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Article



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ANALYSIS OF LOANS ALLOCATED BY BANKS TO CONTRACTOR ORGANIZATIONS IN UZBEKISTAN

Abstract: This article analyzes the role of construction-contracting organizations in providing the population with affordable housing and the loans granted by commercial banks today. Also, based on the improvement of the housing supply system, the issues of satisfying the population's demand for housing were also analyzed.

Key words: This article construction of low-cost housing, economic foundations of housing construction, analysis of the state of housing construction, issues of bank loans for housing.

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Introduction

Today, it is an urgent task to build high-quality and modern housing for the population of Uzbekistan and to provide the population with large-scale housing. As a result of the construction of houses, owning one's own apartment has been raised to the level of value in our nation since ancient times. In this case, housing is treated not just as real estate or temporary shelter, but as a miraculous homeland within a homeland. Therefore, every family in our country has the right to have their own house, regardless of their financial conditions, social status and level.

Therefore, wherever you go to any region of our republic, you can't help but be surprised by the ongoing creative work, the construction of modern housing and buildings. Now, in place of the old city, there are new and modern houses - places and the high quality of service of the infrastructure facilities that serve the population.

In this regard, in the address of the President of our country to the Oliy Majlis, special attention is paid to the issues of reforming the social sphere, and the implementation of the adopted programs is being ensured step by step. This, in turn, shows the relevance of the chosen topic by increasing the responsibility of contractors in construction organizations and optimizing other costs in the construction process.

Analysis of literature on the topic

Russian scientists A.N.Asaul, M.N.Starovoytov, R.A.Faltinsky, I.S.Stepanov thought about construction costs and the factors affecting them, and studied them by linking them to factors such as the duration of construction, the share of the main costs. Also, in their works, the main idea that it is necessary to optimize the main costs in construction, so that other costs will reduce by themselves, is highlighted.

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O. V. Sorvina, A. N. Asaul, M. G. Kvitsiniyas have also given a number of opinions and comments on cost reduction and optimization in their scientific works and works. In particular, they explained cost optimization in connection with their management methods. At the beginning of the process, it is possible to achieve cost reduction with the help of carefully calculated cost norms and selected effective method.

However, until now, the role and importance of the contractor's "other expenses" in the formation of the price of construction objects have not been researched by the economists, scientists and the above-mentioned scientists of our region.

Research methodology

Empirical research method was mainly used in the implementation of the research, that is, the issues of increasing the social well-being of the population based on housing construction were considered, the issues of crediting housing construction were mentioned in detail, and conclusions and proposals were developed regarding the improvement of the sector.

Analysis and results

In the following years, large-scale works were carried out in the republic to improve the architectural appearance of rural settlements, to raise the standard and quality of life of rural residents due to the construction of individual houses according to model projects, to rapidly develop engineering and transport communications, and social infrastructure facilities in the countryside.

It should be noted that in order to develop "New Uzbekistan" massifs and meet the population's demand for housing, in 2023: 1

- Annual volumes of new housing construction in 53 "New Uzbekistan" areas and 161 other areas, including private contracting organizations, will be doubled to 90,000;

- In 2022, 44,000 apartments were built and put into use, and as a result of the implementation of the specified measures, the number of apartments to be built in 2023 will increase by at least 100 percent compared to last year.

Sufficient funds from the State budget will be allocated to 26,000 citizens for mortgage loans based

on market principles, as well as for 11,000 citizens to allocate subsidies to cover part of the initial contribution and interest payments.

As a result, in 2023, a subsidy in the amount of 1 trillion soums will be allocated to cover part of the initial contribution and interest payments within the framework of mortgage loans.

As part of the new procedure of providing the population with housing through mortgage loans on the basis of market principles, the "My first house" program was developed and launched as a pilot program in Tashkent region for citizens who do not have housing based on property rights. will cry.

Due to the issuance and placement of mortgage bonds of the "Uzbekistan Mortgage Refinancing Company" on the international and local stock exchanges, the company's charter fund will be increased to the equivalent of 100 million dollars.

In this case, the funds raised for the placement of mortgage bonds are placed in banks as a resource for mortgage loans. As a result, additional 3,000 mortgage loans will be allocated to the population.

Therefore, the state of financial support of contracting organizations for the construction of multi-apartment housing in our country. Today, the development of the mortgage market, in addition to encouraging the population to purchase housing through mortgage loans, is also the reason for the development of multi-apartment housing by contracting organizations. require financial support for place-making projects.

1.2 trillion in 2020 for the construction of multi-apartment houses by commercial banks to contracting organizations. 2 trillion soums in 2021. soums, and 2.1 trillion in 2022. loans amounting to 2.8 trillion soums have been allocated, and as of January 1, 2023, their balance is 2.8 trillion. amounted to soum.

In 2022, the construction of 37.9 thousand apartments by commercial banks to contracting organizations will cost 2.1 trillion. Soums or 4% more loans (87.4 billion soums) compared to the same period last year.

In 2022, 1.2 times more (2.8 thousand) multi-apartment apartments were built and put into use than in 2021 due to the allocated loan funds (Table 1).

Table 1. General information on financial support of contracting organizations by commercial banks²

Amount of allocated loans, bln. in soums	In 2020	In 2021	In 2022
		1 248,6	2 011,6
- the number of the contracting organization	199	261	430
- the number of houses to be built	591	763	840

¹ <https://daryo.uz/k/2023/02/09/ozbekistonda-2023-yilda-ipoteka-kreditlari-uchun-1-trln-som-subsidiya-ajratiladi>

https://cbu.uz/upload/iblock/1a4/y4o4tv5e4mtycqh55cuej7jp2imhj105/Mortgage-report_2022.pdf

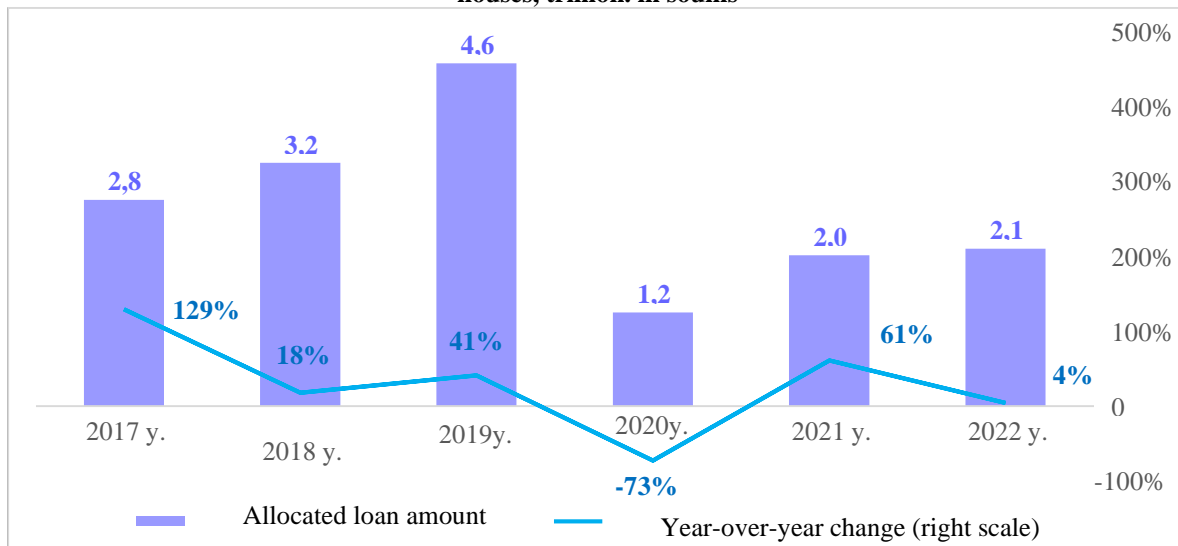
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- the number of apartments to be built	31 895	36 788	37 868
The balance of allocated loans,	01.01.2021	01.01.2022	01.01.2023
billion in soums	1 906,5	2 455,1	2815,8
- the number of the contracting organization	215	314	546
- the number of built houses	444	628	1 021
- the number of built apartments	27 091	33 975	50 901
The amount of guarantee compensation given by the fund, bln. in soums	176,3	124,3	456
The average loan amount is bln. in soums	10,2	6,6	5,5
Average loan percentage (provided by the fund compensation is not taken into account)	20,5	21,3	22,3
Average loan term (in months)	27,3	20,1	22,7
Houses commissioned for use			
- number of houses	461	252	322
- the number of apartments	20199	11 015	13 823
Unfinished houses			
- number of houses	140	374	846
- the number of apartments	8 904	17 514	44 461

In 2017-2022, the total amount of loans allocated by commercial banks to contracting organizations is

15.9 trillion. soums or 3% of loans allocated to legal entities (Fig. 1).

Figure 1. The amount of loans allocated to contracting organizations for the construction of multi-apartment houses, trillion. in soums



During this period, the high demand for these loans in the region was formed in the city of Tashkent (26% of allocated loans), Surkhandarya region (12%) and the Republic of Karakalpakstan (9%), and relatively less in Navoi (2%), Khorezm (2.2 percent), Bukhara (3.9 percent) regions.

It is noteworthy that in 2022, 14.9 percent (313 billion soums) of the loans allocated to contracting organizations (2.1 trillion soums) will go to

Surkhandarya, 13.6 percent (286 billion soums) to Andijan regions and 10.5 percent (219 billion soums) was contributed by the Republic of Karakalpakstan, and there were changes in the structure of the share of the regions in allocated loans compared to previous years (Figure 2).

Also, 23 percent of the allocated loans (478.9 billion soums) were directed to finance the

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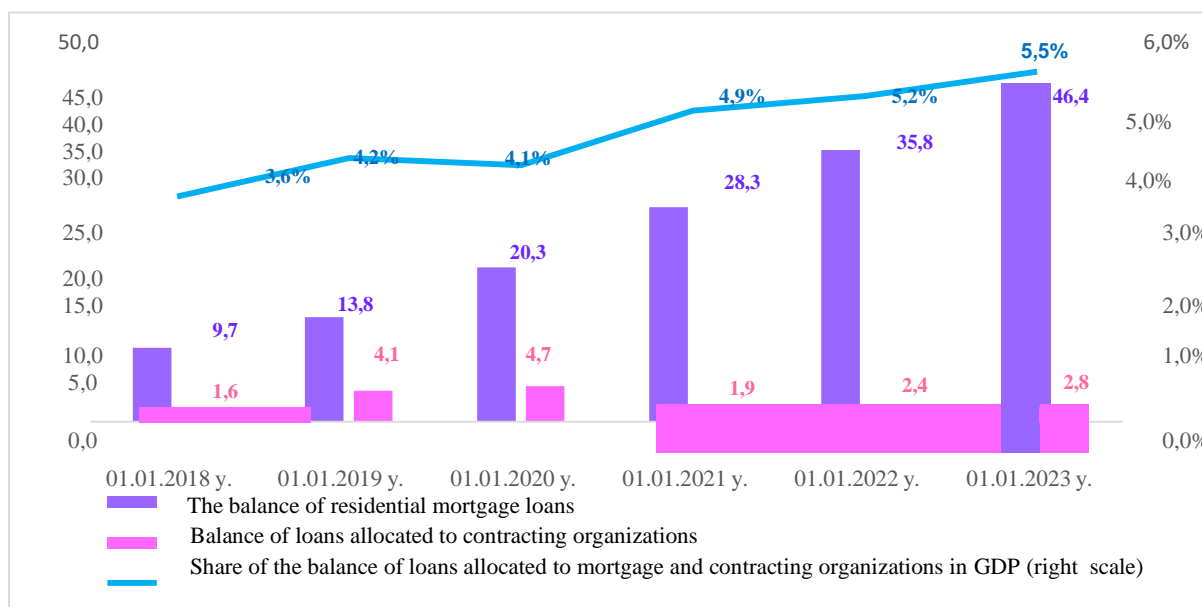
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construction of 221 housing units with 6,731 apartments in the "New Uzbekistan" massifs.

As of January 1, 2023, the balance of loans allocated to contracting organizations is 2.8 trillion soums (increased by 15% compared to last year), the balance of mortgage loans allocated to the population is 46.4 trillion soums (30 percent increase), the share of funds directed to the country's housing market in the gross domestic product reached 5.5 percent, having increased by 1.9 percentage points compared to January 1, 2018.

As of January 1, 2020, the balance of loans allocated to contracting organizations is 2.8 trillion soums compared to the corresponding period of 2019, decreased by 1.9 trillion soums. This decrease is primarily due to the decrease in economic activity due to the global pandemic, and the total cost of housing completed at the expense of bank loans is 4.8 trillion soums, as well as a total of 7.4 trillion soums. can be explained by the extinguishment of loans in the amount of soums (9.7 times more than in 2018).

Figure 2. The share of the balance of mortgage loans allocated to contracting organizations and the population in GDP



As of January 1, 2023, the main part of the balance of loans in the regional segment is Surkhandarya (18 percent), Samarkand (10.4 percent), Tashkent city (10 percent), and in the segment of

banks, Qishloqkurlishbank (31 percent), Milliybank (11 percent) and Ipotekabank (11 percent) is contributing.

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Figure 3. The balance of loans allocated to contracting organizations is the share of territories, in percentage

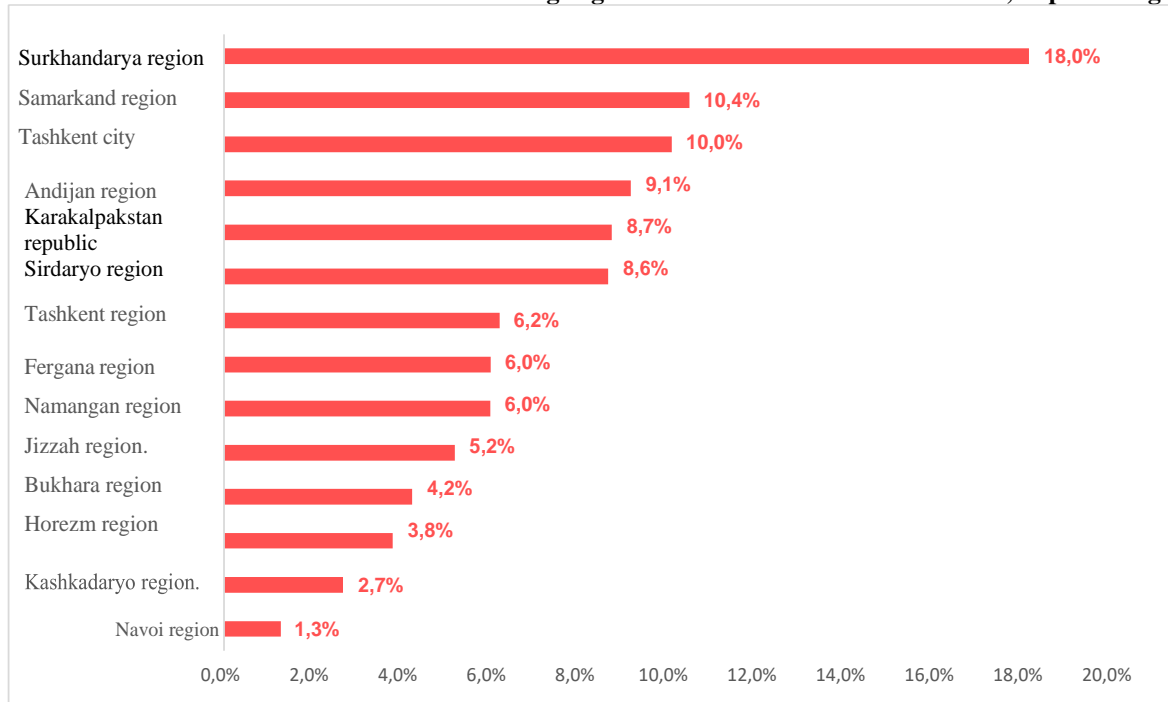
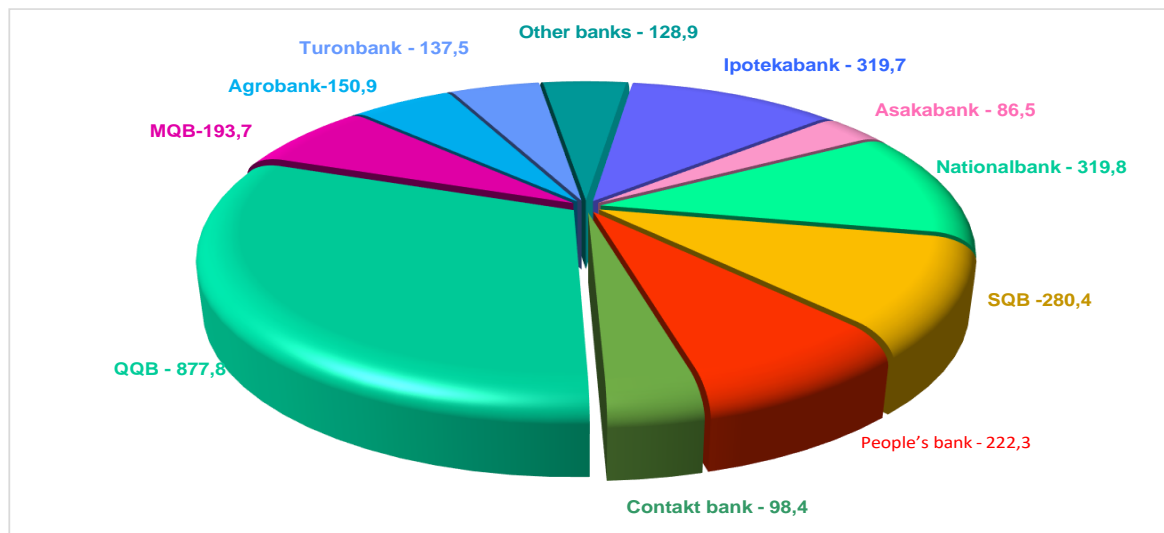


Figure 4. Banks' share and profits in the balance of loans allocated to contracting organizations for the construction of multi-storey houses in 2017-2022



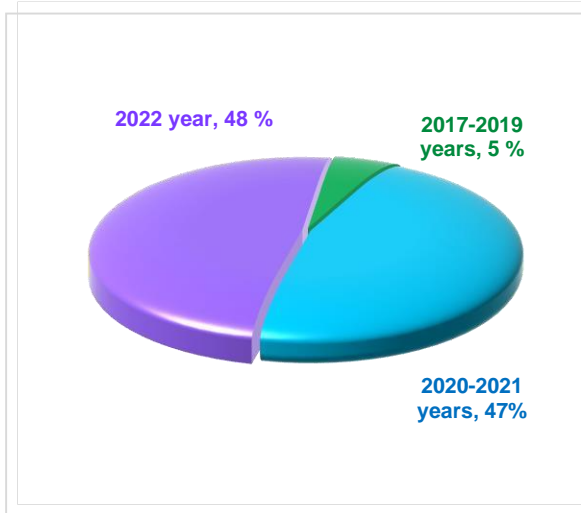
Analyzing the balance of allocated loans by terms, it can be seen that 5% of them were allocated in 2017-2019, 47% in 2020-2021 and 48% in 2022. Also, 61 percent of these loan balances are expected

to be closed by the end of 2023, 30 percent by 2024, 7 percent by 2025, and 3 percent by the end of 2026, according to the schedule established in the contract.

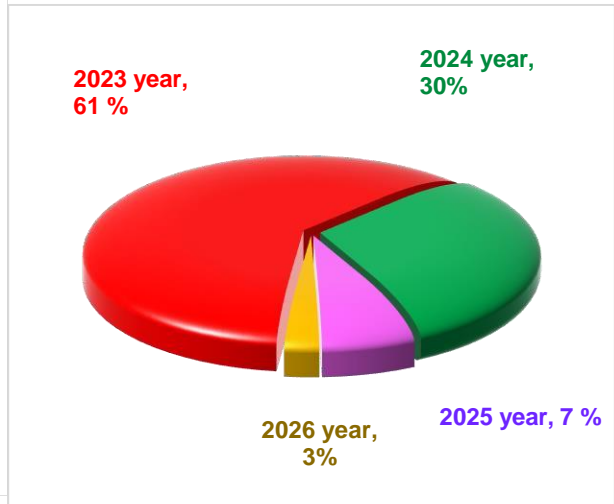
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Figure - 5.

The balance of loans allocated to contracting organizations by terms analysis



Maturity periods of loans allocated to contracting organizations analysis of



It should be noted that over the last 6 years, the construction of 121 miig apartments was financed from the loans allocated to contracting organizations by commercial banks. In 2022, the share of apartments whose construction was financed by a bank loan in the total number of commissioned apartments increased by 5 percentage points compared to 2021 and amounted to 50 percent (37.9 thousand). This, in turn, shows that the weight of contracting organizations participating in the housing construction market with bank loans is increasing.

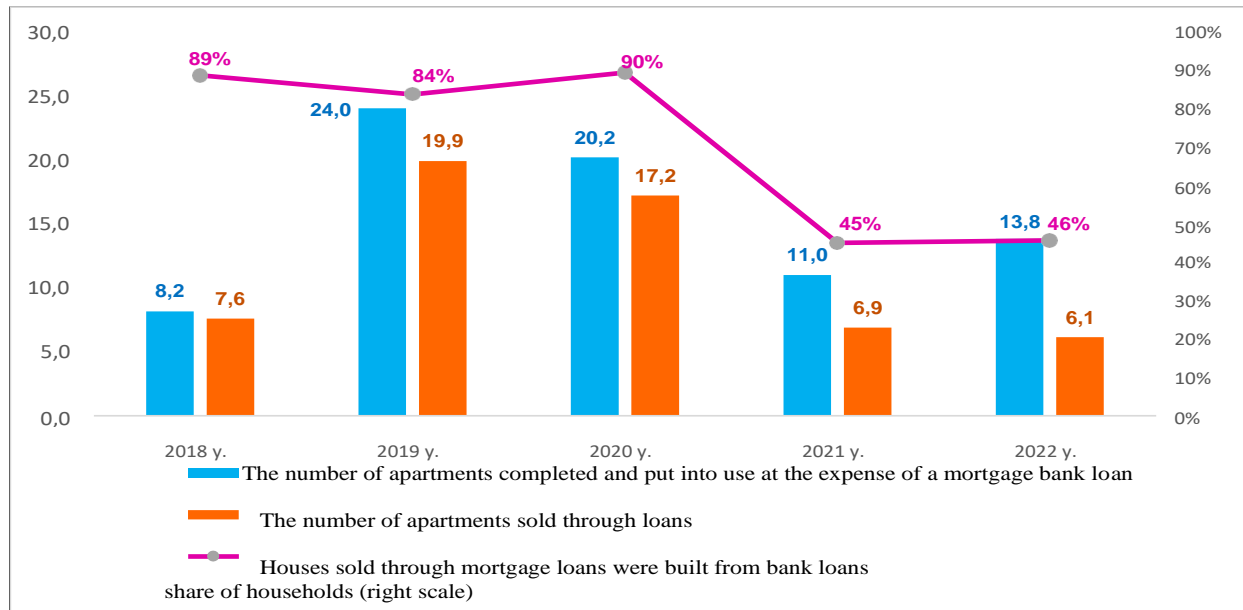
In 2017-2022, 48.6% (886) of the 1,824 houses built and put into use at the expense of bank loans were 1-5-story, 29.6% (539) 6-9-story, and 21.8% (399) consisting of 10-story and higher houses.

In 2022, among the 13,800 houses built and put into use at the expense of a bank loan, the share of houses sold to citizens through a mortgage loan increased by 1 percentage point compared to 2021 and amounted to 46% (6,100), but it decreased by 2 times compared to 2020.

This decrease can be explained by the increase in the tendency of the population to buy houses built at the expense of bank loans with cash funds. Taking this trend into account, commercial banks need to further improve monitoring mechanisms and reassess existing risks in terms of timely repayment of loans allocated to contracting organizations.

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Figure 6. In 2018-2022, the number of apartments completed and put into use at the expense of bank loans and sold through mortgage loans, thousand



The continuous increase in the population's demand for housing leads to a rapid increase in the rate of construction of residential areas by contracting organizations not only in cities, but also in rural areas. In 2017, the share of houses financed by bank loans was only 5% (1,037), but by 2022 this indicator will reach 54% (8,160).

In accordance with the decision of the President of the Republic of Uzbekistan No. PQ-4701 of May 1, 2020, the loan interest rate allocated by the State Fund for the Support of Entrepreneurial Activities does not

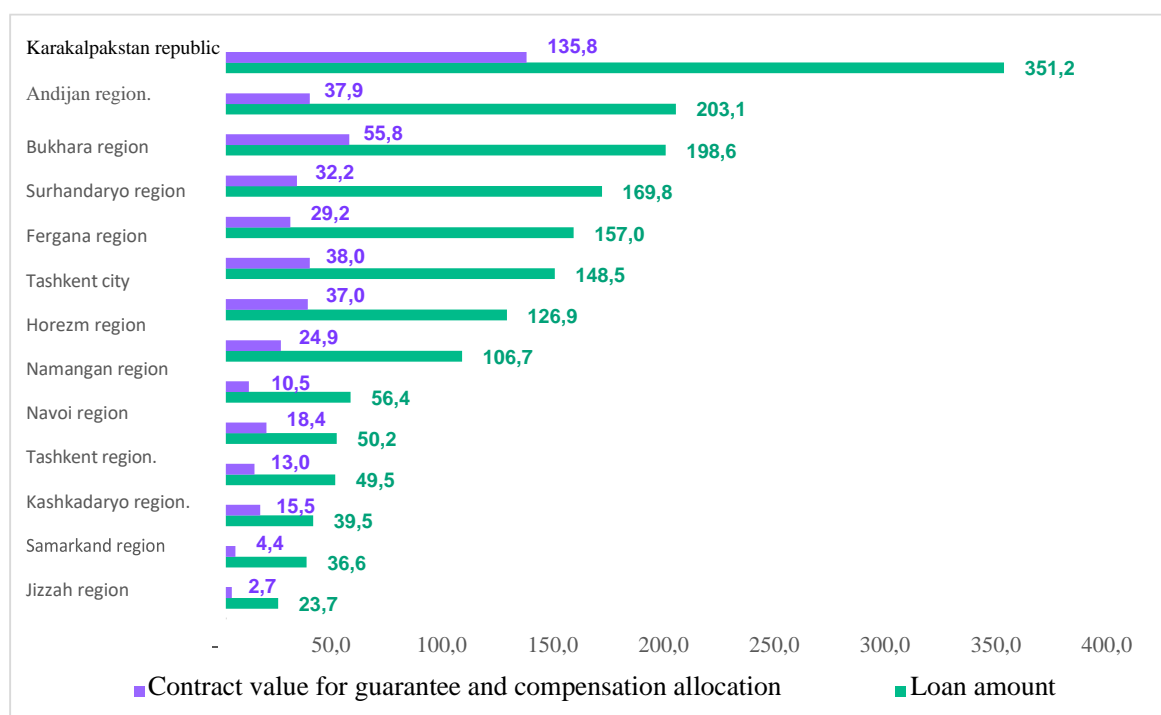
exceed 1.5 times the Central Bank's main interest rate. compensation is provided during the term of the loan up to 24 months to cover the part exceeding the rate, but not more than 30% of the basic rate.

In 2022, 1.7 trillion was allocated to 469 contracting organizations by the State Fund for the Support of Entrepreneurial Activities. a total of 456 billion soums (82% of loans allocated in 2022) for loans. Soums of guarantees (317 billion soums) and compensation (139 billion soums) were signed.

Figure 7. The amount of guarantees and compensations allocated to contracting organizations by region

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The highest share of guarantee and compensation funds goes to the Republic of Karakalpakstan (29.8 percent), Bukhara region (12.2 percent) and Tashkent city (8.3 percent).

In addition, in 2022, 1.8 trillion soums or 23% more loans than in 2021 were extinguished by foreign contractors. In particular, 16.7 percent and 16.4 percent of loans were extinguished in Tashkent city and Jizzakh region, respectively, and a high percentage of total returned loans was recorded.

Conclusion and suggestions

From the information in the above table, it can be concluded that the terms of sale to young families, residents of old houses and other categories of citizens who need to improve their housing conditions are set for a period of 20 years, taking into account the well-being of our population, and that the initial contribution is not required. The introduction of a preferential interest rate lower than the refinancing rate of the Central Bank and the setting of a 36-month period ensure a positive result of the reforms. At the same time, allotment of land areas for the construction of affordable multiapartment houses is carried out by the Council of Ministers of the Republic of Karakalpakstan, regional and city hokims based on the orders of "Uzshakhar Qurilish Invest" LLC and participating commercial banks only in the areas where the demand is high among the population. As a result of the conducted research, the following scientific and practical recommendations were developed:

- firstly, to improve the monitoring of the work carried out in the regions and districts regarding the provision of affordable housing to the population in the regions of our republic;

- secondly, to ensure the continuous operation of the commissions established under the authorities to provide the population with affordable housing and to reduce the number of required documents;

- thirdly, studying foreign experiences in providing the population with affordable housing and paying attention to the issue of extending the loan term;

- fourthly, to establish a separate department in regional authorities to provide the population with affordable housing and to form a base of the population's requirements for housing;

- fifthly, to ensure a decrease in the cost of model houses built at the expense of optimization of costs of construction-contracting organizations for construction materials and items.

In addition, the affordability of houses is achieved due to the provision of tax, customs relief and other benefits for program (contractor) participants. In addition, the affordability of houses is achieved due to the provision of tax, customs relief and other benefits for program (contractor) participants. In conclusion, it should be said that the social well-being of our population will increase as a result of the fair policy of the President, economic and social support of the population, and wide-scale reforms to provide the population with affordable housing.

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