, particularly the stock and bond markets, serves as an alternative financial source to bank loans for attracting long-term investments into the economy. Through this market, companies are able not only to attract financial resources but also to diversify their capital and improve financial stability [2].

The relationship between economic growth and financial markets has been widely studied by many economists. According to their views, countries with developed capital markets tend to have higher GDP growth rates, as the stock market connects investments with the real sector and expands production and innovation activities [3].

In the Republic of Uzbekistan, large-scale reforms have also been implemented in recent years to develop the securities market, improve the investment climate, and attract both foreign and domestic investments. However, the current situation shows that low market capitalization, insufficient liquidity, and weak investor confidence hinder the full realization of the market's potential contribution to economic growth [4].

Therefore, a deep analysis of the impact of the securities market on economic growth, improvement of investment attraction mechanisms, and development of market infrastructure are of significant scientific and practical importance today. The main purpose of this article is to analyze these areas and develop scientifically grounded recommendations.

LITERATURE REVIEW

The issues of the securities market and its impact on economic growth have been widely studied by many foreign and local economists. These studies focus on the relationship between financial market development, investment flows, and economic growth.[5]

R. Levine, in his work "Finance and Growth: Theory and Evidence", deeply analyzes the role of financial markets in economic growth. According to him, in countries with developed securities markets, capital is allocated efficiently, which accelerates long-term economic growth [6].

F. S. Mishkin, in "The Economics of Money, Banking and Financial Markets", emphasizes that the main function of the financial system is to transform savings into investments. According to him, the

stock market increases liquidity and allows investors to manage risk, which contributes to economic stability [7].

S. A. Ross, R. W. Westerfield, and J. Jaffe, in "Corporate Finance", show that the capital market is an important source of financing for companies. According to them, financing through securities expands investment opportunities and increases economic activity [8].

Z. Bodie, A. Kane, and A. J. Marcus, in "Investments", consider securities as a tool for balancing risk and return based on portfolio theory. They scientifically prove that the development of stock markets increases investment efficiency [9].

Furthermore, in the research of H. Demirgüç-Kunt and R. Levine, it is empirically proven that the development of financial markets has a direct positive impact on economic growth. They state that as capital markets deepen, investment volume and production efficiency increase [10].

Uzbek economists, including T. Qodirov and X. N. Mamatqulova, point out that the securities market in Uzbekistan is still in a developing stage, with low liquidity and insufficient investor confidence being the main problems. According to them, institutional reforms can improve market efficiency [11].

The literature review shows that the securities market is an important mechanism for accelerating economic growth, and its level of development directly affects a country's investment attractiveness and economic stability.

METHODOLOGY

This study uses a systematic and integrated approach to assess the impact of the securities market on economic growth. Statistical analysis, comparative analysis, induction, and deduction methods were applied. In addition, stock market indicators of developed and developing countries were compared to examine their relationship with economic growth. Based on empirical data, the relationship between investment flows and GDP growth was analyzed. Scientific conclusions were drawn based on the obtained results.

ANALYSIS AND RESULTS

The relationship between the securities market and economic growth is one of the most important areas in modern economic research. Empirical and theoretical literature shows that a developed stock market ensures efficient allocation of capital and positively influences economic growth by increasing investment activity [12]. In particular, investments raised through stock and bond markets contribute to the expansion of the real sector.

The analysis shows a positive correlation between stock market development and GDP growth. According to R. Levine and Demirgüç-Kunt, financial deepening accelerates economic growth because investment resources are directed toward efficient projects [13].

The table below presents an analysis of the relationship between stock market development and economic growth based on selected indicators:

Table 1. Securities Market and Economic Growth Indicators (Average Values by Selected Countries).

Country	Market Capitalization (% of GDP)	Annual GDP Growth (%)	Investment Rate (% of GDP)
USA	160	2.1	21
Germany	70	1.8	22
China	85	5.5	43
Turkey	35	4.0	29
Uzbekistan	20	5.6	30

As can be seen from the table, countries with higher stock market capitalization demonstrate more stable economic growth and relatively high investment levels. In the USA and Germany, where capital markets are well developed, economic growth is stable. In China, high investment levels are one of the key drivers of economic growth.

In the case of Uzbekistan, market capitalization is relatively low (around 20% of GDP), indicating that economic growth potential is not fully utilized. At the same time, the increase in investment levels in

recent years reflects growing economic activity.

According to Bodie, Kane, and Marcus, securities markets allow investors to diversify risk and improve capital allocation efficiency [14]. In this regard, low liquidity and weak secondary market development in Uzbekistan remain major constraints.

S. A. Ross notes that in developed economies, capital markets serve as the most efficient source of financing for companies [15]. In Uzbekistan, however, firms still heavily rely on bank loans, which reduces financial system diversification.

The analysis shows that the impact of the securities market on economic growth occurs through the following channels:

- efficient allocation of capital;
- increase in investment resources;
- diversification of financial risks;
- financial stability of the corporate sector.

At the same time, the following problems were identified in Uzbekistan:

- low market liquidity;
- insufficient investor confidence;
- underdeveloped institutional infrastructure;
- low level of financial literacy.

Based on the results, it can be concluded that developing the securities market is an important factor in accelerating economic growth, and improving its efficiency requires institutional reforms and better investment conditions.

CONCLUSION

This study comprehensively analyzed the impact of the securities market on economic growth and the improvement of investment attraction mechanisms. The results show that the securities market is an important financial institution that accelerates economic growth by ensuring efficient capital allocation and increasing investment activity.

The analysis revealed that countries with developed stock markets experience more stable and higher economic growth, which is explained by efficient investment allocation to the real sector. At the same time, in Uzbekistan, the potential of the securities market is not yet fully utilized, particularly due to low capitalization and liquidity issues.

The study identifies key priorities for improving investment attraction mechanisms, including the development of stock market infrastructure, expansion of institutional investor participation, strengthening the legal framework, and improving financial literacy. Ensuring transparency and increasing trust in the capital market will also enhance investment flows.

Overall, the development of the securities market is of strategic importance for ensuring long-term sustainable economic growth in Uzbekistan. Therefore, continued systematic reforms and the adoption of international best practices are highly recommended.

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