

ENSURING THE FINANCIAL STABILITY OF STATE-OWNED ENTERPRISES (THE CASE OF UZBEKISTAN RAILWAYS JSC)

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Annotation: This article explores the issues of ensuring the financial stability of the joint-stock company “Uzbekistan Railways” in the present day. It analyzes the company's financial condition, export volumes, and identifies both internal and external factors affecting stability, as well as ways to eliminate them. During the study, analytical conclusions were drawn based on financial indicators, investment activities, and state support. In addition, proposals and recommendations have been developed to ensure stability within the company.

Key words: economy, financial, information, complex, consistent, railway, subsidy, resource, network, enterprise, macroeconomic, cooperation, sector, infrastructure.

Аннотация: В данной статье научно исследуются вопросы обеспечения финансовой стабильности акционерного общества «Узбекистон темир йуллари» в настоящее время. В статье проведен анализ финансового состояния предприятия, объемов экспорта, а также выявлены внутренние и внешние факторы, влияющие на стабильность, и рассмотрены пути их устранения. В ходе исследования даны аналитические выводы на основе финансовых показателей, инвестиционной деятельности и государственной поддержки. Также разработаны предложения и рекомендации по обеспечению устойчивости предприятия.

Ключевые слова: экономика, финансовый, информация, комплексный, последовательный, железная дорога, субсидия, ресурс, сеть, предприятие, макроэкономический, сотрудничество, сектор, инфраструктура.

INTRODUCTION

Achieving macroeconomic and financial stability is considered a key objective in the context of developing the economy of the Republic of Uzbekistan. It is essential that the sectors of the economy operate in an economically and financially stable manner. At the current stage of consistent economic reforms being implemented in our country, special attention is being paid to the development of economic sectors. In the context of increasing the competitiveness of the economy, every business entity must ensure the effective management of all resources at its disposal – financial, material, and labor resources – as well as the efficiency of their use. In our country, the analysis of the financial condition of business entities occupies a central place in improving their economic efficiency [1]. Based on the results of the analysis, the management administration gains information about their enterprises' position in the economy, the appropriateness of their chosen strategic direction, and the extent to which internal capabilities and resources are being utilized. The adoption of Resolution No. 207 of the Cabinet of Ministers of the Republic of Uzbekistan dated July 28, 2015, “On the Introduction of Criteria for Assessing the Efficiency of Joint-Stock Companies and Other Business Entities with State Participation”, as well as Resolution No. 1013 dated December 14, 2018, “On Measures to Radically Improve the System of Financial Rehabilitation of Enterprises with State Participation”, further highlights the relevance and necessity of conducting financial analysis of economic entities.



The purpose of financial analysis is to clearly present the financial activities of operating business entities to their management, to identify shortcomings, to assess the key financial indicators of the enterprise and the factors influencing them, and to develop measures aimed at improving the stability of the financial position [2].

Nowadays, competitive specialists must possess the skills to analyze the financial condition of business entities. A modern specialist should have both theoretical knowledge and practical skills in conducting financial analysis across all sectors and areas of the economy. They must be able to evaluate the performance of a business entity based on its key financial indicators using information sources, promptly identify changes and the internal and external factors influencing them, uncover unused opportunities, and develop recommendations that serve as the basis for making sound management decisions to improve financial stability.

LITERATURE REVIEW

The topic under study is currently of great relevance. In order to improve the performance of “O‘zbekiston Temir Yo‘llari” JSC, several theoretical and scientific sources have examined the financial condition, liquidity, and profitability analysis of the railway sector. In particular, in 2024, Payazov studied the issues of low short-term liquidity and high operational costs—typical for enterprises with high capital requirements—through the lens of the Financial Stability Theory. In 2024, Qodirov studied the effectiveness of investment projects, external debt, and exchange rate risks. To ensure stability, the Theory of Investment and External Debt Management was proposed, aimed at optimizing external debt and subsidy mechanisms. Efforts to reduce costs and optimize service tariffs through the modernization of railway infrastructure were also emphasized.

In 2023, Tursunov explored the Theory of Infrastructure Modernization, focusing on improving stability through the introduction of digitalization and automation. In the same year, Mansurov proposed the Theory of Financial Risk Management and Corporate Governance Enhancement, which emphasizes improving stability by managing financial risks and strengthening the corporate governance system. In 2024, Karimov conducted scientific research focused on analyzing financial efficiency in order to achieve financial stability by adjusting service tariffs, managing investments effectively, and improving enterprise management.

METHODOLOGY

In the practical research conducted on ensuring the financial stability of state-owned enterprises, it is essential to utilize scientific literature, particularly in the context of “O‘zbekiston Temir Yo‘llari” JSC. The analysis and improvement of the financial condition of “O‘zbekiston Temir Yo‘llari” JSC are carried out based on scientific methods and approaches.

When conducting research on the topic, explanations are provided based on scientific-theoretical foundations as follows:

- Systematic approach
- Comprehensive analysis
- Theoretical generalization

In the scientific activity carried out on this topic, the internal and external environments of the organization are studied using the systematic approach, taking “O‘zbekiston Temir Yo‘llari” JSC as a case study. The financial stability of the enterprise is examined as a multifactorial phenomenon through comprehensive analysis. The research incorporates both international and local experiences in studying the operational practices of the company, supported by theoretical knowledge.

DISCUSSION AND RESULTS

“O‘zbekiston Temir Yo‘llari” JSC (Uzbekistan Railways) is an integral part of the country’s economy and transport infrastructure and is managed by the state. The railway sector supports



the national logistics system, economic growth, and international trade. At the same time, ensuring financial stability in state-owned enterprises holds particular importance, as it not only ensures the efficient use of public funds but also plays a crucial role in attracting large-scale investments and supporting economic development [3]. Several factors influence the financial condition and stability of “O‘zbekiston Temir Yo‘llari” JSC. Operations under state ownership are mainly carried out based on government financial oversight, resource allocation, and alignment with strategic objectives.

To ensure the financial stability of “O‘zbekiston Temir Yo‘llari” JSC, attention should be given to the following theoretical aspects:

- **Financial Management:** The efficiency of financial management in state-owned enterprises is a key factor in ensuring their stable operation. Although the railway sector is funded by the government, effective financial management is essential for its modernization and sustainable development.
- **Investment Flows:** The renewal of railway infrastructure, the introduction of modern technologies, and the assurance of safety require substantial investment. In state-owned enterprises, financial stability can be strengthened through investment flows and external financial sources.
- **Government Support and Subsidies:** The railway system is often subsidized by the state. However, inefficient allocation and poor management of such subsidies can negatively affect the financial condition of the enterprise.

To ensure the financial stability of “O‘zbekiston Temir Yo‘llari” JSC, it is necessary to achieve the following results [4]:

- **Improving financial efficiency:** Enhancing financial management, saving resources, and better managing debts will help ensure the stability of the railway system.
- **Investment opportunities:** Financial stability can be achieved through the introduction of modern infrastructure and technologies.
- **Public-private partnership:** Cooperation between the public and private sectors, especially in the investment area, in state-owned enterprises can contribute to improving financial stability.

Necessary data for the activities of “O‘zbekiston Temir Yo‘llari” JSC are collected and analyzed, and the company’s financial reports along with statistical data and documents from 2018 to 2023 are studied through thorough analysis.

When analyzing the financial condition of the enterprise, the interconnections between enterprise factors and the forecasting of indicator development trends are considered. The evaluation and analysis of the financial condition for 2018-2023 are based on data from the Ministry of Economy and Finance of the Republic of Uzbekistan and the State Statistics Committee.

Table 1

The enterprise’s freight and passenger transportation indicators

№	Years	Freight transportation (million tons)	Freight turnover (billion ton-kilometers)	Number of passengers (million people)
1	2018	51.6	49.8	21.4
2	2019	52.8	50.5	22.1
3	2020	48.2	46.3	18.9
4	2021	53.4	51.2	23.5
5	2022	56.8	54.1	24.8
6	2023	58.2	56.3	25.6



Analysis results of the decrease in freight and passenger transportation in 2020 due to the impact of the pandemic.

Table 2

Financial indicators of the enterprise

№	Years	Income	Net profit	Profitability (%)	Liabilities
1	2018	12.5	1.1	88	4.8
2	2019	13.2	1.2	9.1	5.3
3	2020	11.8	0.91	7.6	5.7
4	2021	14.7	1.6	9.6	6
5	2022	16.8	1.8	9.5	6.2
6	2023	18.2	1.9	9.9	6.5

To ensure the financial stability of “O‘zbekiston Temir Yo‘llari” JSC, strategic management, effective investment, and proper allocation of state subsidies are essential. At the same time, enhancing the stability of state-owned enterprises requires the implementation of external cooperation and modern financial management. This will enable further development of the Uzbekistan railway system and contribute to the country’s economic growth [5].

Statistical indicators of “O‘zbekiston Temir Yo‘llari” JSC for 2023-2024 to ensure the financial stability of state-owned enterprises.

Table 3

Statistical data of “O‘zbekiston Temir Yo‘llari” JSC

№	Key indicators	Years		Difference %
		2023 y	2024 y	
1	Shipped cargo, thousand tons	73 674,8	73 964,3	100,4
2	Freight turnover, million ton-kilometers	27 080,7	27 465,3	101,4
3	Transported cargo, million tons	109 411,1	102 678,8	93,8
4	Passenger turnover, million passenger-kilometers	3 903,7	4 072,9	104,3
5	Dispatched passengers, thousand people	9 626,5	9 829,7	102,1
6	Transported passengers, thousand people	9 809,7	10 010,2	102,0
7	Total number of employees, thousand people	71,175	66,263	93,1
8	Newly created jobs	464	0	0,0
		Years		Difference %
		2023 y	2024 y	
9	Operational railway length, km	4 839,7	4 839,7	100,0
10	Including electrified railway lines, km	1 942,2	1 942,2	100,0

The growth rate of the export volume planned for 2023-2024 at “O‘zbekiston Temir Yo‘llari” JSC is highlighted, indicating that the export volume is being expanded significantly.



CONCLUSION AND RECOMMENDATIONS

Large strategic entities such as “O‘zbekiston Temir Yo‘llari” JSC play a significant role in Uzbekistan’s economy. Ensuring the financial stability of such enterprises not only supports their effective operation but also contributes to the sustainable development of the entire economic system. Based on the conducted research, the main factors affecting financial stability at “O‘zbekiston Temir Yo‘llari” JSC include high operational costs, a large share of outdated fixed assets, debt burden, and the effectiveness of tariff policy. At the same time, the company is taking important steps to strengthen its financial stability through government-supported strategic investments, infrastructure modernization projects, and international cooperation. Ensuring financial stability in major state-owned enterprises in our country requires a systematic approach, the implementation of modern management practices, and the establishment of an effective monitoring system. This will enhance their contribution to economic growth and ensure tangible positive outcomes.

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