

**MINISTRY FOR DEVELOPMENT INFORMATION TECHNOLOGIES
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**THE WAYS OF FUTURE DEVELOPMENT INVESTMENT
ACTIVITIES IN “UZBEKTELECOM” JSC**

5A350301 – Economics and management in ICT sphere

Written for taking master academic degree

DISSERTATION

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**ЎЗБЕКИСТОН РЕСПУБЛИКАСИ АХБОРОТ ТЕХНОЛОГИЯЛАРИ
ВА КОММУНИКАЦИЯЛАРИНИ РИВОЖЛАНТИРИШ ВАЗИРЛИГИ
ТОШКЕНТ АХБОРОТ ТЕХНОЛОГИЯЛАРИ УНИВЕРСИТЕТИ**

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МАГИСТРЛИК ДИССЕРТАЦИЯСИ АННОТАЦИЯСИ

Мавзунинг долзарблиги. Бозор иқтисодиёти шароитида алоқа корхоналарида инвестиция фаолиятини истиқболли ривожлантириш йўллари борасидаги муаммони мажмуавий тарзда ўрганиш, республикада маъқул инвестиция муҳитини яратиш, алоқа корхоналарининг инвестицион жозибадорлиги ва молиявий барқарорлигини таъминлаш, телекоммуникация соҳасида инвестиция фаолиятини ривожлантириш бўйича амалий маслаҳатлар ва ечимлар ишлаб чиқиш мавзунинг долзарблигини асослайди.

Ишнинг мақсади ва вазифалари. Тадқиқот мақсади алоқа корхоналарида инвестициялардан фойдаланиш самарадорлигини таҳлил қилиш, ютуқ ва камчиликларини аниқлаш ҳамда уни такомиллаштириш юзасидан амалий таклифлар ва тавсиялар ишлаб чиқишдан иборат. Тадқиқот ишида белгиланган мақсаддан келиб чиққан ҳолда куйидаги вазифаларни ҳал этиш назарда тутилади: Инвестиция фаолияти ва унинг моҳиятини ёритиш, инвестиция фаолиятини истиқболли ривожлантиришнинг асосий тамойиллари ёритиб бериш, «Ўзбектелеком» АК фаолиятида инвестиция фаолиятини истиқболли ривожлантириш йўллари ёритиш, «Ўзбектелеком» АК инвестиция фаолиятининг ҳозирги ҳолатини таҳлил қилиш, «Ўзбектелеком» АК инвестиция фаолиятини истиқболли ривожлантириш йўналишларини кўрсатиш, «Ўзбектелеком» АК инвестиция фаолиятини истиқболли ривожлантириш чора-тадбирлари ишлаб чиқиш.

Тадқиқот объекти ва предмети. Тадқиқот ишида объект сифатида «Ўзбектелеком» АК танлаб олинган. «Ўзбектелеком» АКга жалб қилинган инвестициялардан фойдаланиш жараёнида содир бўладиган иқтисодий муносабатлар ва компаниянинг асосий молиявий кўрсаткичлари таҳлили тадқиқот ишининг предмети ҳисобланади.

Тадқиқот услубияти ва услублари. Тадқиқотни олиб бориш жараёнида таққослашга асосланган, график, таҳлилий, иқтисодий-математик ва тизимли таҳлил услубларидан ўринли фойдаланилди.

Тадқиқот натижаларининг илмий жиҳатдан янгилик даражаси. Инвестиция фаолиятини ривожлантиришнинг асосий тамойиллари ёритиб берилган, «Ўзбектелеком» АК фаолияти тавсифи ва унинг мамлакат иқтисодиётидаги ўрни кўрсатилган, «Ўзбектелеком» АК инвестиция фаолиятининг истиқболли ривожлантириш йўллари таҳлил қилинган,

«Ўзбектелеком» АК инвестиция фаолиятини истиқболли ривожлантириш йўллари кўрсатилган, «Ўзбектелеком» АК инвестиция фаолиятини истиқболли ривожлантириш чора-тадбирлари ишлаб чиқилган.

Тадқиқот натижаларининг амалий аҳамияти ва татбиқи. Ўзбекистон Республикаси алоқа ва ахборотлаштириш соҳасида фаолият кўрсатаётган корхоналарда инвестиция фаолиятини самарали ривожлантиришга қаратилган илмий-амалий тавсиялардан фойдаланиш имкониятлари билан белгиланади. Тадқиқот натижасида келтирилган таклифлар ва мулоҳазалар республикамиз иқтисодиётини, қолаверса алоқа ва ахборотлаштириш соҳасини инвестиция фаолиятини ривожлантириш дастурларини ишлаб чиқишда, шунингдек, «Ўзбектелеком» АК ва унинг филиалларида инвестиция фаолиятини самарали ташкил этишда қўлланиши мумкин.

Иш тузилиши ва таркиби. Диссертация кириш қисмидан, уч боб, хулоса ҳамда фойдаланилган адабиётлар рўйхатидан ташкил топган. Умумий ҳажми 95 бетдан иборат.

Бажарилган ишнинг асосий натижалари. Инвестиция фаолиятини ривожлантиришнинг асосий функциялари ва тамойиллари ёритиб берилган, «Ўзбектелеком» АК фаолияти тавсифи ва унинг мамлакат иқтисодиётидаги ўрни кўрсатилган, «Ўзбектелеком» АК инвестиция фаолиятининг истиқболли ривожлантириш йўллари таҳлил қилинган, «Ўзбектелеком» АК инвестиция фаолиятини истиқболли ривожлантириш йўллари кўрсатилган, «Ўзбектелеком» АК инвестиция фаолиятини истиқболли ривожлантириш чора-тадбирлари ишлаб чиқилган.

Хулоса ва таклифларнинг қисқача умумлаштирилган ифодаси. Кадрлар сиёсатини янада такомиллаштириш, маркетинг сиёсатини инвестицион фаолият соҳасида кенгайтириш, «Ўзбектелеком» АК UZMOBILE филиали хизматларидан фойдаланувчилар сонини кўпайтириш мақсадида хориж инвестициясини жалб этиш чора тадбирларини ишлаб чиқиш, Давлатнинг ижтимоий вазифаларини бажариш орқали, яъни ижтимоий инфратузилмаларига телефон ва интернет хизматларини кўрсатиш орқали давлат томонидан турли имтиёзларга эга бўлишни таъминлаш, «Ўзбектелеком» АК UZMOBILE филиали хизмат кўрсатиш сифатини ошириш бўйича амалий ишларни олиб бориш, «Ўзбектелеком» АК тармоғини ривожлантириш ва такомиллаштириш ҳамда истеъмолчиларнинг истиқболдаги талабларини тўлиқ қондириш, «Ўзбектелеком» АК тармоғи орқали рақамли ТВ ҳамда радиоэшиттиришларни жорий қилиш ва такомиллаштириш, интеллектуал ва бошқа хизматларни ривожлантириш бўйича истиқболли режалар ишлаб чиқиш ва бу жараёнларга инвестицияларни жалб этиш мақсадга мувофиқ ҳисобланади.

Илмий раҳбар

(имзо)

Магистратура талабаси

(имзо)

**MINISTRY FOR DEVELOPMENT OF INFORMATION TECHNOLOGIES
AND COMMUNICATIONS OF THE REPUBLIC OF UZBEKISTAN
TASHKENT UNIVERSITY OF INFORMATION TECHNOLOGIES**

Faculty: Economic and management in
ICT sphere

Department: Management and
marketing

Period study: 2014-2016

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Major: 5A350301– Economic and
management in ICT sphere

THE ANNOTATION OF MASTERS DISSERTATION

The actuality of theme. In market economy situation investment activity of communication companies, and to investigate this problem as integrated study, to create appropriate condition for investment in Republic, to provide investment potential and establishment, to develop investment activity in telecommunication sphere, to develop practical recommendations and solutions concerning this theme is an actual problem.

The aim of the work and tasks. The aim of research is to analyze productivity of investment use in communication companies, to determine prospects and consequences and to elaborate practical recommendations and suggestions to improving it. Investment activity and enlighten the idea of investment activity, to define the main principles of investment activity development, description of “Uzbektelecom” JSC activity and to define its role in state economy to analyze present condition of “Uzbektelecom” JSC activity, to show main directions of future development investment activities in “Uzbektelecom” JSC investment activity productively, to elaborate “Uzbektelecom” SC investment activity development measures.

The object and predmet of the research. The research object is “Uzbektelecom” JSC. In the process of using investments involved in “Uzbektelecom” JSC, occurred economic relations and the main financial indicators of company analysis is a subject of research.

The styles and methods of the research. During the research, graphics, analytical, economic –mathematic and systematic analyze methods based on comparison are used.

The novelty of scientific results of research. The main principles of investment activity development are defined, the activity of “Uzbektelecom” SC description and its role in state economy are shown, the present condition of “Uzbektelecom” SC activity are analyzed, main directions of future development investment activities in “Uzbektelecom” JSC investment activity, “Uzbektelecom” JSC investment activity development measures are elaborated.

Practical essence and application of research results. Companies in the

sphere of communication and information of Uzbekistan Republic, scientific practical suggestions directed to develop investment activity productively possibilities determines the research. The suggestions and ideas given in research results, to elaborate development programs concerning investment activity of communication and information sphere and state economy, and it also can be used in composing investment activity productively in “Uzbektelecom” JSC and its branches.

The structure and component of the task. The structure and components of the task: The dissertation consists of introduction, 3 chapters, conclusion and references. The total volume is 95 pages.

The main results of done research. The main principles of investment activity development are shown, the description of “Uzbektelecom” JSC and its role in state economy, the present condition of “Uzbektelecom” JSC activity are analyzed, main directions of future development investment activities in “Uzbektelecom” JSC.

The little total expression of conclusion and invitations. To improve HR policy, to expand marketing policy in the sphere of investment activity, to elaborate measures of attract foreign capitals in order to multiply users of “Uzbektelecom” JSC UZMOBILE branch services. By executing the social tasks of state, which is by providing services of telephone and internet to social infrastructures, various advantages by the state are achieved. To carry out practical issues on development of services in “Uzbektelecom” JSC UZMOBILE, to develop and improve “Uzbektelecom” JSC network, and satisfy consumers requirements completely, to implement and develop digital TV and radio broadcasting by “Uzbektelecom” JSC network, to elaborate intellectual and other services development plans and to attract capitals to these processes.

Scientific director

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Masters degree student

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INTRODUCTION

Foundation of dissertation theme and its culmination. The next development of Uzbekistan and world economy mainly depend on investment activity that we assume to know each specialist and running households, nowadays it is not difficult to understand to attract investments actually foreign investments and supplying their effectively performance in our economy turned main factor in our republic. For development social-economy, political of the republic foreign investments play a vital role. We know that, each state separated from the world, without knowing foreign experiment, without receiving achievements on education and technology fields, it is impossible to develop in the future.

For improvement of rising economics will be calculate investment amounts in the freedom of economic stage. It is important to attract foreign investments to republic for creating buildings that using investments equipped modern technic and technology and reconstructing. It actually creates solution some problems such as avoiding unemployment, improvement salary and their income. Therefore, attracting foreign investmets to our republic contains mainly tasks to create necessarily positon and motivating those companies with economically.

We have to emphasize of I.A.Karimov's following ideas talking about this: "We always should memorize simple truth. So, it doesn't have future without investment, it can't be imagining without investments for producing, modernization and reconstructing technic and technology. I think that all of us realized well: if we don't try ourselves, we don't organize any situation to come in our nature of foreign investments, if necessarily, we don't work hard we shouldn't see these like numbers in our dream. This is certain sentence"¹.

From this point of view this dissertation theme and reviewed tasks on it plays an essential scientific and practical sites.

¹ The lecture in the Cabinet Ministries meeting that devoted to the finals of social-economic developments in 2013 and aimed at main economic program for 2014 of the President of the Republic of Uzbekistan.

Generalization above learning complex problems of development investment activity, creating alternative investment environment in the republic, supplying with investment attractiveness and financial stability of communication companies, one of the culmination tasks producing on practical advices and solutions for development investment activity at telecommunication sphere.

Object and predmet of the research. “Uzbektelecom” JSC has been selected as a research object. Using the attracted investment activities to “Uzbektelecom” JSC regard as predmet of the research company’s main financial indicators analysis and happening economic relations.

Aims and tasks of the research. The aim of research is to analyze productivity of investment use in communication companies, to determine prospects and consequences and to elaborate practical recommendations and suggestions to improving it. Investment activity and enlighten the idea of investment activity, to define the main principles of investment activity development, description of “Uzbektelecom” JSC activity and to define its role in state economy to analyze present condition of “Uzbektelecom” SC activity, to show main directions of future development investment activities in “Uzbektelecom” JSC investment activity productively, to elaborate “Uzbektelecom” JSC investment activity development measures.

Scientific novelty.

- It has been shown the functions and trends of future development investment activities;
- It has been shown “Uzbektelecom” JSC activity and the position of Republic of Uzbekistan;
- It has been analysed attracted foreign investment to “Uzbektelecom” JSC;
- It has been shown of future development investment activities in “Uzbektelecom” JSC;
- It has been produced of projects for development IPTV service in “Uzbektelecom” JSC.

Main assumptions and tasks of the research.

- Investment activity and its essence;
- The functions and trends of management investment activity;
- The activity of “Uzbektelecom” JSC and its branches position;
- The current position of investment activity of “Uzbektelecom” JSC;
- The main directions of future development investment activities in “Uzbektelecom” JSC;
- The future development investment activities in “Uzbektelecom” JSC.

The definition of literatures on research topic. Theoretical and methodical bases of the theme, regard as labours on information and communication field specialists as well as the plays of I.A.Karimov the President of the Republic of Uzbekistan. In this case of foreign scientists G.Birman, M.A.Gorelik, E.A.Golubitskaya, M.Piter, L.D.Reyman, Dj.Saks, G.A.Titorenko, E.Helfert were brought search for researches.

From Uzbekistan professors R. Ya. Dosumov, I.I.Iskandarov, T.K.Iminov, A.M.Kodirov, X.A.Mamajanov, I.A.Tuxliyev, M.L.tursunxujayev, O.X.Xikmatov, L.I.shibarshova, A.N. Aripov, Kh.A. Mukhitdinov were searched for researches for future development investment activities.

The definition of used methods on research. During the research process has been used graph, analysis, and economic-mathematical and systematic-analysis methods based on comparison. The process of writing master’s degree dissertation has been used of the annual reports ministry for development information technologies and communications of the Republic of Uzbekistan and “Uzbektelecom” JSC, foreign writers’ books that related to the theme, plays of the President of the Republic, orders of the Cabinet Ministers as well as orders of the Republic of Uzbekistan.

The essence of the result of theoretical and practical research. It has been chosed using scientific-practical recommendations and opportunities which devoted to future development investment activities on communication companies of the republic of Uzbekistan. As aresult of the research showed

recommendations may use the development republic of economy as well as future development investment activities in telecommunication sphere and “Uzbektelecom” JSC in addition to its branches all over the Republic.

The definition of the work system.

Dissertation consists of introduction, three chapters, conclusion as well as the lists of used literatures. Total amount 94 pages.

CHAPTER 1. THEORETICAL BASES OF MANAGEMENT

INVESTMENT ACTIVITY

1.1. Management investment activity and its essence

The meaning of “investment” comes from Latin language that “invest” identifies to put your money somewhere in order to make profit, for example by purchasing property or buying shares in a company. There are several meanings of this word, such as using money with aim of increasing your financial status, like buying obligations, assets and spending them for production. In other words, it is an asset or item that is purchased with the hope that it will generate income or appreciates in the future, which is not consumed today, but it will be used to create wealth later. Besides, it helps the money not to lose its value or it usually appreciates the worth of money and this leads to get some profit through the time. Investment can increase the economy of a country, in other words, it provides with mechanisms that should be needed to develop and raise the GDP (Gross Domestic Product) of a country.

As it is shown on the law of the Republic of Uzbekistan, regarding investment, it is used to get economic benefit (profit, income) or investment can be anything that could be profitable in the future: they might be bank deposits, payments, precious papers, technologies, machine instruments, shares, obligations and others. All above definitions confirms that investment suits the market economy. At first, there is a definition for investment and secondly, the relationships between investment and economical and social benefits have been shown clearly. According to these descriptions, processes of investments, main steps, deposits, expenditures and profits are precisely illustrated. These approaches shows that investment can create opportunities entering to market relations and it means that there will be fair distributions of financial, economic and intellectual wealth by horizontal and vertical ways.

Investment can be defined as an expense which is spent to build new capital and resources. These expenses might be used to construct new

companies, buying new machine instruments, which are utilized to create new capital.

In order to understand the meaning of investment, we have to see some definitions of it. It is an unfinished item, but process is working on manufacturing goods. By financial form, it is an asset in the industrial field to get some profit in the future, and according to the economic reasons, investments are expenditures which are used to build new enterprises, purchasing instruments in the long term and creating new capitals.

In most cases, term of “investment” is described as financial and nonfinancial assets that are entered into economic and other fields for improvements and production. Investment should be understood as all types of national and intellectual wealth which are spent into business fields for making profits or getting positive results in the future. Above mentioned descriptions are main goals of investment.

According to economic category, investment is expressed as following:

- Increasing the stored capital by the help of entering them into business fields;
- Economic interactions among participants of investment objects while on process.
- As analyzing the experiences of foreign countries and national laws regarding investment, it is divided into three types:
 - Financial investments;
 - Material investments;
 - Intellectual investments.

Each type of investment has its own characteristics. For example, financial investment includes local and foreign countries’ currencies, temporal in banks, deposit certificates, shares, and obligations, promissory notes, precious papers and other weighted wealth.

Material investment consists of main funds, new buildings, instruments, constructions, communications and active and passive parts of other main manufacturing funds.

Intellectual investment is very all different kinds, that is to say, they are investments in the shape of property rights concerning mental labor and investments are used for utilizing natural resources.

Investments in property rights are various, they depend on how market relations have developed and differences of local market characteristics. Mental labor investments include authorized licenses of discoveries, inventions and other author rights.

According to the financial form, investments are considered as assets that are used to make profits, but they are expenses in the case of economic reasons which are spent for building new enterprises and their instruments.

Capital is differentiated by several factors; it might be either money or goods. That's why we can divide investment into two types: material goods and money investments.

Material good investments are items which are used for new building manufactured and no manufactured constructions, machine and instruments and increasing the material stock.

Investments that are in the form of money provide with financial support for manufacturing investments, in other words, they are used to produce goods.

Investment is divided into gross and pure investments. Gross investments are deposits of people that will be used to cover consumed products and achieving to increase in production. More generally, gross investment includes amortization and pure investment. In order to identify pure investment, it is needed to separate amortization from gross investment.

The relationship between amortization and gross investments can show economy indicators. It means that it might identify whether the economy goes up, stays the same point (stable) or it goes down. We are able to know how economy of the country improves by their relationship. If gross investments are higher than amortization, that is to say, pure investments are elevated, it means economy is growing. In this case, Gross Domestic Product is positive position.

If gross investment and amortization is equal, it means that economy is stable. In this situation, pure investment is equal to zero; economy only produces how much capital the population consumes, we can say that they produce for covering the shortage.

When labor force goes down and gross investment is smaller than amortization we can see economic downturn. In this case, the size of GDP is smaller than consumption, and as a result pure investment will be negative number. Economy goes down in this period and at the end of a year, size of the capital will be lower than it is at the beginning.

Criteria of introducing investment:

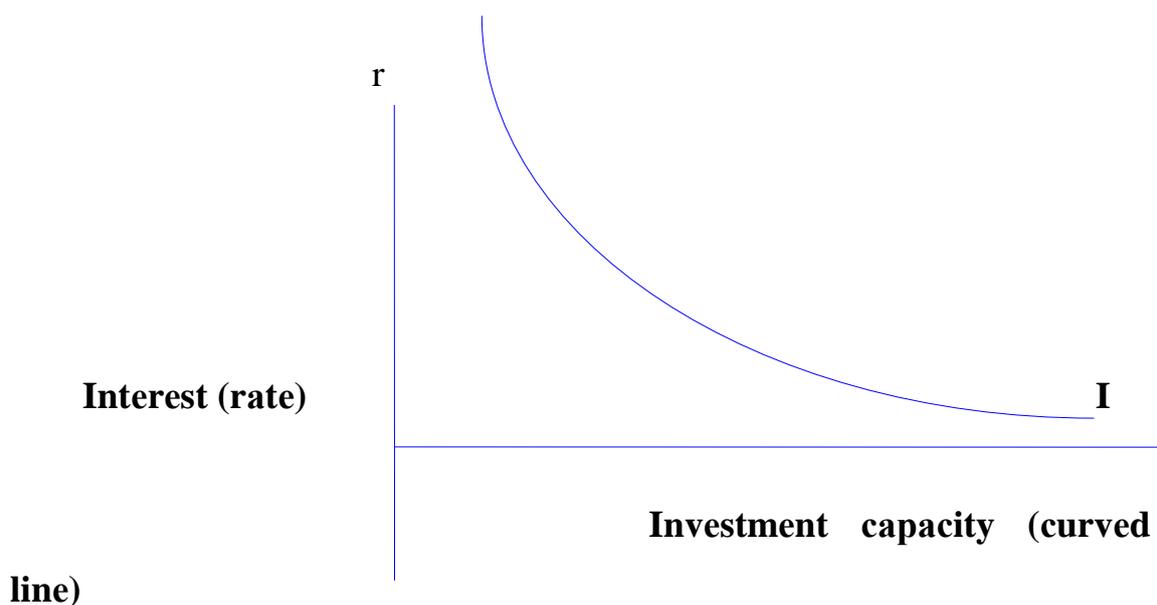
- independence of investment activity and its initiators;
- the introducing assets should be called as investment (those are not considered as investment which people take for their satisfaction);
- here should be a law regarding investment activities.

Expenses of investment depend on two factors: first, the expected profit which businessman has already spent for production; second one is interest rate. It is the cost of real capital that businessman has to pay that amount of money which he has used for his project (e.g. production). If expected profit is higher than interest rate, it is considered that investment is useful, if it vice versa, investment does not give positive results.

In order to check whether investment is profitable or not, we use real interest rate, not nominal interest rate. Real interest rate indicates changes in prices, and it is calculated by nominal interest subtracts inflation rate. For example, nominal interest rate is equal to 16%, inflation rate to 12% and real interest rate equals to 4% (16%-12%). If this number is lower than actual expected profit, investment expenses will increase.

The curved line of investment requirement shows the dependence between capacity of investment (I) and real interest rate (r). If real interest rate (r) is high, numbers of investment wishers will be small, as it is shown on the below graph.

If real interest rate is lower, it means that many people want investment, and will be higher.



1.1-Graph of Investment function²

In macroeconomics relationship between real interest rate and investment capacity is important. Amount of real interest rate is vital factor for money credit. Government regulates the money by changing it. The higher interest rate, the more expensive money and this means demand for money decreases. As a result, investment also goes down and that's why GDP will be lower in the future.

It is not enough describing investment by capitalizing. Because, in the first period of investments, capital will be in fields which flows of capital are fast. If it runs fast, it means more profit will come. When profit is bigger, it will be easy to capitalize those spheres. This factor encourages private sectors that they will try to switch money into turnover capital. Everything should be suitable for market requirements and thrifty, otherwise this can lead prime cost to increase. Even if it does not increase, it might be harmful for business. Then, it restricts investments supplying from their funds.

² Graph has been produced by authority

Investment is financial and nonfinancial blessings for economic and other fields, while investment activity is considered as the process of these works, that is to say, applying investment assets in reality step by step.

Investment is one of the ways of starting business, that's why; initiators and riskiness are also suitable for this activity. The purpose of investment is object of financial and nonfinancial of production.

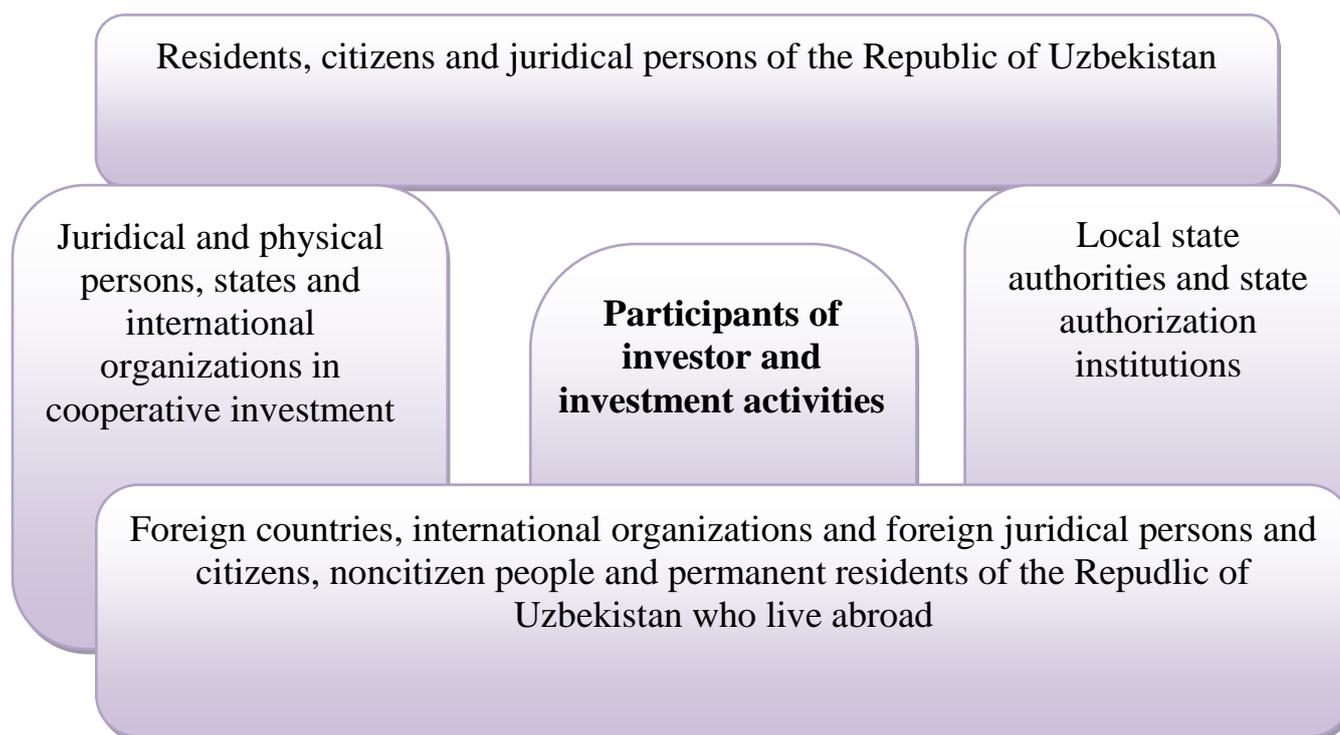
Investor is one of the subjects of investment; he/she has to spend his/her personal funds, borrowed money, intellectual properties and other rights into his/her project in a thrifty way. Only that investor is responsible for future of that business. Whether business is successful or unsuccessful, that investor takes profit or loss. There are other big groups of investment activity; they are called participants of it. Their main duties are to making investors orders and providing investment actions.

Investors are distinguished by following factors:

- institutional and individual investors according to current trend activities. Institutional investors are industrial, trade, transport, communication and other field joint stocks, while individual investors are citizens;
- direct and strategic investors in the aim of investment.

Investors can be customer, creditors, and buyers, at the same time, they might be participants of investment activity which are able to manage process on investment. They want to have rights to run enterprises and in this way they try to buy control packets of shares of other companies or they aim to own huge amount of capital of those companies

The role foreign investments are very important in economy development. Such as, they can help to modernize or reequipping machine instruments, to improve investment movements in factories and to get better of qualities of manufactured goods, especially direct investments play main role in these fields. On the other hand, there are other advantages of investments. For example, they provide with new technologies, new work places for local people and most important thing is, they can be reason for stable economy.



1.2- picture. The ways of attracting investment activity³

Development of Uzbek economy requires some macroeconomic factors to increase dramatically. This process is understood as strong exchanges in this field. Investment on production should be the main reason in the development of economy of the country.

Only in the base of investment, it is possible to renew capital and to decrease the production cost, and simultaneously, production can be competitiveness in the market by improving its quality. Nowadays, the role of government is more important in the elevated integration economy conditions. That's why, we have to consider the actively interference of government on investments as component parts of macroeconomic policy. Investments can be placed into production and precious papers (shares, obligations) in and out of country by private sector and government. It is very good time now for restructuring and reformation strategy for investment bases.

In the first steps of reformations, stagnations of economy happened in almost all CIS countries. Opportunities of interior investments of companies had

³ Source has been produced by authority

decreased and capital and production had gone down, the worst thing was GDP dropped dramatically.

Creating and financial backing investments depends on the relationship between the level of investment market assets and their elements. They are checked by the development of the market. If market is progressed, it means, investment activity has improved as well.

There are some projects upon investments in market conditions, which can assist to develop and stabilize the economy of the Republic of Uzbekistan and improve productions of companies. Nowadays, constructing investments and financing investment policies are being utilized by the following rules:

- facilitating the laws on foreign economic activities, such while they export their manufacturing goods into overseas countries, they can take privileges from their incomes because of investments
- improving investors' legal rights and conditions in order to fascinate them to put their capitals in the country.

Practicing open door policy for those investors who can bring world class technologies to Uzbekistan that might help to build economic structure for development creation of an enterprise with 100% foreign capital. Purchasing part or all of the shares of the privatized enterprises.

1.2. Functions and trends of management investment activity

In our country, one of the most important issues is the efficient management of investments in the modernization of the economy in the regions. It is therefore important to deal scientifically. At the direction of economic investment in the region and accelerate the return of funds, you need to pay attention to the socio-economic relations of investment projects, as well as scientific research concerning the allocation of investment funds by regions and sectors.

Investment Management - is an effective control of the investor (the state enterprise, a foreign investor, the citizens) to ensure that the activities of the investee are constantly carried out in accordance with the adopted strategy, and has provided resources in accordance with the financial policy. Given the foregoing process of investment activity can be divided into several groups. From these data we can see that the investment management process is divided into several groups:

Process control investment by the state

- arrange the investment activity;
- promotion;
- control;
- study of the legislation;
- management of investment processes from the perspective of the industry;
- organization and planning investments;
- development of investment;
- management of the investment process through the application of modern management techniques and practices;
- determine the effectiveness of the results of the investment process;
- the period of duration of projects.
- investment Management in terms of the individual subjects:
 - portfolio management company;
 - assessment and monitoring of the quality of the company;
 - management of imported short-term investments.

The process of governance itself is an important element. Here, the state basically controls all the provisions of the legislation and the process. And the management of investment projects mainly consists of planning and organization, as well as to determine the effectiveness of the project. To date, the investment management company or the subjects of the economy is very important. Investment management in the enterprise in the short term and the control is associated with the future development of the enterprise. Future

development of the company depends on the control over the correct use of short-term investments.

The main functions of the investment management process consist of:

- development of strategic directions of investment activity. During the implementation of this function on the basis of the overall development strategy of the company and forecast conditions of the investment market, the emerging system of investment objectives and its main direction for the long term, identifies priority problems to be solved in the short term.
- creation of an effective information management system, the rationale for the different counter-management options. At this stage the external and internal sources of information, created by monitoring key parameters and on that basis uses investments;
- an analysis of the investment process from all sides. Locations investment activity is analyzed quickly. We study the basic dynamics of the effective use of investment. Implementation of the analysis of the fundamental reasons. It determines the validity of indicators of the investment process;

Development of strategy of investment resources of the enterprise: the forecast demand for investment resources and identifying opportunities for their formation from its own sources. Organization of monitoring the implementation of investment projects: the formation of the observed indicators; determining the frequency of data collection and analysis; identification of the causes of deviations of investment projects from the calculated values. Analysis of investment and market development forecast, the investment market conditions and determines the national needs of investment activities. Development of a strategy of the investment policy of production at the country's development:

- development of a holistic public investment program;
- control and organize investment activities;
- review legislative activity concerning the promotion;
- development of ordering investment activities and monitor, as well as financing and support for individual investment projects.

From the above it is considered the main functions of investment management of different subjects. It is advisable, if you run the state investment policy, the responsibility to organize and form, as well as to develop the infrastructure of private investment processes and consider the following standard features control of the investment process:

- Analysis and forecast;
- strategic acting and operational management;
- controlling and streamline operations.

These functions are performed separately from each other on the level of management entities. For example, the investment process at the state level includes development in socio-economic and scientific-technical in the areas. And also provides for direct government investment. It is necessary to take into account the following key objectives management investment process at the state level:

- to consider the law on investment activity;
- to carry out financial, cash amortization and pricing policies;
- control the implementation of state norms and standards;
- action against monopolies, to carry out examination of privatization of state property and investment projects.

These control functions are carried out taking into account all investment position. At the same time it is necessary to consider the following key objectives of an effective management of investments in the region:

- given investment performance, ensure high economic development in the region;
- especially considering the future development, develop strategic investment projects, to apply them in life, and meet the plan;
- by the region to increase budget revenues, realize economic growth and improve the living standards of the population;
- to inform the risk of investment in the region.

Above reviewed the basic functions of management of the investment process, these functions are analyzed from different perspectives. At present, investment management functions across the region are very important that the effective management of the process has a positive effect on economic growth in the region.

Investment management in the region includes several functions:

1. Investigation of foreign investment environment and predicting the investment market conditions. Since the possibility and effectiveness of the investment for a particular investor depends largely on the general state of the economy, manufacturing firms, investors, investment companies and other entities of investment sphere must constantly analyze the current situation on the investment market, analyzing its determining factors, and forecasts its changes whole and cross-sectional segments.

2. Development of the strategic directions of investment activity of the company. Based on the overall strategy of the firm and forecast market situation the investment objectives of the system are formed by investment activities and its main focus on the long term, as well as priorities for the near future.

Development of investment strategy and policy of the company is ultimately aimed at ensuring the stability and reliability of its production and business activities, expansion and renewal of the product range, increase the volume of its production, volume and service delivery, preservation and strengthening of the position in the developed markets, the establishment or the conquest of new markets for goods and services.

The development of strategies and policies of investment firms and other professional participants of the financial investment is an integral part of the planning of their operations in the current and long term. Determine the volume and direction of investment, the volume expansion of the principles and conditions for investment, line of conduct in the investment market due to possible changes in the economic situation in the country and regions, and so on.

3. Develop a strategy of investment resources. Projected to the overall need for investment resources for the implementation of the investment strategy to the individual stages of its implementation, it turns out the presence of own sources of investment, the feasibility of borrowing is determined by the rational structure of investment resources by sources of their formation and terms of use. In addition, it is necessary to determine the need and the opportunity to purchase or lease land, the need to purchase property rights to produce certain products, to predict the situation in the investment market and investment services, and so on. To conduct the appropriate calculations to assess alternatives for resource maintenance planned for the implementation of or under consideration of investment projects and programs.

4. Searching for evaluation of investment attractiveness and selection of the most efficient investment projects. Production company often does not take (this applies to large companies, expanding the scope of its activity), and develops investment projects and activities for the development and modernization of production to ensure the required level of efficiency of investments and by the general economic and industrial strategies and policies of the company. As a result formed the investment plans of manufacturing firms and companies.

The investment firm to invest in the implementation of the proposed market investment projects and programs, first examines all proposals in the investment market, chooses to study the projects and programs that match produced its investment policy and strategy, and then conducts a thorough examination of each project and program on the criteria of economic efficiency and other parameters, resulting in forming its current and prospective portfolio. This list should not be confused with a portfolio of securities. It is a list of investment projects and the characteristics associated with both the real investments, and with the acquisition of various securities, although the result of investments of the investment and financial companies in the implementation of

industrial investment projects as a result of ownership of the shares will be created and modernized enterprises and industries.

5. Estimation of investment properties and selection of the most effective financial instruments. Theory and practice of evaluation of investment as financial instruments (securities) refers to the management of portfolio investments. The main task is to ensure the profitability and liquidity of the investment portfolio, minimizing the risk of financial investments.

6. Formation of the investment portfolio and its assessment of the criteria of profitability, risk and liquidity. And at the stage of the securities portfolio, and at the stage of management continuously analyzes the level and trends of yield securities, and as a result is estimated at present and projected for the future real value of the securities portfolio, its liquidity, the risk that the actual value and profitability.

7. Monitoring the implementation of individual programs and projects. Terms implement specific investment projects and programs are constantly changing due to the ongoing changes in the investment market, market, technology, equipment, processes, products, etc. Therefore, in the process of implementation of investment programs and projects, from the stage of pre-project survey, design and finishing stage operation established power necessary to organize their monitoring. A system of primary observable indicators related to the implementation of each program or of individual projects, the state's investment portfolio; It is determined by the frequency of data collection and analysis; identifies the reasons for rejection of the results of programs and projects on schedule, volume, performance, and so on.

8. Preparation of decisions on a timely exit from inefficient projects and capital reinvestment. In order to effectively manage investment projects and portfolios as a real and financial properties of manufacturing and investment companies are required to continuously monitor and analyze the situation on the investment market, the state of the economy, the investment attractiveness of individual sectors, regions and large companies and, of course, to make

adjustments to the decisions on participation in the implementation of these investment projects and programs.

Thus, the most important function of investment management is the development of investment strategy long-term objectives of investment and the most effective ways of achieving them.

Formation of Investment Strategy-complex creative process based on predicting the investment market conditions and the conditions of the investment activity. The complexity of it is that the formation of the investment strategy is accompanied by an extensive search, research and assessment of options for investment decisions, as well as the fact that an investment strategy requires periodic adjustments in response to changing environmental conditions and new opportunities. The process of formation of investment enterprise strategy in the region includes several stages.

In the initial phase, a strategy and investment in the region is determined by the total period of its formation. See the pre-market investment and economic development, assessment of the frequency of the adoption of the decision forming the basic strategies of firms and enterprises, communications, provided the size of their networks. The goal gives us the formation of investment activities, provides additional growth capital, financial investment and technological development, development of investment, ultimately economic growth, improved living standards.

Developing strategic direction of the investment activities of regional enterprises' and companies based on all target systems. In this process view following:

- Various forms of investment of individual stages of development;
- Determination of the ratio of the different forms of investment at certain stages of long-term period;
- Definition of sectorial focus of investment activity;
- Definition of a regional focus.

Development and strategy formation of investment resources in the regional enterprises and companies is not only an element of investment, but also an important element of the financial strategy. It provides a continuous promotion of specific volumes of investments, and uses the most effective means of private funding. In regions for the development of these strategies, the following steps:

- All in all needs total investment resources in the region;
- adoption formulations sources of investment resources;
- determination funding in the regions of individual investment programs and projects;
- Explore the possibility of formation of investment resources from various sources.

In the process of implementation of the investment strategy in the regions adapts internal and external factors in the review process defined objectives and strategic task in a certain order. External factors considering the implementation of a strategy of investment projects in regional companies, and predicts changes in the market situation investments. Internal factors considering the implementation of specific areas of investment, as well as the formation processes of investment resources.

When the investment strategies in the region must take into account many factors. It is advisable to evaluate the development of the investment strategy in the region as follows:

- alignment of the investment strategy with the overall strategy of economic development of the company but the purposes and terms of the stages of its implementation;
- the internal balance of the investment strategy assumes that the objectives, directions and sequence of the individual investment policies;
- alignment of the investment strategy with the external environment. Studied and taken into account forecasts of economic development of the country in general and in particular the investment climate;

- feasibility of an investment strategy based on available resources involves matching directions of investment activity possibilities of forming not only financial resources, but also staffing, of fixed assets, the use of natural resources. In some cases, we investigate the possibility of further involvement of the required financial, technology, raw materials and other resources;
- acceptable level of investment risk is assessed in connection with the overall development strategy of the enterprise;
 - the investment strategy includes an assessment of not only the performance of the pre-investment projects, but also to study their effects on the overall performance of the company both in production and in the social sphere.

To date, in terms of economic modernization is an important aspect of performance management investment. Above we discussed the theoretical basis of the mechanism of investment management, and it occupies an important place in the order and fundamental task of managing investments.

The company carries out certain areas of investment activities. Main directions of them:

1. Development certain direction appropriate investment strategy developed by the management company.

The development direction of this activity, the purpose and the main tasks of the strategic development of the company, to ensure the development of regional products and the direction should be the potential of resources and development of the market value.

2. Research and records the terms of foreign investment environment and investment market conditions. Terms and conditions of investment activity, the company as a whole and for individual forms of investment ("investment climate"), analyzed the current situation on the investment market and the factors determining it, the closest projected investment market conditions in the context of its individual segments associated with the activities of the enterprise.

3. Consideration of the strategic objectives of the company, provided its forthcoming investment activities the nature of the objectives of corporate and financial strategy of the enterprise, requiring investment support should be seen as a system of strategic objectives of investment activity, which should be reflected in its investment policy. It should be borne in mind that the objective factor in determining the orientation of the investment policy of the company, speaking stage of the life cycle in which the enterprise is located.

4. Rationale for the type of investment policy for purposes of investments of financial resources, taking into account risk preferences.

At this stage of the overall investment policy of the company is determined by the objective function of its investment activity on the criterion of the ratio of the level of its profitability and risk. This criterion is based on the general philosophy of the financial management of the enterprise, which is part of its strategic recruitment.

In the theory of financial management usually distinguish three types of investment policy of the Company on the criterion of the investor's risk preferences conservative, moderate and aggressive:

- a conservative investment policy is aimed at minimizing the risk of the investment as a priority goal.
- moderate (compromise) investment policy is aimed at selection of investment objects for which the current level of profitability, the growth rate of capital and the level of risk to the greatest extent close to the market average.
- aggressive investment policy aims to maximize current income from capital investments in the near term.
- the choice of a particular type of investment policy venture capital investments for the purposes of risk, taking into account the preferences of its owners and managers shall be based on the following factors:
 - financial corporate philosophy;
 - the selected type of corporate and financial strategy of the company;

- availability of the necessary selection in the investment market corresponding to real investment projects and financial investment instruments;
- the financial condition of the company.

5. Formation of an investment policy of the company in the main areas of investment at this stage of the investment policy of the company is determined by the ratio of the volume of real and financial investment in the process of its upcoming investment. Optimization of this relationship is based on the registered number of objective external and internal factors, the main ones are:

- the functional activity of the company.
- the stage of the life cycle of the enterprise.
- the size of the enterprise.
- the nature of strategic change operations.
- the projected interest rate in the financial market.
- the projected rate of inflation.

The functional activity of the company significantly affects the ratio of areas of the real and financial investment. Companies - institutional investors carry out their investment activities primarily in the securities market. Therefore, the main direction of their long-term investment will be investing in stocks, bonds, savings certificates and other equity instruments. The share of real investment in these enterprises can vary only within the limits allowed by law for each of these groups of investors.

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these enterprises can vary only within the limits allowed by law for each of these groups of investors.

The nature of strategic change operating activities is determined by various cyclical formation and use of investment resources. In modern literature highlighted two fundamental characteristics of strategic changes to the operating activities of the enterprise - gradual and discontinuous change. Gradual policy changes are characterized by the internal logic of the dynamics of operating activities and are associated with relatively minor amounts of compounding it by separate intervals of the strategic period. Intermittent strategic changes are characterized by significant deviations of operating activities from the traditional vectors of growth and implemented in steps.

When incremental strategic changes now operating activities generated investment resources consumed, as a rule, within each of the intervals of the strategic period for the needs of real investment. In these circumstances, the financial investment is short-term use of temporarily free investment resources and carried out in small volumes. When discontinuous changes in the strategic operating companies have accumulated quite a significant amount of temporarily unused investment resources that may be involved in the process of financial investment - both short- and long-term.

The projected rate of interest on the financial market has an impact on the ratio of areas of the real and financial investment of the enterprise through the mechanism of the formation of the rate of net investment income. Real investment growth in interest rates causes a corresponding reduction in the rate of net investment income, as *ceteris paribus* increases the cost of attracted investment resources. In the financial investment, the opposite trend - with an increase in interest rate of the net investment income for the majority of financial instruments increases.

The projected inflation rate has an impact on the ratio of areas of the real and financial investment companies. This is due to different levels of protection from the effects of investment targets inflation. Real investments have a high

level of protection against inflation, as the prices for objects of real investment increase are usually proportional to the rate of inflation. At the same time, the level of protection against inflation, most financial tools of investment is very weak - in the process of inflation devalues not only the size of the expected investment income, but also the cost of investment instruments themselves subject to subsequent repayment. Accordingly, the projected growth rate of inflation will cause an increase in the share of real investment, while the projected decline in inflation will cause the intensification of the financial investment companies.

In view of these factors in the formation of the investment policy of the various areas of investment ratio is differentiated by separate intervals of the coming period.

6. Formation of the investment policy of the company by sector

Determination of sectorial focus of investment activity is the most difficult task of the development of investment policy. It requires a consistent approach to the forecasting of investment activity in relation to the overall corporate strategy of the company.

In the first stage we study the feasibility of sectorial concentration or diversification of investment. As a rule, the initial stages of the company are related to its concentration on one industry, the most familiar to investors. Review Western experience shows that many of the most successful investors have reached a high level of well-being, using the strategy of concentration, without departing from the Single Industry activities. Particularly striking examples gives us the production of certain types of high technology products (computer equipment, computer programs, etc.) or products that meet the new needs of a broad range of consumers. At the same time, it should be noted that among investors using this strategy, the greatest number of observed failures. This is due to the fact that the concentration associated with a higher level of investment risk than can afford many investors.

The strategy of industry concentration can be used only on the first three stages of the life cycle of the enterprise, as under favorable circumstances, it can provide the highest rates of industrial development or a capital increase. At subsequent stages of the life cycle of the enterprise as meet the demand for products (goods and services) the main contingent of consumers it must be replaced with a strategy of diversification of industry investment.

In a second step we investigate the feasibility of the various forms of industrial diversification of investment activity within a specific group of industries. Such groups may be the sector of agricultural production, food processing, transportation, etc. This industry diversification allows the investor to make more use of the experience in marketing, production technology, etc., and therefore a greater extent, the efficiency of investment. In addition, the use of industrial diversification, even in such limited framework can significantly reduce investment risks.

Diversification of investment companies within a specific group of industries associated with the formation of "strategic economic zones" (this formation is in the process of developing a common strategy for economic development of the company). In the area of strategic management is entirely responsible for developing the range of competitive products, effective marketing strategy, as well as providing their investment strategy.

However, such a strategy of investment activity also is not without some drawbacks. The main drawback is that adjacent sectors within a particular group have their usually same time industry life cycle, which increases the investment risk, especially in traditional industries. In addition, products such industries usually subject to the same time the influence of conjuncture cycles, that even more increases the risk of an investment in individual unfavorable periods. Therefore, the use of the strategy of diversification of investment activity within a specific group of industries is only effective with a favorable forecast conditions relevant product markets.

In the third step we investigate the feasibility of the various forms of diversification of the investment activity in the context of various unrelated groups of industries. The need to use such a strategy is determined by the fact that, for many large and medium-sized companies that operate over a long period, traditional favorites industry (alone or as part of certain groups) have held back the pace of long-term development, to obtain a high return on investment, and sometimes predispose them strategic vulnerability in the competition. Provide new opportunities for the development of such companies can invest in other alternative group of industries.

Diversification of investment activity in the second and third stages of the development of industry-oriented investment policy provides a synergistic effect in which the overall effect is a diversified enterprise activity significantly greater than the effect of its individual branch offices. For synergy entity may elect aggressive investment policy, when as a search criterion for investment objects used future benefits industry conglomerate or a protective investment strategy when searching for investment targets aimed at eliminating the weaknesses of individual sector industries.

The summary is about the first chapter

In this chapter has written about theoretical bases of management investment activity and functions, trends. According to this theory of management investment activity, it was used state investment program for 2015 for improving investment environment in our Republic.

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- the projected rate of inflation.

CHAPTER 2. THE ANALYSIS OF FUTURE DEVELOPMENT INVESTMENT ACTIVITIES IN “UZBEKTELECOM” JSC

2.1. The current position of investment activity in “Uzbektelecom” JSC

State Investment Program of the Republic of Uzbekistan for 2014 was approved on 18.11.2013 by the Resolution of the President of the Republic of Uzbekistan №PR-2069.

Summing up annual results for 2014, the implementation of the State Investment Program in the part of attraction of foreign investments reached 103, 5% over the annual forecast.

Basically, the company is built on the basis of modern technology through its network, provides a wide range of telecommunication services. The main purpose of “Uzbektelecom” JSC ensures with its networks at any time of the day to population, government systems as well as institutions of the highest quality telecommunications services to all regions of Uzbekistan. All in all, as a result of using effectively of investments from the national communications company “Uzbektelecom” JSC which provides telecommunications services, increased economic and financial indicators. International cooperation of “Uzbektelecom” JSC is carried out in the following directions:

- cooperation with foreign telecommunication organizations;
- participation in international telecommunication projects;
- bilateral and multilateral cooperation with foreign operators and companies that provide telecommunication services, as well as with companies and firms producing telecommunication equipment.

“Uzbektelecom” JSC actively cooperates with International Telecommunication Union (ITU), Regional Commonwealth in the field of Communication (RCC), Satellite Telecommunication Organization «Intelsat» and others. Attaching great importance to the improvement and development of telecommunication sphere, customer satisfaction in telecommunications services, introduction of new technologies, and combination of intellectual and

industrial resources, sharing experience and information, “Uzbektelecom” JSC leads an active bilateral cooperation with leading telecommunication operators and companies of foreign countries on a contractual basis. In order to implement the transmission of international telephone traffic, 4 ISCs have been created and more than 30 direct agreements with foreign companies are signed, which provide communication with all countries of the world. “Uzbektelecom” JSC renders service «Free international call» and services on prepaid cards, Direct Home Services. Increase in inbound traffic volume indicates continuation of the active participation of “Uzbektelecom” JSC at the market of international operators. Active work with foreign operators to optimize the circuits of international channels has led to increased volumes of inbound and outbound international traffic. Inbound traffic from international operators increased in 2012 relative to 2011 by 1.2 times. High growth rates of inbound international traffic have resulted in positive dynamics of revenue growth from foreign operators for the reporting year. In order to perform the tasks assigned to the Company and create conditions for further development of the Internet services in the country, measures to increase the speed of international Internet channels with simultaneous decrease in cost of Internet services have been taken by operators and service providers connected to IPSC. During 2012 period, speed of internet channels included in IPSC has been increased to 2 945 Mbps, and at the end of the year the overall rate of international Internet channel has comprised 7 780 Mbps. In 2012 investment activity of the company was carried out according to the main objectives facing “Uzbektelecom” JSC, directed on expansion of sales markets and strengthening of competitive positions in the existing market of telecommunication services. According to relevant orders of Government of the Republic of Uzbekistan, the State Committee of Communications, Information and Telecommunication Technologies of the Republic of Uzbekistan implemented a number of investment projects for further development of telecommunications network. Total volume of investments amounted to 121.9 billion sums; the increase relative to 2011 was

2.9 times. “Uzbektelecom” JSC undertakes concrete measures for the implementation of investment projects:

- “Construction of fiber-optic telecommunication lines (FOTL) Baysun – Denau”. The work on construction of 102,3 km of fiber-optic communication lines in the direction of the Karshi-Termez-Denau, this project provides redundancy backbone transport network to international destinations in the direction of Tajikistan and Afghanistan;
- “Building of fiber-optic telecommunication lines (FOTL) Urgut-Shakhrisabz”. In pursuance of the Resolution of the President of the Republic of Uzbekistan dated December 29, 2010 №RP-1455 “On Investment Program of the Republic of Uzbekistan in 2011” and Resolutions of the President of Republic of Uzbekistan dated December 21, 2010 №RP-1446 «On acceleration of infrastructure development, transport and communication building in 2011-2015». 72,6 km of fiber-optical communication lines in the direction of Samarkand-Navoi-Bukhara-Karshi were laid reservation of the high level transport network is planned;
- “Modernization and expansion of long distance switching centers on the technology on next generation networks (NGN) basis”.

The project of modernization and expansion of ISC-2 and ISC-3 is the next stage in the implementation of telecommunication networks of “Uzbektelecom” JSC on the basis of NGN Technology.

In the first phase of the project efforts were made to increase the number of E1 streams of ISC to 1 386 E1 ports, which will enable to increase the number of simultaneous connections for long distance or international destinations;

- “Modernization and development of the local telecommunications network on next generation networks technology (NGN) basis”. Purpose of this project is to replace the switching equipment with new digital switching

systems with NGN technology application on local networks of “Uzbektelecom” JSC.

In the process of implementation of the project works on replacement of the obsolete telecommunication equipment on the modern, digital equipment were carried out and modernization of local switching stations on the general capacity of 305 348 subscriber ports from them 91 936 ports of broadband access is made.

In 2012 “Uzbektelecom” JSC revenues from rendered telecommunication services amounted to 667.6 billion sums.

2.1-table

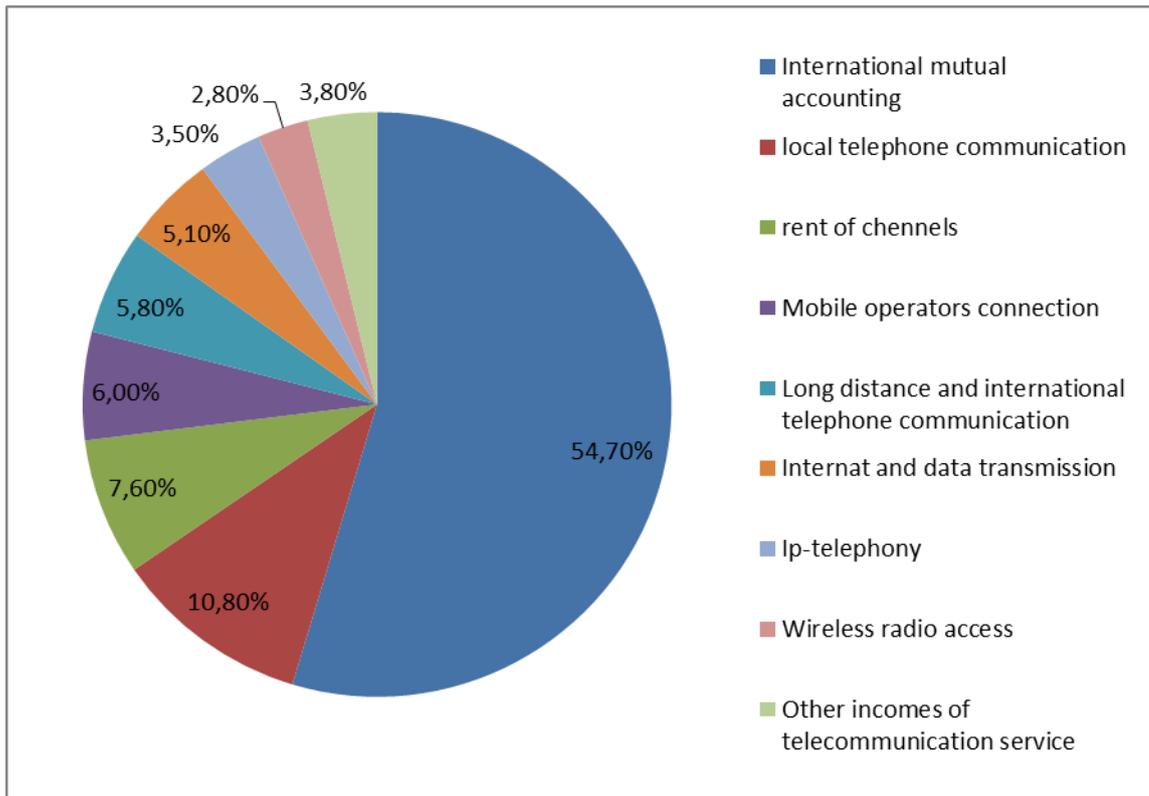
Income dynamics in billion sums for 2012⁴

Indicators	2011	2012	Growth rate ,%
International mutual accounting	203	365	180
Local telephone communication	66	72	108
Rent of channels	41	51	125
Mobile operators connection	41	40	98
Long distance and international telephone communication	37	39	106
Internet and data transmission	28	34	123
IP-telephony	19	23	125
Wireless radio access	9	19	202
Other incomes of telecommunication services	8	25	316
Total	450.8	667.6	148

According to this data in 2012, international mutual accounting has been significantly increased compared with 2011 that indicates of growth rate 80

⁴ Annual report from “Uzbektelecom” JSC for 2012

percentages. The demand of local telephone communication was only 8% in 2012. As well as, rent of channels has increased in 25% in 2012. Interestingly, mobile operators' connection was decreased to 2 % by people in 2012. If comparing with last two years' long distance and international telephone communication was improved to 6% than 2011. Other indicates also have been soared in two years as a result of the company earned a lot of revenue.



2.1-Picture structure of the revenue from primary activity for 2012⁵

According to this pie chart it has been shown the revenue of “Uzbektelecom” JSC for 2012. The main income came from international mutual accounting that 54.7 % in 2012 for company. Secondly, local telephone communication which indicates 10.8 % as well as rent of channels 7.6 % respectively for improving company’s position. During to those two years Net sales of products and profit before payment of tax on income were quite huge indicators comparing with others.

⁵ Annual report from “Uzbektelekom” JSC for 2012

**Analysis of core income of “Uzbektelecom” JSC branches for 2011-
2012, in million sums⁶**

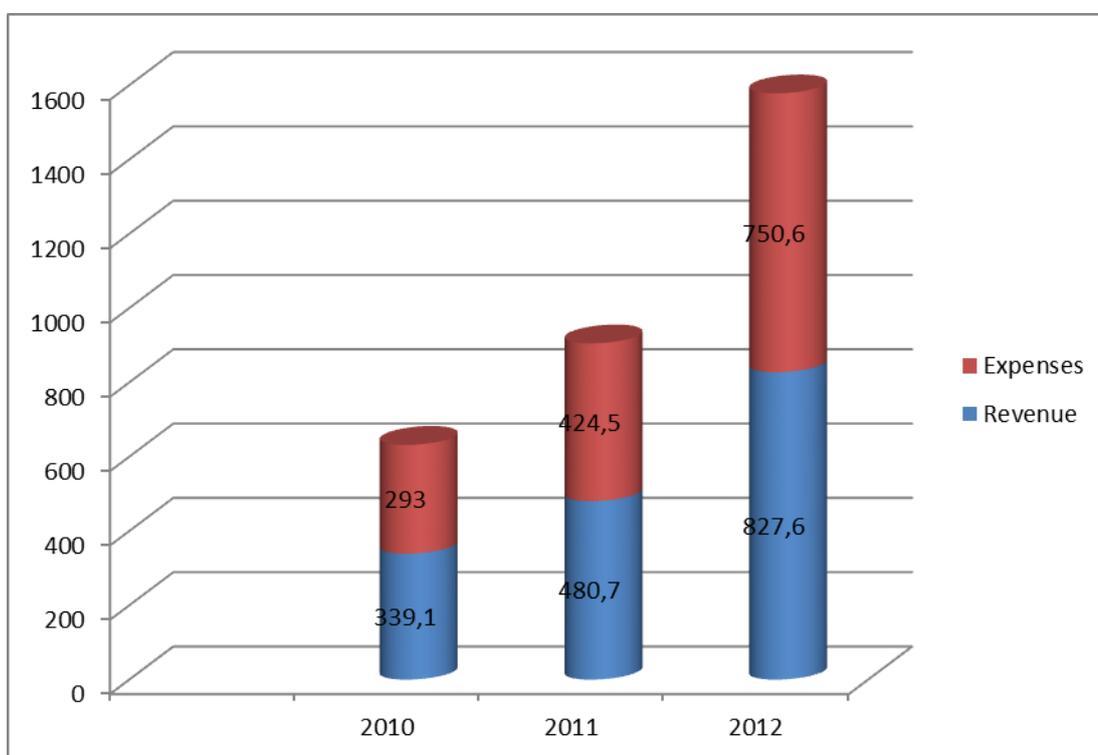
Branch office	2011 actual	2012		Growth rate, %
		actual	Ratio %	
Branch of Republic of Karakalpakstan	6 866	6 857	1.0	99.9
Andijan branch	6 815	6 223	0.9	91.3
Bukhara branch	8 571	9 000	1.3	105.0
Navoi branch	6 368	7 143	1.1	112.2
Namangan branch	7 053	7 794	1.2	110.5
Syrdarya branch	2 726	3 045	0.5	111.7
Tashkent branch	6 598	7 694	1.2	116.6
Fergana branch	7 721	7 734	1.2	100.2
Khorezm branch	6 176	6 846	1.0	110.9
Branch “TSHTT”	56 142	64 374	9.6	114.7
Jizzah branch	1 058	1 050	0.2	99.3
Kashkadarya branch	3 608	3 672	0.6	101.8
Surkhandarya branch	2 146	2 068	0.3	96.4
Samarkand branch	2 439	2 418	0.4	99.1
Branch “BKM”	40 108	50 569	7.6	126.1
Branch “TTT”	56 539	62 170	9.3	110.0
Branch “Uzmobile”	10 287	20 522	3.1	119.5
Branch “BRM”	17 672	14 440	2.2	81.7
Executive body	201 943	383 977	5.75	190.1
Total	450 834	667 595	100	148.1

⁶ Annual report from “Uzbektelecom” JSC for 2012

Throughout this graph we can see the income which came from branches of “Uzbektelecom” JSC between 2011 and 2012.

Total expenses in 2012 amounted to 750.6 billion sums. Share of expenses with respect to total expenses:

- production expenses –38.9%;
- Administrative expenses –2.3%;
- Operational expenses –20.4%;
- Implementation and advertisement expenses –1.3%;
- Financial expenses –37.1%



2.2 –picture. Dynamics of the total revenue and expenses by years, in billion sums⁷

Above to this picture every year the revenue were quite higher than its expenses. The net profit of «Uzbektelecom” JSC by the end of the year amounted to 13.5 billion sums, the growth rate comprised 38.1% in comparison with the last year, and profitability of activities was 2.2%. Employee productivity grew by 55.3% and reached 3 820 thousand sums per month per one employee. Profit margin from sales – 23.6%. Net profit margin – 2.2%.

⁷ Annual report from “Uzbektelecom” JSC for 2012

Prime cost to 100 sums of revenue – 76.4 sum. OIBDA – 204 314 million sums. OIBDA margin – 33.1%. EBITDA – 95 430 million sums. EBITDA margin – 15.4%.

2.3- table

Key economic indicators, in million sums⁸

Indicators	2011	2012	Growth rate, 2012/2011, %
Net sales of products (goods and services)	409 511	617 894	50.9
Expenses	351 120	471 960	34.4
Profit on sales	58 391	145 934	149.9
Profit before payment of tax on income	14 926	27 398	83.6
Net profit	9 814	13 553	38.1

During to those two years Net sales of products and profit before payment of tax on income were quite huge indicators comparing with others.

Investment activity of the company was carried out in accordance with the main tasks facing “Uzbektelecom” JSC aimed at expansion of markets and strengthening of competitive positions in the existing market of telecommunication services.

Total volume of assimilated investments amounted to 141.4 billion sums; the increase comparing with 2012 was 1.16 times.

In order to develop a broadband (high-speed) internet access and reserve the existing networks 2 257.4 km of fiber-optic communication lines with the installation of channeling equipment have been constructed, including;
-FTTB network to apartment houses throughout the country;

⁸ Annual report from “Uzbektelecom” JSC for 2012

- Constructing of “Guzar-Baysun”, “Buzatau (Kazanketen)-Kungrad”, “RTS Muinak-Qibla Usturt”, “Denau-Uzun”, “Uzun-Shargun”, “Uzun-Tajikistan border” fiber-optic communication lines;
- Fiber-optic communication lines have been laid to 700 schools and 200 professional colleges;
- DSLAM dial-up equipment with total capacity of 146 868 ports and 29 972 ports using FTTx technology has been commissioned.

“Creation of centers for information services (Call-center)” project has been implemented. The project introduced a system of uniting 13 geographically disconnected Call-centers under a single Call-center. Created infrastructure of single call center allows providing a wide range of outsourcing services for small business and private entrepreneurship throughout the country.

According to investment projects, long-distance switching centers have been upgraded expanded at the first stage. At the second stage the works on introduction of IMS technology with a view of providing integrated telecommunication services and development of national content are carried out.

According to performance indicators in “Navoi” Free industrial economic zone “Telecom Innovations” and “Olive Telecom” Joint Ventures in 2013 produced telecommunication products for 14.2 billion sums, of which:

- “Telecom Innovations” Joint Venture produced 40.000 Set-Top-Box devices receiving digital television signals, 65.760 ADSL modems, 34.240 DSLAM and “Home gateway” port telecommunication systems and IPTV (Set-Top-Box);
- “Olive Telecom” Joint Venture produced 6000 landline and 15.000 mobile phones, 1.010 computer tablets.

On local telecommunication networks through construction, expansion and reconstruction of urban and rural telephone exchanges installed capacity of local telephone networks of “Uzbektelecom” JSC has increased by 27.998 numbers and comprised 1.994.452 numbers of them 1.846.120 numbers are of urban telephone network and 148.332 numbers of rural telephone network.

The installed capacity of digital exchanges compared with 2012 has increased by 51.190 numbers including urban telephone network by 46.646 numbers, rural telephone network by 4 544 numbers. As a result, the ratio of all digital exchanges in relation to total installed capacity in the whole company has increased from 98.8% to 100 %.

56.214.2 Km of cable is operated on local telephone networks, including urban telephone network-43 302.5 km and rural telephone network-12 911.7 km. The length of overhead lines is 31 891.3 km, including urban telephone network -16 401.8 km, rural telephone network-15 489.5 km.

Total length of telephone conduit is 20 801.6 channel/km, of which the majority (98%) is operated in urban telephone network.

As a result of work on construction and commissioning of digital exchange, transfer of low-frequency circuits to high-frequency, the number of high frequency channels at the end of the year amounted to 410 488 channel ends. Out of them, urban telephone network comprised 393 141 channel ends, rural telephone network-17 347 channel ends.

Of total channel ends 99.7% are formed on digital transmission systems (urban telephone-network-99.7%, rural telephone network-99.9%), 0.5% of channel ends are formed on RRL and 93.2%-on fiber-optic cables.

2.4- table

Key indicators of telecommunication network development⁹

Indicators	2011	2012	2013
Installed capacity of exchange, numbers	1 987 586	1 966 454	1 994 452
Digitalizing	97.1	98.8	100.0
Growth of installed number capacity of local network, numbers	-	11 514	27 998

⁹ Annual report from “Uzbektelecom” JSC for 2013

Growth of installed capacity of broadband ports, ports	61 657	110 138	148 868
Length of long-distance, international, intraoral communication channels, mln. Channel/km:	232.7	276.2	381.3
Out of them formed on fiber-optic communication lines, mln. Channel/km	219.4	263.5	368.2
Length of trunk cable communication lines, km	5 523.1	5 449.7	5 829.0
Including FOCL, km	5 137.9	5 435.8	5 821.1
Length of channels organized by trunk line, thousand channel/km	216 869.9	259 258.8	366 837.4
Including FOCL, thousand channel/km	203 940.2	246 949.2	354 239.7
Number of mobile communication switching centers, units	5	5	6
Growth of total capacity of mobile switching centers, numbers	20 000	130 000	114 000
Coverage are of the republic, %	58.1	71.3	74

Providing subscribers with the most complete range of telecommunication services for a significant competitive advantage over other operators is the main strategic goal of “Uzbektelecom” JSC.

In order to achieve this goal, the company will move forward through planned and step-by-step implementation of the following major activities.

First of all, it is a satisfaction of customer needs for services rendered by using data transfer network, such as broadband (high-speed) Internet access via wired and wireless links, interactive digital TV PTV, and mobile communication via CDMA-450 technology.

In 2014, “Uzbektelecom” JSC will continue the course for further expansion and development of telecommunication networks.

For the development of interactive digital TV IPTV, which opens up entirely new opportunities of viewing diverse, intelligent software programs, including those in HD format, for interactive digital television subscribers, the company plans to continue the realization of “Development of optical networks of broadband access on FTTx technology” project.

Today, this project is strategically important for the company in this regard complete replacement of copper subscriber lines for a more speedy fiber-optic communication lines is anticipated, including bringing fiber-optic communication lines directly to each subscriber in the future.

For further development of mobile broadband access systematic development by means of two technologies is foreseen:

- expansion of data transmission technologies (EVDO) in the regions of the Republic of Uzbekistan on CDMA-450 technology, allowing to provide high speed Internet access at a speed of up to 3.1 Mbps, as well as to expand coverage area in remote inaccessible regions and bring coverage area of the country to the level of 85%;

- introduction of wireless Wi-Fi access zones in tourist areas and facilities of the republic, which will allow to increase services provided to Internet users.

By implementing the project “Expansion and redundancy of backbone networks to regional centers of the Republic of Uzbekistan”, the company scheduled the installation of transmission system based on DWDM/SDH/IP/MPLS, OTN technologies, which will provide full redundancy of existing transportation network and increase the capacity of telecommunication networks.

Also to meet the demand of population and organizations of the Republic of Uzbekistan for high-quality services of fixed-line telephony in the future it is planned to implement the project for construction, expansion and renovation of urban, rural telephone exchanges by introducing NGN technology.

Besides, the company will make significant efforts to improve customer service, develop technical support.

In accordance with the Instruction of the President of the Republic of Uzbekistan dated September 18, 2013 №-4131 and international agreements, “Uzbektelecom” JSC is planning to organize joint-ventures in “Djizak” SIZ for production of telecommunication equipment:

- production of OLT equipment for GPON network, ONT subscriber terminal;
- production of video and IP-telephones;
- production of industrial modems of electricity, gas meters and bank terminals;
- production of telecommunication equipment.

All of above will allow “Uzbektelecom” JSC to ensure such quality of services that would exceed the expectations of target customers. The presence of such a strategic competitive advantage will allow the company to retain its leadership in the market of telecommunications.

Investment activity of the company was carried out in accordance with the main tasks facing «Uzbektelecom” JSC aimed at expansion of markets and strengthening of competitive positions in the existing market of telecommunication services. Total volume of assimilated investments in 2014 amounted to 131.4 billion sums. In order to develop a broadband (high-speed) Internet access and reserve the existing networks more than 2000 km of fiber-optic communication lines with the installation of channeling equipment have been constructed, including:

- FTTB network to apartment houses throughout the country;
- Construction of “Guzar – Baysun”, “Jaslyk – KS Karakalpakstan”, “KS Karakalpakstan – Kazakhstan” fiber-optic communication lines;

- Fiber-optic communication lines have been laid to 200 professional colleges;
- modernization and expansion of international switching centers using new generation networks (NGN) technology – construction of core networks based on IMS/NGN (Stage 1);
- The project of modernization of the network of clock network synchronization through the introduction of a single coordinated universal time have been implemented;
- IP/MPLS network of TCTN branch has been upgraded with speed on the main level up to 100 Gbps based on new DWDM transport network;
- New DWDM line with one lambda speed of 100 Gbps has been commissioned on Tashkent – Bukhara site;
- also modern switching systems based on the equipment of remote concentrators MSAN have been commissioned;
- Besides, DSLAM dial-up equipment with total capacity of 205 606 ports and 36 416 ports using FTTx technology has been commissioned.
- Works have been carried out in relation to the following projects:
 - “Expansion and reliability augmentation of trunk networks of «Uzbektelecom» JSC to district centers of the Republic of Uzbekistan”, providing for the installation of additional 503 sets of equipment in 9 republican, 72 regional and 422 local data transmission nodes;
 - Creation of the network of the National mobile operator “UzMobile” with the installation of 960 base stations at 340 sites and switching stations with capacity of 1.6 million numbers;
 - “Modernization of information security systems on telecommunication networks”;
 - “Development of optical broadband access networks using FTTx technology”, aimed at modernization of subscriber lines of Tashkent city with installation of broadband transmission equipment for 69 120 ports.

According to performance indicators in “Navoi” Free Industrial Economic Zone “Telecom Innovations” Joint Venture in 2014 produced telecommunication products for 20.4 billion sums.

JV “Telecom Innovations” produced 40 000 IPTV Set-Top-Box devices receiving digital television signals, 65 800 ADSL modems, 35 000 “Home gateway” port telecommunication systems.

On local telecommunication networks through construction, expansion and reconstruction of urban and rural telephone exchanges installed capacity of local telephone networks of “Uzbektelecom” JSC has increased by 30 382 numbers and comprised 2 024 834 numbers of them 1 876 023 numbers are of urban telephone network and 148 811 numbers of rural telephone network. As a result, the entire share of digital exchanges amounted to 100%.

57 175.8 km of cable are operated on local telephone networks, including urban telephone network – 44 455.6 km and rural telephone network – 12 720.2 km. The length of overhead lines is 30 682 km, including urban telephone network – 16 144.4 km, rural telephone network – 14 537.6 km.

Total length of telephone conduit is 20 807.2 channel/km, of which the majority (98%) is operated in urban telephone network.

As a result of work on construction and commissioning of digital exchange, transfer of low-frequency circuits to high-frequency, the number of high frequency channels at the end of the year amounted to 377 314 channel ends. Out of them, urban telephone network comprised 360 630 channel ends, rural telephone network – 16 684 channel ends. Of total channel ends 0.5% of channel ends are formed on RRL and 94.2% – on fiber-optic cables.

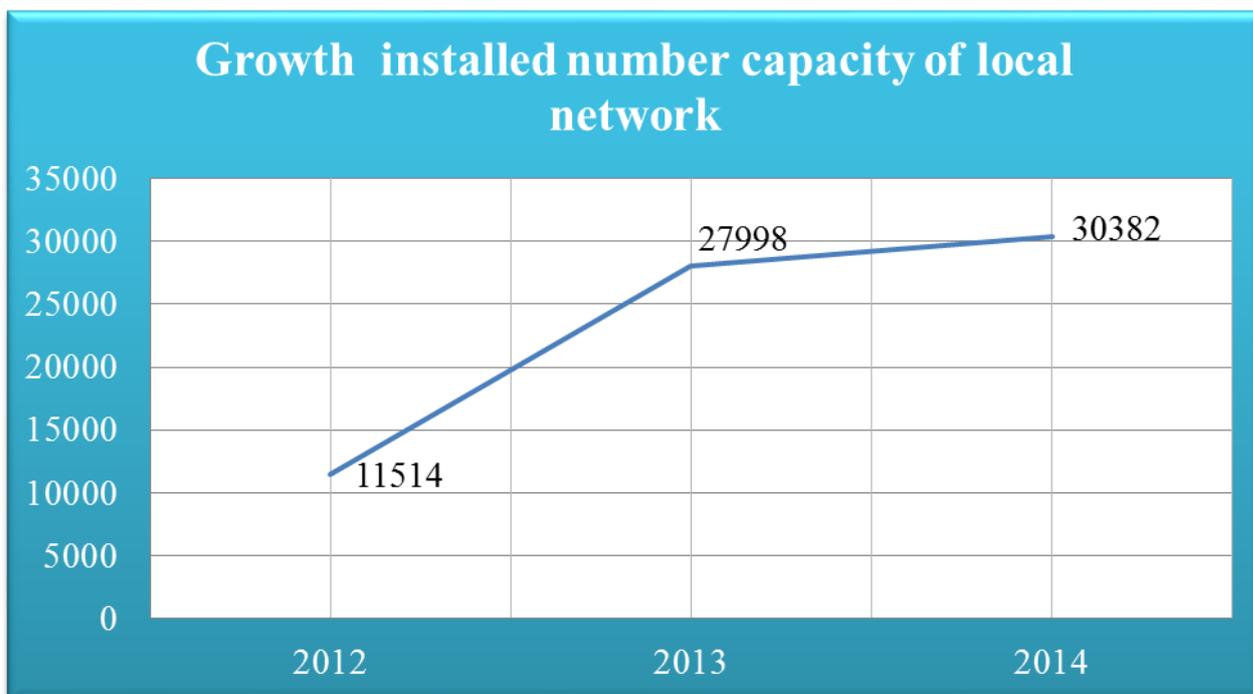
Year by year a number of subscribers’ have been increased according to this information. Consequences the growth rate was 48.1 % in 2012 in “Uzbektelecom” JSC. As a result of work on construction and commissioning of digital exchange, transfer of low-frequency circuits to high-frequency, the number of high frequency channels at the end of the year amounted to 377 314.

Key indicators of telecommunication network development¹⁰

Indicators	2012	2013	2014
Installed capacity of exchange, numbers	1 966 454	1 994 452	2 024 834
Digitization level, %	98.8	100.0	100.0
Growth of installed number capacity of local network, numbers	11 514	27 998	30 382
Growth of installed capacity of broadband ports	110 138	148 868	46 508
Length of long-distance, international, intraareal communication channels, mln. Channel/km	276.2	381.3	448.9
Out of them formed on fiber-optic communication lines, mln. Channel/km	263.5	368.2	435.9
Length of trunk cable communication lines, km	5 449.7	5 829.0	6171.699
Including FOCL, km	5 435.8	5 821.1	6171.699
Length of channels organized by trunk line, thousand channel/km	259 258.8	366 837.4	431 908.2
Including FOCL, thousand channel/km	246 949.2	354 239.7	419 310.5
Number of mobile communication switching centers, units	5	6	6
Growth of total capacity of mobile switching centers, numbers	140 000	304 000	620 000
Coverage area of the republic, %	71.4	71.4	74

According to this telecommunication indicators installed capacity of exchange, numbers year by year were gradually improved by the company. The level of digitalization was the same level in 2013 as well as 2014. The growth of installed numbers in Uzbekistan area in 2013 was soared almost more two times than 2013, therefore 2014 year those indicates were improved about three times past times by “Uzbektelecom” JSC. It has been shown from the data Length of trunk cable communication lines also have been increased year by year by “Uzbektelecom” JSC.

¹⁰ Annual report from “Uzbektelecom” JSC for 2014



2.3 -picture. Key indicators of telecommunication network development¹¹.

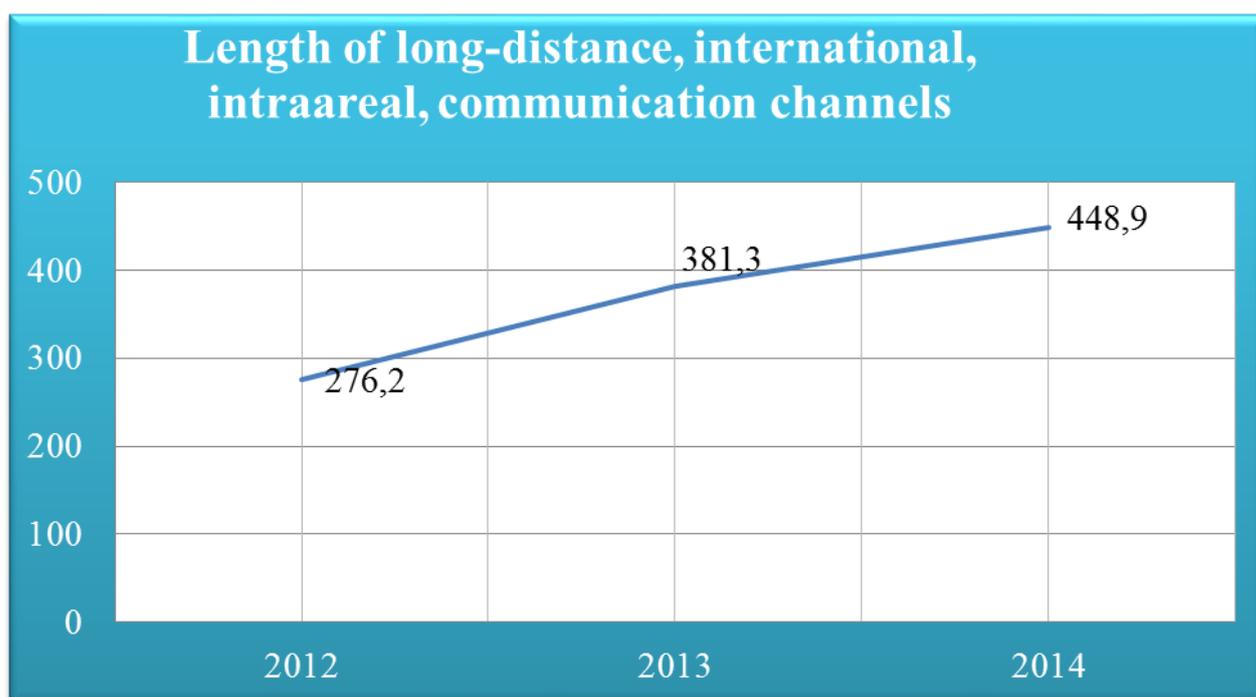
According to this graph it has been described the growth of installed number capacity of local network. In 2012 number capacity of local network was 11514 on the other hand in 2013 those indicates were 27998 and 2014 those indicates were 30382. To sum up, we can see number capacity of local network also gradually developed by “Uzbektelecom” JSC. This improves also shows the growing of this telecommunication network in our Republic.

In order to achieve this goal, the company will move forward through planned and step-by-step implementation of the following major activities.

First of all, it is a satisfaction of customer needs for services rendered by using data transfer network, such as broadband (high-speed) Internet access via wired and wireless links, interactive digital TV IPTV, and mobile communication via CDMA-450, GSM technologies. Providing subscribers with the most complete range of telecommunication services for a significant competitive advantage over other operators is the main strategic goal of «zbeektelecom» JSC.

¹¹ Annual report from “Uzbektelecom” JSC for 2014

In order to achieve this goal, the company will move forward through planned and step-by-step implementation of the following major activities.



2.4- picture. Length of long-distance, international, intraareal, communication channels¹².

According to this graph, it has been shown length of long-distance, international, intraareal communication channels in three years. In 2012 this indicate was 276.2, in addition to, in 2013 it was 381.3 as well as it has been reached to 448.9 in 2014 by “Uzbektelecom” JSC.

Providing subscribers with the most complete range of telecommunication services for a significant competitive advantage over other operators is the main strategic goal of «Uzbektelecom” JSC.

In order to achieve this goal, the company will move forward through planned and step-by-step implementation of the following major activities.

First of all, it is a satisfaction of customer needs for services rendered by using data transfer network, such as broadband (high-speed) Internet access via wired and wireless links, interactive digital TV IPTV, and mobile communication via CDMA-450, GSM technologies.

¹² Annual report from “Uzbektelecom” JSC for 2014

In 2015, “Uzbektelecom” JSC will continue the course for further expansion and development of telecommunication networks.

For the development of interactive digital TV IPTV, which opens up entirely new opportunities of viewing diverse, intelligent software programs, including those in HD format, for interactive digital television subscribers, the company plans to continue the realization of “Development of optical networks of broad- band access on FTTx technology” project.

Today, this project is strategically important for the company in this regard replacement of copper subscriber lines for a more speedy fiber-optic communication lines is anticipated, including bringing fiber-optic communication lines directly to each subscriber in the future.

For further development of mobile broadband access systematic development by means of two technologies is foreseen:

- expansion of data transmission technologies (EVDO) in the regions of the Republic of Uzbekistan on CDMA-450 technology, allowing to provide high speed Internet access at a speed of up to 3.1 Mbps, as well as to expand coverage area in remote inaccessible regions and bring coverage area of the country to the level of 85% and expansion of mobile communication network on GSM/ UMTS/LTE technologies in the regions of the republic;
- Introduction of wireless Wi-Fi access zones in tourist areas and facilities of the republic, which will allow increasing services provided to Internet users.

By implementing the project «Expansion and redundancy of backbone networks to regional centers of the Republic of Uzbekistan», the company scheduled the installation of transmission systems based on DWDM, which will provide full redundancy of existing transportation network and increase the capacity of telecommunication networks.

Also to meet the demand of population and organizations of the Republic of Uzbekistan for high- quality services of fixed-line telephony in the future it is planned to implement the project for construction, expansion and renovation of urban, rural telephone exchanges by introducing NGN technology.

Besides, the company will make significant efforts to improve customer service, develop technical support.

In accordance with the Decree of the President of the Republic of Uzbekistan dated September 18, 2013 №P-4131 and international agreements, «Uzbektelecom» JSC is planning to organize joint ventures in «Djizak» SIZ for production of telecommunication equipment:

- OLT equipment for GPON network, ONT subscriber terminal;
- Video and IP-telephones;
- Industrial modems for electricity, gas meters and bank terminals;
- Accessories and passive elements for building GPON network.

All of the above will allow “Uzbektelecom” JSC to ensure quality of services that would exceed the expectations of target customers. The presence of such a strategic competitive advantage will allow the company to retain its leadership in the market of telecommunications.

2.2. Analysis of attracted credits and investments to “Uzbektelecom” JSC

At the moment, our country is one of the ten leading countries in the development of mobile communications all over the world. The total number of subscribers to mobile operators as compared to 2000 increased 200 times and more than 20 million. Subscribers if 10 years ago in our country per thousand people had 4 mobile phones, today the figure exceeds 600 units.

At the moment, our country is one of the first in the former Soviet Union began a program of full transition to digital television and widescreen, and this process is finished in 2015.

It is necessary to adequately assess the increase in internet connection network population. In 2013, the number of subscribers using Internet services grew by 1.6 times, which exceeded 10 million people.

During this period, there is reduction of tariffs for Internet services, step by step, and improves the quality of services to users. In particular, in 2013 the tariffs have reduced by 30%.

In our country, in 2012, it was introduced on investment 15%, 10 billion. 900mln. US dollar against the year 2013, this represents 27% of the gross national product.

72% of these investments are directed to the industrial enterprises, as well as about 38% for the purchase of tools and introduction of high technologies. In particular, the total amount of imported foreign investment and loans is 28.8%, while foreign direct investment of over 3 billion 500 million dollars.

More than 25 billion 900 million dollars of investment was directed to the technical and technological re-equipment, from all financial sources, and it is essential, in 2013, which accounted for 40.5% of the total investment.

Simply put, in 2013, it was carried out more than 250 investment projects.

We know that we pay close attention to the development of modern computer and telecommunication systems.

In 2013, set targets for the implementation of wide-based and optical technology, the development of telecommunications networks and upgrading them, handing over 1,000 km of fiber-optic networks, extending the provision of transport networks transmission of information to the regional centers.

The net profit of “Uzbektelecom” JSC by the end of the year amounted to 13,5 billion sums, the growth rate comprised 38,1% in comparison with the last year, profitability of activities was 2,2%. Employee productivity grew by 55,3% and reached 3 820 thousand sums per month per one employee. Profit margin from sales – 23,6%. Net profit margin – 2,2%. Prime cost to 100 sums of revenue – 76,4 sum. OIBDA – 204 314 million sums. OIBDA margin – 33,1%. EBITDA – 95 430 million sums. EBITDA margin – 15,4%.

. Organization production of ICT equipment and “e-Space Education Solution” with the functions of an electronic board in Uzbekistan». In order to increase the localization of production of telecom equipment in the country is planning

to organize the production of equipment used for the construction of broadband networks FTTx.

2.6- table

Key economic Indicators, in million sums¹³

Indicators	2011	2012	Growth rate, 2012/2011, %
Net sales of products(goods and services)	409 511	617 894	50.9
Expenses	351 120	471 960	34.4
Profit on sales	58 391	145 934	149.9
Profit before payment of tax on income	14 926	27 398	83.6
Net profit	9 814	13 553	38.1

According to this table key economic indicators have been given in two years. In 2011 net sales of products were 409 511 on the other hand those indicates were 617 894 and the growth of rate were 50.9 in those times in “Uzbektelecom” JSC. The second indicate was expenses that 351 120 in 2011 and 471 960 in 2012 then growth of rate became 34.4. Profit of sales were the huge indicates which 58 391 the reason why 145 934 in 2012 and growth of rate was 149.9 in the company.

«Uzbektelecom” JSC continued the policy of broadband technology development based on FTTx and xDSL. As part of the project for construction of «fiber to home»networks construction of 573 km of fiber-optic communication lines in local telecommunications networks is completed, station switching DSLAM equipment is put into operation with a total capacity of 88 928 ports, 21 834 ports of which is for FTTB technology, 23 445 units of ADSL modems were purchased. This project allowed the introduction of the IPTV interactive digital TV network into commercial service.

As a result of the implementation of projects for the construction, expansion and renovation of urban and rural ATS, installed capacity of local telephone networks of “Uzbektelecom” JSC amounted to 1 966 454 numbers, 1 803 974 numbers of them are on a city telephone network, 162 480 numbers are

¹³ Annual report from “Uzbektelecom” JSC for 2012

on a RTN. The mounted capacity of digital ATS in comparison with 2011 has increased by 13 022 numbers. As a result, the ratio of digital ATS to the total mounted capacity reached 98,8%. The utilization coefficient of the mounted capacity reached 88,8% throughout the company. In terms of urban (UTN) and rural (RTN) telephone networks this indicator was 90,1% and 74,6% respectively. In the current year 39 911 applications were gratified and at the end of the year the amount of basic telephone sets consisted of 1 743 188 numbers, including 1 622 186 numbers on UTN and 121 002 numbers on RTNs. In local telephone networks works on reconstruction, expansion and building linear cable constructions were carried out. In local networks 57 121,4 km cable, including 41 585,4 km on UTN and 15 536,0 km on RTN were maintained. Extent of air communication lines at the end of the year amounted to 38 649,0 km, including 16 470,6 km on UTNs, 22 178,4 km on RTNs. The length of all telephone connection lines was 20 798,6 channel-km, out of huge portion (97,8%) were maintained on UTNs. As a result of accomplished work on reconstruction and introduction of digital ATS and transfer of low-frequency circuits to high-frequency circuits, the number of high-frequency communication channels amounted to 421 785 channel-ends at the end of the year. Out of 403 973 channel-ends were on UTNs and 17 812 channel-ends were on RTNs. Out of 99,6 % of total quantity of channel-ends were formed on digital transfer systems (on UTN – 100%, on RTN – 99,1%) and 92% were formed on fiber-optical cables.

In 2012, efforts were accomplished to expand the coverage area and to implement EV-DO-technology in the framework of the project “Modernization and expansion of the mobile network (CDMA-450) branch Uzmobil, As a result of this project a mobile network CDMA-450 covers an additional 1 565 settlements or the expansion of coverage to 71,3% of the total population of the republic. EV-DO (Evolution-Data Optimized) is a data transmission technology used in CDMA standard cellular communication. The introduction of this technology, which represents the third generation mobile communication (3G),

will provide high-speed access to the Internet at speeds up to 3,1 Mbps. During 2012 a number of actions directed on increase of mobile communication users and the mobile Internet users is carried out. As a result of the conducted works on increase in the general subscriber base, the number of users of services of mobile communication increased twice.

In 2012, during the state visit of the President of the Republic of Uzbekistan in China, signed a Memorandum of Cooperation between the «Uzbektelecom» JSC OJSB Aloqabank and the Huawei Technologies Co., Ltd (PRC) and China Development Bank (CDB), which provides funding for important projects to provide subscribers with the most complete complex telecommunications services. In 2013, «Uzbektelecom» JSC will continue to work on projects approved by the List of the Memorandum. The main indicators approved by the Decree of the President of the Republic of Uzbekistan dated July 19, 2012 № D-3858 «On measures to implement the agreements reached during the official visit of the President of the Republic of Uzbekistan I.A. Karimov to People's Republic of China, and the further development of bilateral cooperation» projects for 2013 are «Development of mobile CDMA-450 network with application of EV-DO technology in the regions of the Republic of Uzbekistan».

The project plans to install an additional 201 base station and to upgrade 114 existing EV-DO technology base stations and increase coverage in towns across the country to 85%. «Development of optical networks based on broadband access FTTx».

Under this project, the company will continue to work on the development of optical networks based on broadband access FTTx, providing for an increasing subscriber ports in addition to 110000 ports;

«The expansion and redundancy backbone network to the regional centers of the Republic of Uzbekistan». In order to improve the reliability and survivability of the telecommunications network and increase its capacity to

100 Gbps, the project is planned to install the equipment transmission systems based on the technology of DWDM/SDH/ IP/MPLS, OTN to provide full redundancy existing transport network of Uzbektelecom. Connecting network of colleges to “E-education” of the Republic of Uzbekistan. The project includes 200 colleges connected to the national network «e-education» through a fiber-optic cable and a system for video conferencing and multi-media classrooms for organizing video conferences, seminars, distance learning and training. Organization production of ICT equipment and “e-Space Education Solution” with the functions of an electronic board in Uzbekistan». In order to increase the localization of production of telecom equipment in the country is planning to organize the production of equipment used for the construction of broadband networks FTTx.

Besides, in order to execute the President’s Resolution number of №RP-1668 from December 27th, 2011 “About the Investment Program of the Republic of Uzbekistan for 2012” is working on the implementation of Phase 2 of the project “Modernization and expansion of Long-distance switching centers on technology of next generation networks (NGN)”, providing for the introduction of IMS/NGN at the ISC. From reviewing measures should be allocated as follows: to increase the speed of access to the international network of 4 times, increase the number of Internet subscribers through fixed line 3 to 3.5 mln., The number of large-user telecommunications increase to double to 100 million.

Implemented consistently, especially to reduce the tax burden reasonable tax policy change in the composite activity of subjects leading economy and increasing financial independence.

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Accounting reports, thousand soums¹⁴

Key figures	For 31 December 2011	For 31 December 2012
Asset		
Fixed assets	306 010 241	364 019 606
Intangible assets	1 092 361	1 543 246
Other long-term assets	510 610 468	297 964 004
Investors	31 422 850	57 684 207
Cash	72 972 754	41 772 178
Receivable and other assets	70 816 363	78 781 216
Total assets	992 925 037	841 764 457
Equity and liabilities		
Equity	358 110 163	271 922 271
Long-term liabilities	532 218 597	435 618 166
Payables and other liabilities	102 596 277	134 244 020
Total equity and liabilities	992 925 037	841 764 457

If we analyse this table, Fixed assets quite increased in 2012 than 2011 which (364 019 606-306 010 241=58 009 365).

Intangible assets (1 543 246-1 092 361=450 85);

Other long-term assets(297 964 004-510 610 468=-212 646 464 this indicates were decreased in 2012);

Investors(57 684 207-31 422 850=26 261 357);

Cash(41 772 178-72 972 754=-31 200 576 this services also decreased in 2012);

Receivable and other assets(78 781 216-70 816 363=7 964 853);

Total assets(841 764 457-992 925 037=-151 160 580 this was also decreased in 2012);

Equity(271 922 271-358 110 163=-86 187 892 this indicate also started decreasing in 2012);

Long-term liabilities (435 618 166-532 218 597=-96 600 431);

Payables and other liabilities (134 244 020-102 596 277=31 647 743);

Total: 841 764 457-992 925 037=-151 160 580

¹⁴ Annual report from "Uzbektelecom" JSC for 2012

After this analyse we can sum up that, accounting tasks were quite better in 2011 than 2012.

2.8- table

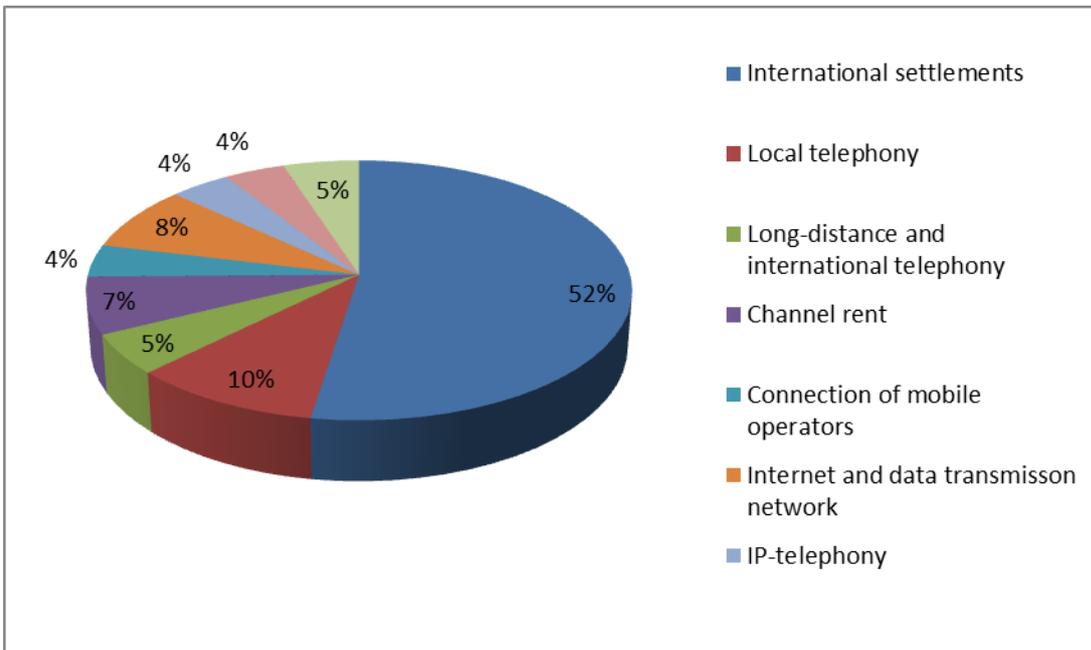
Income structure (billion sums)¹⁵

Indexes	2011	2012	2013	Growth rate, 2013/2012,in %
International settlements	202.8	365.3	387.6	106
Long-distance telephony	140.3	156.6	157.6	101
Internet and data transfer network	28.1	34.1	59.6	175
Local telephony	66.4	71.9	72.3	101
Mobile communication	9.2	18.5	32.3	175
Other income from communication services	4.0	21.2	35.7	168
Total	450.8	667.6	745.1	112

In this table has been given income structure for three years in “Uzbektelecom” JSC. Internet and data transfer network and mobile communication were the highest indicates among others. The second was other income from communication services in those times. Total indicate of growth rate was 112 % at the end of the year.

The volume of exports amounted to 187.9 million US dollars; the plan is executed on 103.8 (taking into account the additional tasks). In 2013, based on projects introduced by the Committee to the investment program, the company eventually mastered 242.5 million. US dollars at the expense of their own capital as well as foreign direct investment, implement the plan (113.9 million US dollars) to 213%.

¹⁵ Annual report from “Uzbektelecom” JSC for 2013



2.5- picture. Income structure from main activity for 2013¹⁶

According to this pie chart international settlements were the highest point among other points. The project “Development of mobile CDMA-450 network with the introduction of EVDO technology in the regions of the Republic of Uzbekistan” and “Development of optical broadband access technologies FTTx” designed to perform based on the order of the President of the Republic of Uzbekistan No. PP-2069 of 18 November 2013 year became targeted program «Investment program for 2014 of the Republic of Uzbekistan.

Although the investment program for 2013 is made on many times more were lagging behind the table in some sectors. Required to carry out necessary measures to such shortcomings were not in the investment program for 2014.

From reviewing measures should be allocated as follows: to increase the speed of access to the international network of 4 times, increase the number of Internet subscribers through fixed line 3 to 3.5 mln., The number of large-user telecommunications increase to double to 100 million.

Implemented consistently, especially to reduce the tax burden reasonable tax policy change in the composite activity of subjects leading economy and increasing financial independence.

¹⁶ Annual report from “Uzbektelecom” JSC for 2013

Income from new services (million sums)

Indexes	2011	2012	2013	Growth rate, 2013, 2012, in %
Broadband internet	15 463.2	31 0381.1	55 468.4	178.7
IP-telephony	18 528.9	23 132.0	26 900.9	116.2
IPTV		78.6	1 160.0	
Video telephony		173.1	192.8	111.3
Technical service		118.2	141.8	119.9
Total	33 992.1	54 540.0	83 863.9	153.7

In 2013 year it was created a lot of new services in “Uzbektelecom” JSC. According to those Services Company started to take profit for improving their activity in our republic. Those services only developed in 2013 under the supplying subscribers’ demands for communication services. In 2013, the part of the industry had provided services for 3.7 trillion sums. The growth rate was 22.4%, the population was provided by communication services to 2.4 trillion Sums the growth rate of 21%.

The volume of exports amounted to 187.9 million US dollars; the plan is executed on 103.8 (taking into account the additional tasks). In 2013, based on projects introduced by the Committee to the investment program, the company eventually mastered 242.5 million. US dollars at the expense of their own capital as well as foreign direct investment, implement the plan (113.9 million US dollars) to 213%.

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¹⁷ Annual report from “Uzbektelecom”

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To require the State Committee of communications, informatization and telecommunication technologies of Uzbekistan jointly with the Ministry of Higher and Secondary Special Education and the Ministry of Education using a high aspect of communication and telecommunication technologies to complete the industry, “e-learning” a national network, as well as to implement the connection into a single information network of universities, colleges and academic lyceums.

We can estimate the positive trend of growth in telecommunications services and information for the year amounted to 45%. This indicator is determined primarily growth of mobile subscribers, and Internet networks. It is very important to keep in mind the reduction of tariffs for Internet services by 23% in the reporting year. Today, 10 million people in our country are actively using the services of the Internet.

Implemented consistently, especially to reduce the tax burden reasonable tax policy change in the composite activity of subjects leading economy and increasing financial independence.

To increase the activity of the subjects of the leading economy and improving their financial activity is necessary to implement a sound fiscal policy, primarily to reduce the tax burden.

In particular, it is necessary to mention the tax burden in 2013 compared to GDP has decreased by 3 times, from 20% to 41.2%.

The decrease in 2013 year EPP from 7% to 6% for micro and small enterprises to expand investment activities of top management. As a result,

released 80 billion. 300 million the amount of cash was directed to the creation of technological innovation and application of modern production techniques.

In the field of information communication examines the implementation and development of several new services. In 2013, new services were received 7 083 800 000. Sum of income, the annual plan was fulfilled by 276%. In particular, the services “Provision of technical services to telecommunications companies”, 141,750,000. Sum plan 144%; Interactive TV (IPTV) 1 228 100 000 Sum, the plan by 105%; service of video telephony of 319.7 million. UZS, rate plan 412%; by services repair of computers, mobile phones and various electrical engineer in connection objects Mail 24.5 million. Sum plan na143% complete.

In the real sector has been drawn in the amount of 2 billion 900 million dollars, of which 78.8% are foreign direct investments.

Event held in the country to improve the use of foreign investments and loans increased by 12.4%, and the figure was 1812.1 billion US dollars. In general, 1.4041 billion Dollars the development of foreign investments and loans which made up the total 77.5%.

Due to the high demand for mobile and internet connection, and data communication services increased by 23.2%. Institutes of financial intermediaries and measures taken to increase the volume of consumer credit will improve the range of services by 28.2%. 3300 Discovery of new businesses and catering retail sales helped to increase the volume of services by 15.4%. Established 6000 facilities to provide personal services increased the amount of personal services by 19.4%.

More than 73% investments have been created due to internal sources of the country: the funds of enterprises and population bank credits are increasingly involved in the investment process, as well as the state budget and are planned budgetary funds.

More than 73.5% investments are on the increase in production capacity. It is very important that 45.3% of investments were made for the purchase of high-performance tools.

In order to further the development of telecommunications networks and the introduction of modern services in 2012, it has carried out a number of major investment projects this year will continue to work in this direction. Thus, in the framework of the investment program of Uzbekistan for 2012 has been built and put into operation 175 km of fiber-optic communication lines in the directions Boysun- Denov and Urgut-Shakhrisabz. Capacity has been increased international communication centers in 2 times, and the capacity of the center of the International Packet Communications - 4 times. It is possible to increase the speed of Internet connections of up to 40 Gbit / s and the number of its members, as well as reduce the cost of tariffs.

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“Connecting colleges ICT industry and other industries in the national network" e-education "of the Republic of Uzbekistan”, 200 professional colleges of higher and specialized secondary education of Uzbekistan will be connected to the national network “e-education”.

In 2012 it carried out a number of major investment projects for the development of telecommunications networks and the introduction of modern services. According to the investment program of Uzbekistan for 2012:

PPE in the territory of Namangan organized the assembly and production of telecommunication GPON equipment on site. At a meeting of the Cabinet of Ministers dedicated to the socio-economic development in 2012 and the most important priorities of economic program for 2013, President Islam Karimov noted the great importance of an accelerated implementation of measures and

projects in the field of information and communications and telecommunications technologies and to enforce these goals must be:

The establishment of television transmitters for the project expansion degree circumference of digital television;

- Uytash Airport RTS (in Jizzakh region.);
- Angren RTS, Bekobod RTS (Tashkent region.);
- Sug RTS (Ferghana region).
- Pitnak RTS (Harezmskaya region.) To pass through the transport network of digital television channels;
- put into the project plan of construction of over 2,000 km of fiber-optic communication lines;
- To increase the number of common portals to 500 thousand lane wide networks;
- In order to develop the service area is planned for the end of 2013 the opening of 18 sales offices and maintenance UZTELECOM;

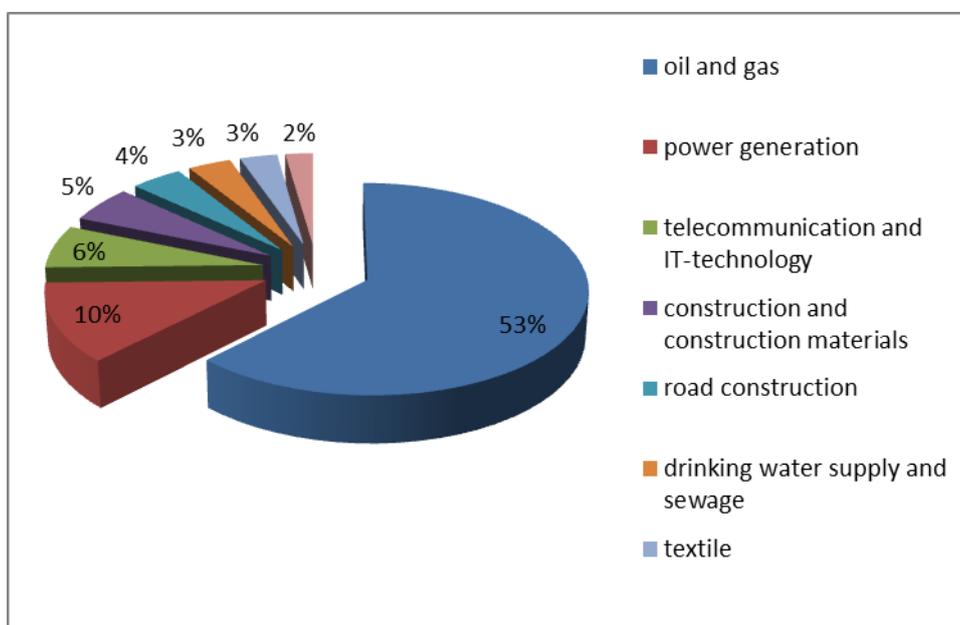
At the end of the 1st quarter of this year the number of mobile subscribers with a trademark UZMOBILE totaled 231,172, this figure rose to 39,282, from the beginning of the year, 20%; During the 1st quarter of this year, to provide services for broadband telecommunications services, that is, the income received from the connection of the number of subscribers to this service. In the production of telecommunication devices. On the part of the JV "Telecom Innovations":

- The device receives digital TV 40000 (by the standards of IPTV, DVB-T2)
- ADSL modems 30,000 pieces;
- Devices DSLAM ports 34000 pieces;
- On the part of the joint venture "Olive Telecom"
- Modem USBCDMA-450 10000 pieces;
- Fixed terminals CDMA-450 38000 pieces;
- Mobile terminals CDMA-450 38000 pieces;
- The plates were 13,500 units planned.

- Received 6.92 billion Sum of income in the reporting period from mobile services grew year on year by 131%.

Held in the city of Beijing China Forum “Accessibility SIZ Jizzakh for Chinese companies” within the investments identified desired active and passive elements for the construction of networks FTTx, as well as for the creation of specializing in the production of videophones and CDMA mobile communication 450 established four new joint company Huawei, ZTE, A-telecom, ZTT, which signed agreements and memorandums.

Main part of foreign investments has been attracted into the following branches of industry:



2.6- picture. Attracted foreign investments to economic field in 2015y¹⁸

According to this pie chart during the 2015 investment program only 6 % foreign investments have been attracted for development telecommunication and IT-technology.

The investment projects will be implemented in 2015 year for building as well as reconstructing companies that produced on 17 December in 2014 year by President Islam Karimov (PO-2264).

¹⁸ Internet source

Investment projects will be implemented in the future¹⁹

Types of projects	The power of projecting	Period implements
Building FTTB line	6100 km	2015-2017
Creating Uzbektelecom and Uzmobile branches	Building stations and commutators	2014-2017
National library	Will be worked multimedia and scanner information resources	2014-2015
The development of spreading digital field	Set up digital tools	2014-2015
Widening technic and technological field of KOSCOM JSC	Giving broadcast of 26074 million minutes	2015
Widening Unitel field	Increasing amount of subscribers	2015

¹⁹ Internet source

The summary is about the second chapter

During writing to this chapter it has been shown the analysis of investment activities at “Uzbektelecom” JSC in different ways. During 2012, 2013, 2014 years investment activities have been analysis at “Uzbektelecom” JSC, on the other hand their comparisons have also been shown.

According to this pie chart during the 2015 investment program only 6 % foreign investments have been attracted for development telecommunication and IT-technology.

The investment projects will be implemented in 2015 year for building as well as reconstructing companies that produced on 17 December in 2014 year by President Islam Karimov(PO-2264). Held in the city of Beijing China Forum “Accessibility SIZ Jizzakh for Chinese companies” within the investments identified desired active and passive elements for the construction of networks FTTx, as well as for the creation of specializing in the production of videophones and CDMA mobile communication 450 established four new joint company Huawei, ZTE, A-telecom, ZTT, which signed agreements and memorandum. In the production of telecommunication devices. On the part of the JV “Telecom Innovations”:

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- Fixed terminals CDMA-450 38000 pieces;
- Mobile terminals CDMA-450 38000 pieces;
- The plates were 13,500 units planned.

CHAPTER3. IMPROVING THE FUTURE DEVELOPMENT INVESTMENT ACTIVITY IN TELECOMMUNICATION SPHERE.

3.1. Modern ways of attracting investment activity to “Uzbektelecom” JSC.

On the basis of existing laws “Uzbektelecom” JSC investments can be formed by the following main sources:

The personal accumulation of population;

-investment foreign companies and firms, financial institutions and grants;

- The direction of the investment objectives of the funds received from various funds through privatization and withholding of state ownership;

- Due to the net profit, as well as the depreciation of firms and companies;

- Bank loans, cash loans attracted for;

Investing by issuing company shares.

Over twenty years of Uzbekistan's independence, the sector has been drawn over 1 billion. US dollars, including government guarantees for US \$ 750 million dollars. 250 million. United States in the form of foreign investments.

In accordance with the orders of the Republic, foreign investment in “Uzbektelecom” JSC entered in three directions:

1. Loans and debts from international financial institutions.
2. due to the net profit, firms and companies, the introduction of long-term capital for the purpose of monitoring the activities of the enterprise and possession of a part of profit. This area is usually carried out with the joint venture with equity participation or in the form of businesses consisting of foreign investment. Investment portfolios related to the purchase of shares of enterprises with foreign entities.

The effectiveness of this different direction. For example, the first direction, access to credit and debt increases the foreign debt, which is not desirable for the country both economically and politically. Therefore, in the field of information communications conducted investment policy prevails

following the direction they are usually referred to as “foreign direct investment”.

To date, the following conditions in order to attract foreign investors need to create in the information communications industry, in companies whose shares are sold:

Firstly, it is necessary for the foreign investor to make the most of the money from the sales of the shares remained in the enterprise, only if the investor is interested in buying shares in the market and share prices rise. Since these funds, the company can recover its activity and ensure development. Experience in sales of shares, the company shows that the more accounts payable, less demand for the shares of the companies, as the majority of the funds received will be sent to pay off debts. The same pattern can be seen with the “Uzbektelecom” JSC shares. With this in mind in 2012, the distribution of the shares by the company's portfolio.

Secondly, you need companies that put their shares, create a reasonable corporate system and to generate a suitable control. Because in the information and communications companies segmentation numerous enterprise operators complicates the operational management, financial and report system, which reduces the company's attractiveness to investors.

Third, the company must show that it can provide services at the same time, local, long distance and international services. Because the existence of areas “repaint subsidy” division into different operators Profitability variety of services does not give results.

The investment policy, special attention is paid to the effectiveness of capital investments.

An important point in this policy is prudent management of the formation of investment sources, as well as distribution in the direction of their application.

International cooperation “Uzbektelecom” JSC carried out in the following areas:

- Cooperation with international organizations of communication;

- Participation in international telecommunication projects;
- cooperation with international operators and with computers provided by communication services, as well as with companies producing telecommunication devices and bilateral cooperation “Uzbektelecom” JSC with firms, International Telecommunication Union, the Commonwealth with the zones in connection with the joint organization “Intelsat” and so on. “Uzbektelecom” JSC, one of the control members TAE.

In November 2012, “Uzbektelecom” JSC has launched a brand new service - IPTV brand Telecom-TV. IPTV technology enables broadcast digital television through IP-based network video streaming HD-resolution and multi-channel sound. IPTV (Internet Protocol Television) (IP-TV, IP-television) — digital television transmission on IP network protocol data, a new generation of television. The main advantage of IPTV is interactivity and the ability to provide users with a wide range of additional services related to content consumption (Video on Demand (VoD), TVoIP, Time Shifted TV, Network Personal Video Recorder, Electronic Program Guide, Near Video on Demand). Features IP protocol allows not only provide video services, but also a much wider package of services, including interactive and integrated. First of all, it is two-way digital channels, allowing subscribers to use interactive services. Now you can't just look at one-way transmission, and control the playback such as pause transfer and continue from the same point, but later. This service is known as Time-Shifted TV and allows you to view or “rewind” transmitted live telecast for 2 hours. Today Telecom-TV subscribers of “Uzbektelecom”JSC is available for more than 34 popular terrestrial and satellite channels, and the ability to use advanced digital television services, including the electronic program guide - EPG, mosaic channels - Mosaic View, restrict access to certain channels. It takes into account that IPTV - is a modern technology that has several advantages the most important of which - the highest quality picture and sound.

The branch “The Centre of Development Business” Uzbektelecom JSC only works with companies and organizations in our republic. IPTV service is

being developed by company subscribers at the moment. If we calculate number of subscribers, they are 39 458 companies are using of this service. He tariff plans of this service 18.000 for companies per month. At the moment company is earning only 14.466.000 sums from this service under the VOD (Voice on Demand). The income of year from IPTV at company contains 173.592.000 sums due to they have to give their 50% revenue to Content Provider. If we give 100 billion dollars for development IPTV service, we can calculate how to take back our investment money how many years in the future. For this we have to put the way of marketing strategy in everywhere. If we calculate the number of organizations all over Uzbekistan we will know how many will be in the future.

For instance: In Fergana region 500 organizations will take IPTV ($500 \cdot 1800 = 9000000$), in Andijan region 500 organizations ($18000 \cdot 500 = 9000000$), in Namangan region 500 organizations ($18000 \cdot 500 = 9000000$), in Khorazm 500 organizations ($18000 \cdot 500 = 9000000$), in Kashkadaryo 500 organizations ($18000 \cdot 500 = 9000000$), in Surkhandaryo ($18000 \cdot 500 = 9000000$), in Samarkand 500 organizations ($18000 \cdot 500 = 9000000$), in Jizzah 300 organizations ($18000 \cdot 300 = 5.400000$), in Sirdaryo 300 organizations ($18000 \cdot 300 = 5.400000$), in Tashkent 500 organizations ($18000 \cdot 500 = 9000000$), in Navai 500 organizations ($18000 \cdot 500 = 9000000$), in Bukhara 500 organizations ($1800 \cdot 500 = 9000000$), in Karakalpakistan 500 organizations ($18000 \cdot 500 = 9000000$). Total: 100.800.000 sums per month. They have to give 50% of their income to content provider that 50.400.000 per month.

It is important to note that the “Uzbektelecom” JSC on a pair with the improvement and development of communication networks, satisfy the needs in the information communication services, by using new technologies, delicious intellectual and productive resources, active bilateral cooperation with the leading foreign operators and telecommunication companies.

Increasing the share of investment recent years (patents, licenses, software, etc.) providing investment process is a positive fact. However, current cash and the share of capital construction projects are very small, and in the first

case, even decrease. It must be stressed that the current money of the industry does not comply with regulatory requirements, and is required to allocate capital repairs on a large scale because of the high degree of wear of fixed assets.

The fact is that if the send bulk for new buildings, as well as an extension at the same time keep the old portion of the line, it is impossible to ensure the effectiveness of the newly installed tool. For example, when saving the old lines, you can't effectively enough, even if the PBX device to change to new digital equipment. Therefore, it is important to optimally allocate investments for new buildings, for modernization, reconstruction and overhaul.

To ensure the effectiveness of the investment it is important to optimize the process and re-structure of production. The technological structure of investment means the distribution of them to perform construction and installation work, as well as machinery and equipment. This distribution is 50% of the national economy, the proportion of investment construction and installation work and enterprise the ministry for development information technologies and communications of the republic of uzbekistan not higher than 9.5% and more than 90% of investment spending on machinery and equipment. This is certainly a positive development. At the end of 2013.

For video telephony services was scheduled to receive 77.5 million sum income actually received 192.8 million sums and the plan was fulfilled by 249%;

For the repair of computer and user terminals have been scheduled to receive 98.5 million sum income actually received 141.8 million sums and the plan was fulfilled by 144%;

For the IPTV service was scheduled to get 1 165 million sum income actually received 1.167 million sums, and the plan was fulfilled by 100%;

In order to increase revenue and number of subscribers to IPTV services, in November 2013, it was brought 12000 pcs devices Set-Top-Box and it was distributed to of branches.

Re-structure the production of investment means the distribution of the directions of their new building, expansion of plant and equipment, reconstruction, modernization, as well as renovation of old machines and equipment. According to estimates FDICT (Foundation for the development of information and communication technology), which is composed of the ministry for development information technologies and communications of the republic of uzbekistan and enterprises, the ratio aimed at the active part of fixed capital of the industry, are given below:

- For new buildings (except for new buildings), 50%;
- For technical re-equipment and modernization of 30%;
- For the overhaul of 20%.

Until the end of 2014 on the basis of the project “Development of CDMA-450 mobile network with EVDO technology introduction in the regions of the Republic of Uzbekistan” it is planned to install an additional 201 base stations and upgrade 118 existing technology. Following the results of 2014:

- The number of base stations EV-DO 534 pieces (215 to date);
- EV-DO network communication coverage of 23% (currently 13.11%)
- The total of 11831 peoples the place of residence (84%) 10040.

2. Expansion of FTTx line on 110 000 for the whole of the Republic.

3. After the execution of the plan to the end of 2014:

- Keeps your trunk and inside the zone line
- The speed of access to international line - 100 Gbit / s;
- Trunk line within the Republic - 40 Gbit / s;
- Trunk line inside the zone - 10 Gbit / s.

It should be noted that the reconstruction and technical re-equipment and expansion of the company are progressive direction until the investment. In the ministry for development information technologies and communications of the republic of uzbekistan this weight direction. But recent years, much attention is allocated to new buildings; it is certainly due to the attraction of foreign investments. Due to the loan by the leasing of the Chinese Bank loan in the

amount of 15.6 million US dollars, reconstruction and development of telecommunication lines of “Uzbektelecom” JSC. 250 base stations for the expansion of CDMA-450 line put into operation a volume of 600 thousand digits of telephone exchanges. The creation of automated control systems of telecommunication lines of the Republic of Uzbekistan imported equipment and installation work carried out. Completed a project to provide high-quality television and radio programs. Work began on the implementation of the pilot project of digital television in the cities of Tashkent and Bukhara for the broadcast of another national television and radio program via the satellite system. 200 parks updated automotive technology, provided 4500 car mobile communication. You can get information through the site of "Mail of Uzbekistan" to control international postal items sent through the mail exchange, as well as branches' International Post Office International Express Mail. Connect to the World Union address “IFS Light” system of electronic remittances, held all the tests for the beginning of international electronic transfers, acts, increased official subscription of 50% of socio-political newspaper from the "press distributors' businesses. Based on the contract, began the publication of the republic exported through the Russian company “MK-Periodical”.

3.2. Improvement the quality of investment activity and foreign experiment

“Uzbektelecom” JSC is one of the economically leading large companies of Uzbekistan, to attract foreign investment and technical equipment. In 2013, fulfilled the main task of strengthening the position of investment activity, the expansion of the sales market and the state of competitiveness in the telecommunications market.

On behalf of the Government of the Republic of Uzbekistan, the State Communications Committee, informatization and telecommunication

technologies of Uzbekistan “Uzbektelecom” JSC carried out a number of investment projects for the development of telecommunication lines, total investment consists of 130,9 billion Sums, the growth relative to 2012 in 4.9 times.

The following major investment projects were implemented in order to enhance the provision of telecommunications services:

“Construction of fiber-optic communication line (FOCL) Baysun – Denov” - laid 102.3 km of fiber-optic communication lines and provide redundancy in the direction Karshi - Termez - Denov. Under this project is planned, redundant backbone transport line direction of Tajikistan and Afghanistan. “Construction of fiber-optic communication line (FOCL) Urgut – Shakhrisabz”

Laid 72.6 km of fiber-optic communication lines and provide redundancy in the direction of Samarkand - Navoi - Bukhara - Karshi;

“Modernization and expansion of Inter City switching centers for next-generation network technologies (NGN)”.

Implementation of the project of modernization and expansion of MSC-2 and MZ-3 is the next stage in the implementation of telecommunication networks of “Uzbektelecom” JSC NGN technologies. In the first phase of the project made efforts to increase the number of international switching centers E1 streams at 1386 E1 ports, which will increase the simultaneous connections for long distance and international destinations;

“Modernization and development of the local telecommunication network for next-generation network technologies (NGN)”.

The aim of this project is to replace the switching equipment with new digital switching SI3000 type systems with the use of NGN technology in local networks of “Uzbektelecom” JSC. During the project works on replacement of obsolete equipment with modern telecommunication, digital equipment and modernized local switching stations across the country for a total capacity of 305 348 subscriber ports, of which 91,936 broadband ports.

The development of the national economy of Uzbekistan “Uzbektelecom” JSC and market economy reforms, adopted a program in August 1995. “The program for reconstruction and development of telecommunication lines Republic of Uzbekistan for the period till 2010”. The purpose of this program is to meet the economic demands of public service and communication, as well as the establishment of national telecommunication lines on the basis of international telecommunications systems, digital telecommunication devices and digital transmission systems.

But the implementation of this program does not meet today's demands. Alternative forms of communication, reduced demand for telecommunications services in rural areas, due to the shortage of own funds and foreign investment key indicators were not achieved. In addition, it reflected the legal challenges, macroeconomic growth in the telecommunications industry, communication address and the international development of information technologies.

At the present time it can be considered generally recognized allocation of the following types of investment projects.

Public efficiency characterizes the socio-economic impact of the project to society as a whole, it takes into account not only the immediate results and the costs of the project, and "external" to the project costs and benefits related sectors of the economy, economic, social and other non-economic effects.

Commercial efficiency of the project describes the economic consequences thereof for the initiator, based on the highly conditional assumption that it produces all the necessary project costs and enjoy all of its results. Commercial efficiency is sometimes interpreted as the efficiency of the project as a whole. It is believed that the commercial efficiency characterizes an economic point of view, technical, technological and organizational design decisions.

The economic concepts is raising funds and their use

Terms of the utility a loan a percentage of use, the participation of foreign capital and other conditions for use, including the loan repayment period.

As used the effectiveness of the use - is to use completely foreign monetary investments.

The effectiveness of the use of funds is related to many factors:

- Organizational measures;
- Financial measures;
- Review of measures of production;
- Measures to improve the management systems;
- Measures to sales;
- Privatization;
- Attracting international advisers;
- Training skilled personnel, etc.

The main directions of attracting foreign investment for enterprises

In order to attract long-term and potential investors, a number of conditions must be put, and they are defined as follows.

Select complex type of sale. The more cash from sales remains at the company, the more investors are willing to invest money. Because of this, the marginal price of the shares, equating to public shares based assessment specific investor.

Creation of complex enterprise business systems. Corporate system of the company is to be improved. Experience shows that the division of the holding company for a lot of the on the business operator does not bring convenience in managing the communities with which it is associated.

Holding includes local, regional, long-distance and international communication. In the implementation of tariff policy when faced with the possibility of subsidies, it is important to know the company. This includes a cost-effective single holding company system. Telecommunications services:

Coordination of actions of local and long-distance operators within a single holding company.

Lack of business without a goal in the holding. The holding companies involved provided the same services only operators and tools manufacturers.

Centralization of cash flow in a holding company. These factors determine the activity subject to the control and function. In addition, a centralized coordination and management of investment projects and their implementation, management and use them at the same time carried out a centralized funding.

To achieve the maximum degree of reliability of the information May only possessing sufficient amount of information relating exclusively to the company will be able to evaluate objects.

Willingness of information for sale. The main factor of readiness information for sale, provide information to potential investors at the right time, you can use the information on the sale.

Selecting a financial advisor. Important role to play financial advisor who will assess the information related to the company and will lead successful negotiations with potential investors.

Drawing up a fully economically justified investment project. Each investor will analyze the profitability of an investment project on the basis of their interests and in terms of the proposed growth of the enterprise.

Preparation of market shares. If measured in the secondary market, in whole or in part, the company is a member of the holding company, the price of the company's representatives determined after the evaluation of the holding.

International experience shows privatization, investment for maximum efficiency to be achieved:

- Maximize sales price shares of privatized enterprises;
- Attracting large volumes of investment in these enterprises.

The process of corporatization is the investment consumers connected directly with the source of funds. The main objective is the ability to use low-cost tools, communications and phones. On the one hand it makes it possible to expand investment opportunities the company, on the other hand, will help revitalize the stock market it is an impetus for the development of relations.

Attracting foreign capital, the further development of joint business could have a material knowing in the fight against monopolies. An important feature

of this process -the possibility by creating enterprises with capital foreign form competing structures in the country capable of resisting the dictates of the existing monopolies.

So, in view of the above, we can say that foreign investment will allow: to fill in-vestment resources; use advanced foreign technology; create new jobs; increase the output of ordinary products; expand exports with the help of foreign partners; to learn foreign management experience, marketing, training, etc.; become a serious development of market relations in the country and others. Through the establishment of enterprises with foreign capital in the country will be competing structures that will be essential in the fight against monopolies.

Investment risk - a major risk is the transition of the economy, in the formation of conditions for attraction of foreign investors. Risk is determined by the need for additional funds, in the solution of certain problems, or loss of profits, loss of invested capital.

Mechanism for attracting foreign investments into the economy of Uzbekistan required developing their current position. Based on the experience of developed countries, a major condition of the country is a factor independent policy and the position of the national currency of Uzbekistan today. For this reason, the promotion of the process of attracting foreign investments is defined by the following macroeconomic trends:

With a view to ensuring the attraction of direct investment on a large scale, it is necessary to carry out organizational work on the organization of the characteristics of boundary-administrative cases, improving the stability of the foundations right, stages of economic reform, and the predictions of permanent jobs, infrastructure development, and production of the market in the form of insurance, bank, improved information bases, strengthening of transport and communications.

To improve the investment environment requires the following:

The stability of political and economic systems, stop to introduce a change in the regulatory and legal acts on the basis of experience of the people, to enter

into tax policy incentives, to create conditions for investment in the Uzbek economy, reducing corruption across the country, the need for legal and financial guarantees to foreign investment, system development risk insurance production, etc.

In order to develop the process of attracting foreign investments in Uzbekistan's economy, you can use the following tools and types of foreign investment: foreign investors selling shares, government securities and securities of other companies, a partial conversion of Uzbekistan national debt and other securities; investment in the statutory funds or securities joint ventures, financing of a number of objects, the use of funds in real estate, invest money in the banks of Uzbekistan, lease production facilities to foreign investors.

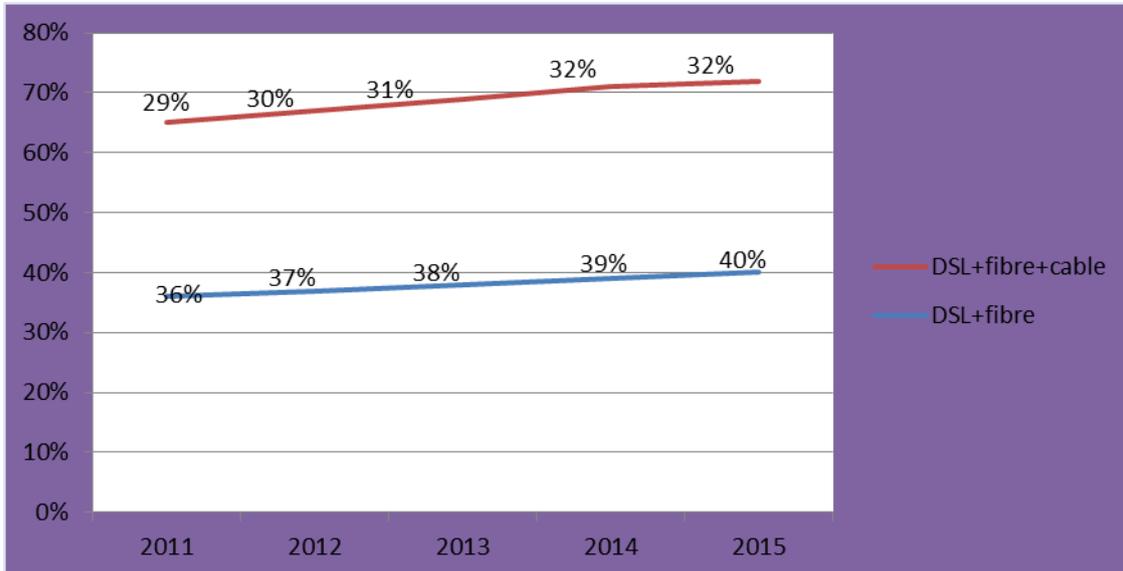
Foreign experience

British telecom: They are investing in five strategic growth areas: fiber; TV and content; mobility and future voice services; UK business markets; and supporting leading global companies. By investing in these areas, they aim to broaden and deepen their relationships with customers, business and public sector clients, increasing their relevance to them as markets and technologies evolve. Technology, networks and financial strength are key to their business. They invest to build and maintain communications networks in the UK and overseas. They develop products and services that run over those networks-these are their key outputs; and then they sell them on a subscription basis to customers, business and the public sector. By selling services they are able to make a return on their network investments. On the below it has been given a graph is about BT's retail broadband market share.

“Construction of fiber-optic communication line (FOCL) Baysun – Denov” - laid 102.3 km of fiber-optic communication lines and provide redundancy in the direction Karshi - Termez - Denov. Under this project is planned, redundant backbone transport line direction of Tajikistan and Afghanistan. “Construction of fiber-optic communication line (FOCL) Urgut – Shakhrisabz”

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3.1-picture. BT's retail broadband market share²⁰

According to this graph, in British telecom DSL+fibre+cable have been gradually improved than DSL+fibre at last five years.

Korean telecom: They earn revenue principally from their mobile service sales consisting of the following:

- Sign-up fees, which are initial subscription fees for our mobile services;
- Voice service fees, consisting of monthly fees and call charges, and data service fees, consisting of usage charges for wireless data services.

They also derive revenue from interconnection fees paid to their by other fixed-line and wireless telecommunications providers for use of their network by their customers and subscribers. In addition, they derive revenue from businesses operated by their consolidated subsidiaries, including broadband Internet and fixed-line telephone services offered by SK Broadband, various platform businesses conducted by SK Planet and handset sales made by PS & Marketing.

²⁰ Annual report from “British telecom” for 2015

Implementation of the project of modernization and expansion of MSC-2 and MZ-3 is the next stage in the implementation of telecommunication networks of “Uzbektelecom” JSC NGN technologies

3.1- table

Statement of income data²¹

Statement of income data	2014	2015
Operating revenue	16,602,1	16,141,4
EBITDA	4,830,9	4,297,5
Operating expense	14,590,9	14,411,4
Operating income from continuing operations	2,011,1	1,730,0
Profit for the year	1,609,5	1,115,7
Total assets	26,576,5	25,595,6
Cash	1,816,2	1,494,7
Total liabilities	12,410,0	12,740,8
Financial debt	6,332,0	6,683,6
Total equity	14,166,6	12,854,8
EBITDA margin	29,10%	26,60%
Net margin	12,10%	10,70%
Debt-to-equity ratio	9,70%	6,90%
	44,70%	52,00%

(1) EBITDA = Operating income from continuing operations+ Depreciation and amortization + R&D-related depreciation within R&D expense

(2) Cash & marketable securities = Cash & cash equivalents + Short-term investment securities + Short-term financial instruments

(3) Interest-bearing financial debt = Short-term borrowings + Current portion of long-term debt (excluding current portion of long-term payables related to payment of frequency license fee) + Debentures (excluding current portion) + Long-term borrowings (excluding current portion)

(4) Debt-to-equity ratio = Interest-bearing financial debt/Total equity

French telecom: Costs of investment in associates 85,346,173 billion dollars in 2014 and in 2015 104,749,981 billion dollars. According to their features in 2015 provision for impairment loss 44, 411, 29 billion dollars and in 2015 44,411,292 billion dollars. Share of post-acquisition profits, net of

²¹ Annual report from “Korean telecom” for 2015

dividend received 249,164,492 billion dollars and in 2015 it has been 198,279,576 billion dollars.

3.2- table

China telecom²²

Operating revenues (RMB millions)	2013	2014	2015
EBITDA (RMB millions)	321,584	324,394	331,202
EBITDA margin	96,551	94,853	94,106
Net profit (RMB millions)	34.6%	33.0%	32.1%
Capital expenditure (RMB millions)	17,545	17,680	20,054
Total debt/Equity	79,992	76,889	109,094
Earnings per share (RMB)	39.7%	36.8%	38.4%
Dividend per share (HK\$)	0.2168	0.2185	0.2478

1. EBITDA was calculated based on operating revenues minus operating expenses plus depreciation and amortization.
2. EBITDA margin was calculated based on EBITDA divided by service revenues.
3. Net profits represented profit attributable to equity holders of the Company.
4. Equity represented equity attributable to equity holders of the Company.

²² Annual report from “China telecom” for 2015

The summary is about the third chapter

In this part of the dissertation, it has been shown the future development investment activities at “Uzbektelecom” JSC. Furthermore, it has been shown the project of development IPTV service at the branch of “The Center of Development Business” Uzbektelecom JSC. Besides that, it has been analysis of foreign countries: British telecom, China telecom, Korea telecom, American telecom, French telecoms the last financial indicators during 2015 y. The following major investment projects were implemented in order to enhance the provision of telecommunications services:

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CONCLUSION

Investment activities play an important role in our development economy. Investments in various sections of economic science and different areas of practical activities have the features. The important step in investment process is occupied by participants of investment activity as whom investors, customers, users of works, users of objects of investment activity suppliers, bank, insurance companies, the investment exchanges and other participants of investment process can act.

Classification of investments allows not only to consider competently them, but also to analyze level of their use from all directions and on this basis to receive objective information for development and realization of effective investment policy. Investments share on the basis of purpose of future objects, in forms of reproduction of fixed assets, on financing sources, in use direction, on objects of an investment, on nature of participation in investment, the investment period, forms of ownership of investment resources, a regional sign. This classification allows to present in more detail to an investment and more deeply to carry out the analysis for the purpose of increase of efficiency of their use.

Investment activity is an interesting, important and complex problem which it is impossible to show and open completely all its essence in one term paper but which is very important for economy development as within the country, and at world level: prosperity of tomorrow is created by today's investments.

This graduation qualification work divided into three parts: introduction, body which consists of three parts, conclusion, and the list of used literature.

In the first part we explained theoretical bases on organizing investment activities. Investment activities and its essence and legal bases on organizing investment activities.

The second part is practical. The part devoted to the analysis of the investment activities in “Uzbektelecom” JSC. In this part we studied the aspect

of activities in “Uzbektelecom” JSC and the role in the communication sphere and analyze of present condition of investment activities in “Uzbektelecom” JSC. Problems and issues will be analyzed, the implemented projects were learned. Tariff plans of internet provider’s also were compared.

The third part is continuing of the analysis. The part dedicated effective organizing of investment activities in the telecommunication companies and the main directions of effective organizing of investment activities in “Uzbektelecom” JSC were explained. Also given suggestions concerning to improve investment activities in the company:

- To develop cadre politics. As well as, to prepare and reprepare cadres play a significant role in “Uzbektelecom” JSC politics. But it is suggested to send operators to abroad enlarge their skills, to work on this plan and provide it. Some problems on investment plans would be solved b this. For example, problems related to function of modern technologies which are bought from abroad.
- To pay spare attention investments involved communication field, especially inner investment in the aim of organizing the work efficiently.
- To provide organizing sections which deal with investment activity in the company. Its main function is to produce investment projects. This will open many doors to the opportunities.

To sum up, it is possible to that; in our country a very convenient condition is created so as to attract the foreign invests. To settle a rule to protect them legally and to enhance the condition of invests more are the main tasks in the branch of economic improvement. So, in view of the above, we can say that foreign investment will allow: to fill in-vestment resources; use advanced foreign technology; create new jobs; increase the output of ordinary products; expand exports with the help of foreign partners; to learn foreign management experience, marketing, training, etc.; become a serious development of market relations in the country and others. Through the establishment of enterprises

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In order to develop the process of attracting foreign investments in Uzbekistan's economy, you can use the following tools and types of foreign investment: foreign investors selling shares, government securities and securities

of other companies, a partial conversion of Uzbekistan national debt and other securities; investment in the statutory funds or securities joint ventures.

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