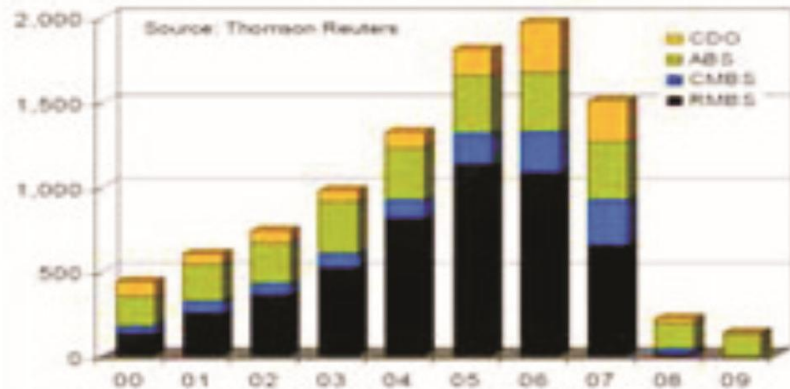


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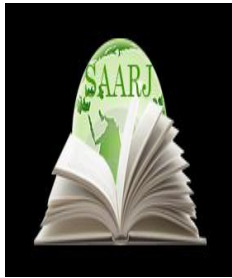
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(Double Blind Refereed & Reviewed International Journal)



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# SAARJ Journal on Banking & Insurance Research (SJBIR)

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## A STUDY OF FATF'S APPROACH TO BLACKLISTED COUNTRIES

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### ABSTRACT

*Today, due to the expansion of financial exchanges between the countries of the world, this issue is recognized as a necessity, and there is no country in the world that claims that it can meet all its needs without contact with other countries. On the other hand, the large volume of monetary and banking transactions at the international level has caused criminals to launder money and turn the money from crimes into safe money through operations. Therefore, one of the institutions that has been established in recent years worldwide to monitor and prevent money laundering crimes is the Financial Action Task Force (FATF). However, in its laws, this institution states definitions and examples that do not comply with the policies of some countries, including the concept of terrorism. Therefore, this financial institution has put some countries in the list of non-cooperating countries and has asked the member countries to take countermeasures against these countries. The financial institution demands from its members the implementation of notification instructions in order to create an integrated system in monetary and financial transactions in order to block any infiltration and infiltration and to prevent money laundering and terrorist financing.*

**KEYWORDS:** Money Laundering, Terrorist Financing, Financial Action Task Force (FATF).

### 1. INTRODUCTION

Today, the stability of multilateral political and social relations of countries depends on trade and economic activities. It can be said that economic relations play an important role in collective activities. With the global expansion of the economy and the prosperity of financial markets, the transfer of capital through various means, especially governments, is becoming commonplace. The globalization of the economy, especially in high-profit capital markets, has created harmful phenomena in economic systems, the most important of which is the phenomenon of money laundering. Money laundering is the conversion of profits from misappropriation and corruption of



seemingly legitimate assets. In money laundering, the proceeds of illicit activities are converted into money or wealth, apparently obtained through legal means, in which "laundered money" enters the economy. This is generally done in such a way that the true source of the money remains unclear. In fact, it is a new offense to lose track of the proceeds of crime. This type of offense is largely dependent on the original offense. This group includes those who seek to "launder" money by smuggling drugs and weapons, embezzlement, bribery and other illegal means. Accordingly, in order to prevent this ominous phenomenon and monitor the financial system at the international level, a special financial action group was established (Aalipour, 2016: 163).

## **2: International Trade; Underlying financial crimes**

Most economists believe that trade is the engine of development in today's societies. Today, the need to be present in global markets due to the expansion of trade around the world has become so widespread that in all areas, especially the economy, it is not possible to stay out.

In today's world, having a static and closed economy lacks economic logic. Apart from this, international trade has several sources that directly and indirectly affect the rate of economic growth. The dynamism or, in other words, the openness of the economy as an effective indicator of productivity and increase the efficiency of allocated resources can ensure and promote development patterns in a country. The field of foreign trade and the conquest of international markets, whether in the field of technology and resources, can prevent severe shocks in the economy. In developing countries, which sometimes suffer from defective and inflexible structures in the field of trade, so the adoption of strategic policies in this area seems necessary (Farhadi: 50).

The phenomenon that is referred to today as globalization is one of the factors of the new world order and determines future developments. Another important issue for effective global interaction is regionalism. To this end, the countries of the world tend to join the economic blocs of the regions in order to increase economic prosperity, improve economic growth and also expand trade between members, and this issue is increasing day by day. Therefore, it is necessary to obtain a suitable share of the international market, cooperation and interaction with regional and international organizations and unions (Zirak, 2008: 57).

The phenomenon of globalization in the international system is one of the fundamental changes that has taken place in the last century, has attracted the attention of thinkers. In such a way that attention to the requirements of its fulfillment in the cultural, economic and political spheres seems inevitable. The development goals and requirements set by the Islamic Republic of Iran in achieving a leading position in the field of economy, science and technology in the Asian region in the horizon of 1404 will follow the platform of effective interaction in international trade.

One of the characteristics of globalization; The growth of global trade, the growth of foreign direct investment, the growth of money and capital trade, the rapid transfer of technology and the increase of communications and media and information exchange processes are expressed in different parts of the world.

The high growth rate of exports, the growth rate of foreign direct investment, as well as the growth of capital trade due to the increase of banks and multinational corporations in developed countries show the importance of globalization. At present, a country that can use the above tools well and knows how to use them properly in relation to other countries will be very successful in this regard (Ibid: 61-58).

Therefore, in this regard, we refer to the two types of crimes that play a greater role in the international economy today.

## **1-2: Money laundering**

In the current era, trade and economic activities play a decisive role in the political position of governments, and consequently the relations between countries, whether bilateral or multilateral, are in accordance with their economic power. One of the crimes that has increased significantly in proportion to the economic growth of countries in the world is money laundering. The scale of this crime has been so great that it has become one of the main problems of the world economy. Therefore, both at the international level and at the domestic level of countries, a serious determination and will has been formed to confront this crime (Gholami, 2011: 93).

Money laundering means turning profits from corruption and misconduct into seemingly legitimate assets. In this process, the money obtained from illegal actions is transformed into money or wealth, which in its appearance, is obtained through correct and legal means, and thus "laundered money" enters the cycle of the country's economy.

In general, the reason for money laundering is that the main and real source of money remains unknown. This crime is a sub-crime in order to deviate and prevent the identification of the income obtained from the main crime. For this reason, the perpetrators are mostly those who earn money through drugs such as drugs, embezzlement, arms smuggling, bribery and other illegal methods, and in fact seek to "launder" money.

Money earned illegally and in violation of the official laws and regulations of a country can be divided into three general categories:

a. Gray money: Includes revenues from the production and sale of goods that are usually hidden from government control for tax evasion.

B. Black money: includes proceeds from the smuggling of goods.

J. Dirty or red money: includes revenues from drugs, terrorist operations and human trafficking (Motaharikhah, 2016: 91).

### **1-1-2: Fight against money laundering in international documents**

One of the actions of governments in the fight against money laundering is cooperation with other countries in the form of international organizations, multilateral treaties or committees, which in this section, some of the most important cases are stated:

#### **1-1-1-2: Money laundering in the Convention against Narcotic Drugs and Psychotropic Drugs (Vienna Convention)**

In December 1988, the United Nations Convention adopted the first international document requiring signatory states to criminalize the laundering of illicit proceeds in their domestic law, known as the Vienna Convention. The scope of the convention was limited to the trafficking of narcotics and psychotropic substances. This convention was approved by the Islamic Consultative Assembly on the 3rd of Azar 1370 according to a single article (Bagherzadeh, 2004: 189-188).

#### **2-1-1-2: Statute of Basel Committee**

In 1988, banking authorities in 12 countries signed a charter in Basel, Switzerland, which required member banks to fully comply with principles such as identifying customers, preventing

suspicious transactions, and cooperating with anti-money laundering organizations. Employees in order to identify methods of tracking suspicious transactions, support law enforcement forces to prevent illegal actions and activities (Tahzibi, 2002: 56).

### **3-1-1-2: Charter of the European Union (1990)**

According to the charter, the European Union in Europe and even abroad adopted the same anti-money laundering policy, according to which the issue of money laundering went beyond drug revenues and other organized crime was included. The agreement emphasizes money laundering, investigation and inspection, as well as the confiscation of the proceeds.

### **4-1-1-2: Resolution of the International Organization of Securities Commissions**

In 1992, the organization issued a resolution encouraging members to take action to combat money laundering in the securities market.

### **5-1-1-2: United Nations Convention against Transnational Organized Crime (Palermo)**

The convention was established in 2000 in Palermo, Italy. The convention calls on governments to take legislative action to criminalize the misappropriation of proceeds of crime. According to this point, each member state is required to take criminal action in accordance with the basic principles of its domestic law. Article 6 refers to general issues that need to be criminalized, and in all of them, there is a spiritual element, which is the same knowledge that this property is the proceeds of crime (Gholami, 2011: 107).

Article 7 of the Convention states that each State Party is required to establish a comprehensive internal regulatory and administrative system for financial institutions and other entities in order to prevent and identify forms of money laundering. In accordance with Articles 18 and 27 of the Convention, States also guarantee that the various executive, law enforcement and domestic bodies will be able to cooperate and exchange information at the national and international levels, in order to develop and strengthen global, regional and bilateral cooperation. They will make the necessary efforts to deal with the crime of money laundering (Bagherzadeh, 2004: 29-35).

### **6-1-1-2: The Financial Action Task Force (FATF)**

It is recognized as the most important and active international organization for the continuous and comprehensive fight against money laundering. In 1990, the organization issued forty proposals for anti-money laundering planning, and in 2001, eight other proposals were submitted by the organization to combat the financing of terrorism, supplementing the forty proposals.

## **2-2: Terrorist Financing**

There is no single definition of terrorism that is accepted by all countries. However, the characteristics of terrorism include violent acts with financial and human losses, as well as the secrecy of acts prior to terrorist operations. One of the important requirements of any terrorist operation is the issue of its financing. So that the administration, management and execution of any terrorist operation without anticipation of its financing is difficult and impossible.

The first step in identifying the revenues used by terrorists is to understand the needs and expectations of financing terrorist groups. It should be noted that not all proceeds are spent on terrorist operations. This is because these groups have other costs, such as maintaining, expanding, and promoting their goals. In addition, expenses such as travel expenses, forging papers and

documents, taking bribes and providing weapons and ammunition are also included (GhaemMaghami, 2019: 36).

Terrorist financing is mainly obtained through the proceeds of illegal activities such as drug trafficking, human trafficking, arms trafficking, and so on. In fact, the three most important elements of arms supply, financing and ideology are the important elements of terrorism. Among these three elements, financing is very important. Because access to this subject also provides other elements.

For this reason, preventing financing and also blocking the ways for them to reach the mentioned resources, has a decisive role in creating and continuing the activities of terrorist groups (Haidar al-Sheikh, 2010: 100).

On the other hand, today the activities of terrorist groups are organized and mainly in several countries. Therefore, it is necessary to establish cooperation between countries at the international level in order to fight and especially to finance it.

### **1-2-2: International rules on terrorist financing**

Regarding the fight against terrorism as well as the fight against the financing of terrorism, various rules have been recently established, most of which are aimed at restricting countries in cultivating terrorism and their activities. The most important of these rules are international treaties and Security Council resolutions. The difference between the two is that treaties are binding on governments. While Security Council resolutions are binding on all UN member states, international treaties are binding only on treaty members.

### **2-2-2: The role of the United Nations in the fight against terrorist financing**

The decisive role of the United Nations in the fight against the financing of terrorism can be seen in various conventions, including the 1999 Convention for the Suppression of the Financing of Terrorism.

One of the important goals of the UN Charter is to maintain international peace and security. Therefore, the member states of this convention created this convention with the increase of terrorist acts in the world. The purpose of the signatory states of the Convention is to address issues such as the increase in terrorist operations around the world, as well as its close connection with the financial assistance received by terrorists.

The text of the convention was finally adopted by the UN General Assembly in 1999 and has so far been ratified by more than 186 countries. For this reason, this convention is known as one of the most important and best international conventions (Haidar al-Sheikh, 2010: 105).

The International Convention for the Suppression of the Financing of Terrorism recognizes three obligations for member states:

- 1- The criminalization of financing terrorist operations in the criminal law of countries.
- 2- Extensive coordination and cooperation with other member states of the Convention in all aspects.
- 3- Preparing and codifying the necessary laws for the position of financial institutions in detecting and reporting cases of suspected terrorist financing.



It should be noted that countries are required to accede to the Convention, and if they do not, an executive guarantee is provided for in the UN Charter. This can be deduced from the binding nature of Security Council Resolution 1373 regarding the immediate obligation of countries to accede to international conventions and protocols relating to terrorism (Tayebifard, 2005: 305-301).

### **3-2-2: Security Council resolutions**

The UN Security Council, in accordance with its inherent duties, has issued various resolutions in accordance with Chapter VII of the UN Charter following the establishment of terrorist operations in several countries, the most important of which are as follows:

- Resolution 1267 of 1999 on the freezing of Taliban funding;
- Resolution 1333, 2000, on the freezing of the financial resources of Osama bin Laden and al-Qaeda;
- Resolution 1373 of 2001 regarding the establishment of the Committee against Terrorism;
- Resolution 1377 of 2001 regarding the request of countries for the full implementation of Resolution 1373.

Several important issues can be understood from the review of the resolutions issued by the Security Council:

1. All member states are required to refrain from financing terrorist acts.
2. Condemn those who intentionally provide property directly or indirectly to terrorist acts.
3. Persons who commit terrorist acts or intend to commit them, as well as their partners, immediately block their bank accounts and their property and assets.
- 4- Prevent any material or moral support from individuals or groups involved in terrorist operations.
5. States are required to take the necessary measures to prevent the commission of terrorist operations before any terrorist operation, such as alerting other countries and exchanging necessary information.
- 6- Member countries are required to cooperate with each other in conducting investigations as well as criminal measures related to the financing of terrorism (Haidar al-Sheikh, 2010: 107-106).

In general, tackling the issue of terrorist financing is one of the major goals in the world. . Those countries that have previously enacted and enforced money laundering laws have less difficulty enacting anti-terrorist financing regulations and only need to take new and necessary measures in matters such as tracking down and prosecuting criminals. However, countries that have not yet adopted laws on combating money laundering and combating the financing of terrorism, face difficulties in achieving the desired result (Mirzavand, 2016: 58).

### **4-2-2: Classification of countries in the Financial Action Task Force**

The Financial Action Task Force classifies countries into four categories based on their compliance with their 49's standards:

- A) Countries that fully comply with the standards (which mostly include developed countries).

B) Developing countries to bring their laws in line with standards.

C) Non-cooperating countries, which do not cooperate with the group and therefore financial and trade exchange with them is dangerous.

D) Countries against which strict measures should be taken (reciprocal measures).

Currently, only two countries, the Islamic Republic of Iran and North Korea, are in the fourth category. It should be noted, however, that in Panama, according to international documents, there is far more widespread money laundering than in other countries, indicating that the FATF also pays attention to political behavior. In fact, the Financial Action Task Force in 2008 announced that the Islamic Republic of Iran is at risk of money laundering and terrorist financing, and since 2010 our country has been blacklisted by that institution. This means that there is a high risk of money laundering and terrorist financing in the country's banking system (Strategic Research Institute of the Basij Lawyers Organization, 2016: 9-4).

This is important because, according to the recommendations and warnings of the Financial Action Task Force, international banks and financial institutions refrain from conducting financial and monetary exchanges with banks, institutions, and individuals, although they exercise extreme caution. Consider the most risky conditions to minimize the risk of investing.

For the first time in 2009, the Financial Action Task Force introduced the final benchmarks for countries around the world as well as evaluators. But since 2000, the FATF has included in its annual reports a list of countries in the world called (blacklisted), which includes the most risky countries in terms of investment.

On the other hand, the list is published by the Organization for Economic Co-operation and Development (OECD) under the title (countries and powers unsuitable for cooperation). The list includes countries that, according to FATF assessors, do not cooperate in the global fight against money laundering as well as the financing of terrorism. Of course, after the meeting (G20) in 2008, the Financial Action Task Force, after criticizing the list, decided to review its studies in more detail (Fooladi, 2018: 88).

For the first time in 2009, the name of the Islamic Republic of Iran was blacklisted by the Financial Action Task Force along with the names of Uzbekistan, Pakistan and Turkmenistan. This measure was repeated in the following years, while the Financial Action Task Force reserves the right to add the names of some countries and remove the names of some countries in its routine reviews. But the Islamic Republic of Iran, along with North Korea, in addition to being at the top of the black list, was on the list of countries that were recommended by the Financial Action Task Force based on the assessments and expertise of that organization (ibid: 89).

In 2005, UN Security Council Resolution 1617 strongly advised member states to implement the 49-year-old FATF standards. Security Council Resolution 1929 in 2010 also encouraged the Financial Action Task Force to set guidelines for the imposition of sanctions on the Islamic Republic of Iran.

### **3: Recommendations of the Financial Action Task Force on Combating Money Laundering**

The first comprehensive FATF report was published in 1990 and consisted of three sections. The first part was about the extent and strategy of money laundering, in which it emphasized the involvement of financial institutions and banks in the fight against money laundering, which shows their important role in this phenomenon. The second part is about the measures taken to combat

money laundering, and the third part contains forty recommendations, which are known as (forty recommendations). In fact, these recommendations include a comprehensive international plan to prevent as well as combat money laundering. It has amended and supplemented the forty recommendations of the provisions of the 1998 Vienna Convention, as well as the principles adopted by the Basel Committee on regulatory and banking procedures in 1988 regarding international cooperation (Abbasi, 2007: 153).

These recommendations have been the product of the efforts of many of the world's best experts in various professions. It has been widely welcomed by countries around the world and also endorsed by many international institutions and organizations and is recognized as an international rule in the field of anti-money laundering measures.

For example, in addition to the ratification of many international bodies, the UN General Assembly, at its extraordinary session in 1998, proposed that it approve the forty recommendations of the Financial Action Task Force. The UN Security Council, in Resolution 1617 of 2005, also explicitly called on UN member states to implement the FATF's 40 recommendations. The European Union has made a similar request to its member states. Therefore, although these recommendations are not binding in nature, it should be borne in mind that all member states of this institution have accepted and implemented the recommendations politically and even acted in accordance with the recommendations to combat anti-money laundering laws.

Another point about the recommendations of the Financial Action Task Force is that considering that the financial system of the member states of this institution is different and therefore not all of them can follow the same criteria, so the recommendations were formulated in such a way that in addition to being applicable by countries. However, financial exchanges should not limit them and should not be an obstacle to the economic development of these countries. To this end, the FATF Recommendations provide a minimum of practical standards for member states so that they can select recommendations according to their own circumstances and in accordance with the regulations of that country (ibid: 155-154).

Experts of the Financial Action Task Force, according to the reports of countries, especially on issues of financial transparency, tax regulations, monetary and banking system laws, etc., provide advisory opinions on the level of investment risk in these countries, which is considered by international investors. Attention and citation.

#### **4: CONCLUSION**

It seems that the membership of countries in the Financial Action Task Force is inherently desirable, so that the benefits can be counted in several parts. The first fruit of joining this financial institution is economic transparency, which can enhance a country's position in the international arena. The rules and regulations of this financial institution promise the growth of monetary and banking standards as a front line in the fight against corruption. On the other hand, attracting foreign investment is one of the components of development in countries in strategic areas of the economy. Today, investors are assessing countries' ability to invest with the expected profits, along with the economic security of the destination country. The FATF ensures the security of investors while facilitating the inflow of capital to member countries.

The FATF has blacklisted countries, including Russia and Cuba, since its inception. But with a two-pronged strategy, Russia was removed from the list in 2003. Subsequently, Cuba was removed from the black list of non-cooperating countries by engaging in constructive cooperation. At

present, Iran and North Korea still have not been able to comply with the protocols and standards of this institution and are removed from the black list.

The cooperation of countries in the framework of the FATF will be effective if the background and context of this interaction is defensible in a legal logic. The legal advice of this institution has a neutral look at the cases that can be seen as hostile. For example, the Financial Action Task Force does not consider the obligation to follow its recommendations to be negligible under any circumstances. Examples include maintaining the confidentiality of customer information, the openness of legal proceedings in the country, and the cost and financial burden of some recommendations.

1. Apart from the issues raised, the hostile and intentional actions of the United States and the influence of the United States in the FATF to confront Iran are further due.

For example, following Iran's blacklisting, the United States imposed twelve secondary sanctions on countries with ties to the Central Bank and the Revolutionary Guards. Secondary sanctions are expected to be lifted as Iran is removed from the blacklist. Unfortunately, US restrictions remain in place, and Iran's concerns remain twofold.

As mentioned earlier, the nature of some of the principles of the Task Force is challenging, including the risk of espionage and leaks. Because the country's financial information is collected in a unified manner and in a complete classification, but the uncertainty of the dimensions of the agreement, the possibility of espionage and disclosure of information. Forcing countries to impose more sanctions on individuals and entities under UN Security Council Resolution 2231 is also a challenge.

2- Therefore, we can mention two strategic points in the international arena, according to which the strategy of countries is defined in accordance with it:

The long-term goal of the United States of America, as directly and indirectly stated, is to change the regime of the Islamic Republic of Iran, which can be achieved by redefining a medium-term plan. The strategy used by the US medium-term plan comes with two tools: sanctions and negotiation. Simultaneous use of these two tools (negotiation, sanctions) is the same clever trick that can lead the authorities to a dilemma. Which individuals and institutions remain on the sanctions list and which groups are removed from the list is in line with the carrot-and-stick policy that calls for the vigilance of officials and stakeholders. Accepting commitments that create an atmosphere of self-sanction in Iran, that is, playing in enemy territory, which is a dangerous event and can have irreparable consequences.

3. There are several principles emphasized in macroeconomics, without which economics cannot be called efficient and effective. One of these basic principles is transparency.

Transparency as a driver of corruption can block any loophole for corrupters and economic disruptors. Achieving transparency in the economy has such blessings that it can be called a golden key. For example, the rate of tax evasion in Iran is so high that it has effectively removed taxes from the scope of profit. This and similar problems are due to the lack of transparency in the Iranian financial system. Therefore, there is no doubt that fundamental reforms should be made in this direction. The problem, however, is that if the FATF principles and regulations serve the sovereignty and national interests, Iran will welcome them, but if transparency is achieved for foreign banks and financial institutions, we need to be more sensitive.

## 5- Offers

It seems that the membership of countries in the Financial Action Task Force is inherently desirable, so that the benefits can be counted in several parts:

The first fruit of joining this financial institution is economic transparency, which can enhance a country's position in the international arena. The rules and regulations of this financial institution promise the growth of monetary and banking standards as a front line in the fight against corruption. Membership in the Islamic Republic of Iran can remove barriers to financial exchange and bring the economy out of recession. On the other hand, attracting foreign investment is one of the components of development in countries in strategic areas of the economy. Today, investors are assessing countries' ability to invest with the expected profits, along with the economic security of the destination country. The FATF ensures the security of investors while facilitating the inflow of capital to member countries.

1- Iran's membership can be considered in terms of domestic conditions and the nature of its relations, especially in the field of foreign relations.

Among them, we can mention the rules and regulations of the special working group, which in the absence of appropriate infrastructure inside, can be considered as the Achilles heel of this relationship. The influence of the powerful countries of this financial institution, which ironically have a long-standing enmity with Iran, is another reason.

2- Therefore, it can be stated that the membership of the Islamic Republic of Iran in the Financial Action Task Force can be considered desirable if, first, the benefits of this relationship outweigh its potential disadvantages. Second: In case the legitimate demands of Iran are not met, it should have the appropriate tools to claim its rights and violated rights. Third, to discuss differences in order to reach a common understanding of differences, especially in the field of terrorism.

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# SAARJ Journal on Banking & Insurance Research (SJBIR)

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## THE MAIN CRITERIA FOR MAKING FINANCIAL DECISIONS ON THE FINANCING OF WORKING CAPITAL OF THE ENTERPRISE

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### ABSTRACT

*This article examines the scientific basis of the formation and management of working capital of the enterprise and provides relevant scientific conclusions. For example, the need for additional production inventories may be related to supporting the maintenance of high levels of sales during the seasonal current trading period. At the same time, the volume of receivables will increase with the development of sales. The Action Strategy for the further development of the Republic of Uzbekistan for 2017-2021 sets the task of deepening structural changes, increasing its competitiveness by modernizing and diversifying the leading sectors of the national economy.*

**KEYWORDS:** *Working Capital, Current Capital, Real Sector Development, Receivables, Product Sales, Liquidity Level, Sources Of Financing, Own Credit, Profitability*

### INTRODUCTION

Currently, in a number of developing countries there are current problems related to improving the practice of financing working capital of enterprises (high inflation, high depreciation of the

national currency, high imports of raw materials, low access to commercial bank loans, etc.). presence is observed.

The well-developed circulation of commercial promissory notes in the United States, Germany, and France, and the existence of receivables collection practices, play an important role in the financing of working capital of companies.

The Action Strategy for the further development of the Republic of Uzbekistan for 2017-2021 sets the task of deepening structural changes, increasing its competitiveness by modernizing and diversifying the leading sectors of the national economy. This creates the need to increase the financial stability and solvency of enterprises in the real sector of the economy. In turn, increasing the financial stability and solvency of these enterprises requires improving the practice of financing their working capital.

At present, there are problems related to improving the efficiency of working capital financing of enterprises of the country. The current problems in this area are the large amount of receivables and payables between enterprises, their weak cash flow, the low level of use of loans by commercial banks.

The amount of working capital is determined not only by the needs of the production process, but also by random factors. It is therefore recommended to divide working capital into constant and variable types.

There are two main interpretations of the concept of “permanent working capital” in financial management theory. According to the first interpretation, working capital is a constantly needed part of accounts receivable and production reserves throughout the entire operating period. This is, for example, the amount of current assets that an entity has at its disposal on an average time parameter.

According to the second interpretation, constant working capital is the minimum amount required to carry out production activities.

This approach means that a company needs certain minimum working capital to carry out its activities, such as the balance of funds in my current account, which are some analogues of reserve capital. In subsequent descriptions of the data, we follow the second interpretation.

The variable working capital category reflects additional current assets that are needed during the busiest period of the process or as an insurance reserve. For example, the need for additional production inventories may be related to supporting the maintenance of high levels of sales during the seasonal current trading period. At the same time, the volume of receivables will increase with the development of sales. Additional cash is needed to supply raw materials and supplies, as well as to pay for pre-employment activities prior to the high-level entrepreneurial period.

The purpose of working capital management was to determine the amount and composition of working capital, their sources of coverage and the ratios between them, sufficient to ensure the long-term production and efficient financial performance of the enterprise.

When working capital is low, production activity is not provided at the level of demand. As a result, there is a possibility of liquidity loss, periodic interruptions in work and low profit margins. In the optimal period of working capital, income is at its maximum.

As a result of further increase in the amount of working capital, the enterprise will have a temporarily vacant, immobile current capital, as well as additional costs associated with financing. As a result, the amount of profit is reduced.

Thus, the working capital management strategy and tactics should ensure a balance between the risk of liquidity loss and operational efficiency. This solves two important issues.

1. Provide solvency.

Such a condition does not arise if an entity is unable to pay its debts on accounts, fulfill its obligations, and possibly declare bankruptcy. An enterprise that does not have a sufficient level of working capital may be at risk of insolvency.

2. Ensuring a reasonable composition and profitability of assets.

It is known that different levels of different current assets affect profits in different ways. For example, high levels of production and inventories require correspondingly high current costs. At the same time, a wide range of finished products can then pave the way for increased sales and revenue growth.

Every decision regarding the maintenance of a moderate level of cash, receivables and inventories must be taken into account in terms of the profitability of these types of assets and the optimal structure of working capital.

The possibility of a decrease in the level of liquidity or a decrease in efficiency due to the volume and composition of working capital can lead to the following events:

1. Lack of funds.
2. Lack of own credit.

Cases involving the risk of insufficient working capital financing include:

1. High level of creditor indebtedness.

When an entity acquires tangible assets on credit, a creditor indebtedness arises in connection with certain maturities.

Perhaps the company has bought large amounts of reserves in the near future that it does not need or at an expensive price. As a result, at a time when the amount of credit and the amount of unused reserves is too large, the enterprise will not have the funds to repay the debts. This, in turn, leads to non-fulfillment of obligations.

2. The imbalance between sources of short-term and long-term debt.

Although long-term resources are typically more expensive, in some cases, they can generate significant returns when liquidity growth is less. For many business managers, the efficient use of different sources of money is a relatively new challenge.

3. The large share of long-term debt in liabilities.

Long-term loans play an important role in the technical and technological re-equipment of enterprises. However, the high share of long-term debt in the volume of liabilities leads to an increase in the amount of costs associated with covering them.

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## ON THE PROCESS OF DEVELOPING MIRZACHO

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### ABSTRACT

*The issues and problems of development of protected and gray lands in the field of agriculture in Uzbekistan in 1946-70 and the provision of these areas with qualified personnel are covered. There are also problems with the socio-economic and cultural life of the resettled people. To this end, more people from the mountainous and non-cotton-growing regions of the country are involved. In particular, in 1948, 250 farms were relocated from Parkent district of Tashkent region to Mirzachul and Boka districts.[3]. Advocacy work has also begun to bear fruit. Due to these and similar benefits, the number of families moving to newly developed lands has increased, and in 1966 alone, about 37,000 families in our country moved to protected and gray lands.*

**KEYWORDS:** *Communism, Dissatisfaction, Party, Guard, Religion, Atheism, Cadres, Obsolescence, Press, Desert, Resource, Enlightenment, Creed, National, Mentality, Assimilation, Migration.*

### INTRODUCTION

During the Soviet era of command-based management, in Uzbekistan, as in all colonies, extensive methods of production were widely used, regardless of the objective laws tested for the socio-economic development of society. In particular, the special resolution of the Central Committee of the CPSU and the Council of Ministers of the USSR "On measures to develop cotton growing in the Uzbek SSR" adopted on February 2, 1946 set the task to increase cotton production in Uzbekistan 2.5 times in 4-4 years. Based on this decision, the resettlement of people to the newly developed lands, including Mirzachul, has been accelerated [1]. To this end, from the second half of the 1940s, more attention was paid to the "voluntary-compulsory" relocation of the population from the provinces to Mirzachul. The people of Uzbekistan, who worked selflessly on the front and behind the war, were tasked with developing new lands for the further development of cotton growing. A number of measures have been taken to improve the socio-economic situation of the displaced population, new settlements have been built, and migrants have been provided with housing. However, due to the complex climatic conditions of Mirzachul and the lack of demand

for hastily built housing without taking into account the mentality of the local population, social problems have escalated and staff shortages have not been eliminated.

In the last years of the USSR government, along with national conflicts throughout the union, the escalation of socio-economic crises did not bypass the population of Mirzachul. We still remember with sadness that the people of Jizzakh were slandered and blamed during the Soviet era by the former Center for the "cotton affair", "the affair of the Uzbeks", "rashidovism", and all this fell on the shoulders of ordinary, innocent people. Especially the people of Jizzakh, who were heartbroken by such injustice, but did not bow to him, were slandered in the face of various slanders against the humble and wise statesman, well-known writer SharofRashidov, who ruled Uzbekistan in very difficult and difficult years. "It's worth bowing to his endurance and perseverance" [2].

The issue of population migration is a complex process, and since ancient times, humanity has been trying to move from one area to another in search of a comfortable place to improve its habitat and living conditions. Migration (Latin migration - migration, relocation) refers to the movement of a citizen, family or community from one place to another, it is based on the principle of freedom and voluntariness. The process of population migration from one place to another is of a permanent and seasonal nature and can take place within one country and through migration from one country to another. The concept of "resettlement" is based on decisions made by public authorities and other legal norms of a certain part of the population. In it, the displaced population is seen as a driving force and complement to certain methods and relations of production, one of the main reasons for which is to maintain the balance of productive forces and efficient use of labor resources through the territorial redistribution of previously spontaneously located labor and labor resources.

The Resolution of the Council of Ministers of the Uzbek SSR and the Central Committee of the Communist Party of Uzbekistan (b) of April 15, 1949 "On measures for further development of Mirzachul lands" paid special attention to the issue of providing labor force and qualified specialists to newly established farms. To this end, more people from the mountainous and non-cotton-growing regions of the country are involved. In particular, in 1948, 250 farms were relocated from Parkent district of Tashkent region to Mirzachul and Boka districts.[3]. Advocacy work has also begun to bear fruit. For example, a group of people from the village of Bakhmal in the Samarkand region were the first to move to the Boyovut state farm in the Syrdarya region. They were called "Kiyik Tepa", "Kanop", "DarvozaKir", "Kazak Ovul" due to the structure of the sovkhoz lands, arable lands, location of the population and other features. The number of migrants from Samarkand, Tashkent, Fergana and other regions has increased. They leveled Kiyiktepa and planted cotton and orchards in its place. In 1952, the current Boyovut 2 state farm was established. Five years later, the number of people who moved to the state farm from the provinces reached 2,000. In those years, the farm was headed by UsmonYusupov.[4]. That is why the name of the place of migration is still preserved in the settlements established in Mirzachul. For example, Andijan sovkhoz, Samarkand, Forishlik mahalla and others.

From the end of 1953, N.S., who was the first secretary of the Central Committee of the CPSU and at the same time the chairman of the Council of Ministers of the USSR, pursued a voluntarist policy without regard to objective political and economic laws. Khrushchev gave the following instructions on the implementation of the development of protected and gray lands: the development of protected lands is a vital task. Further development of new lands and their introduction into state circulation will bring great economic benefits. But it is not the most

difficult to cultivate the land, it is necessary to increase the population, so that the protected lands can be developed.[5]. It can be seen that no matter what the situation, population growth in new lands has always been in the focus of the state.

In the process of implementing the resettlement policy, the government has also begun to take measures to help the population change their previously adapted lifestyle and work in accordance with the established procedure, to get used to living in harmony with the community. In particular, families who moved to the newly developed lands of Uzbekistan and worked on collective and state farms were exempted from agricultural taxes for up to five years. Due to these and similar benefits, the number of families moving to newly developed lands has increased, and in 1966 alone, about 37,000 families in our country moved to protected and gray lands.[6]. So we can see that material incentives have also been more effective in relocating the population.

In 1947, 1863 families moved to the newly established cotton and grain state farms of Uzbekistan, and from 1950 to 1952 3986 families moved. However, the pace of housing construction and staffing in these newly developed areas was far behind demand.[7].

Research materials show that in the post-war years, the workers and employees of the newly formed state farms faced great difficulties in providing them with housing. First of all, due to the fact that the resettlement was not carried out according to the plan, the number of migrants was several times higher than the number of newly built houses. The prolongation of housing construction was caused by regular interruptions in the supply of building materials. In addition, hastily built houses were in urgent need of repair. "In 1950, only 43% of state farm workers were provided with housing" [8]. Workers on many state farms were forced to live in basements or tents due to lack of housing.

Those who moved to the newly acquired lands with great hopes worked hard. As a result, the state not only covered many expenses related to the protection and development of gray lands, but also brought to the state a net income of 18 billion soums. In addition, in 1949-53, an average of 300 billion soums, and in 1954-58 - 400 bln. soums worth of agricultural products were produced.[9].

A scientific study of the resettlement of the population to Mirzachul, measures taken to improve their socio-economic and spiritual-cultural life showed that this policy is a phenomenon that has significantly changed the socio-economic life of the rural population, affecting not only the geographical location of the population national composition and social and demographic changes of the population. The development of the Mirzachul, Karshi, Surkhan-Sherabad, Central Fergana and Jizzakh deserts and the introduction of new lands into agricultural consumption was largely due to the selfless work of the resettled people.

In conclusion, it should be noted that although the resettlement to Mirzachul was widespread, it was not always planned. First of all, during the special internal resettlement policy pursued by the Center in Uzbekistan, the necessary conditions were not created for our compatriots to get used to living away from their place of residence, place of umbilical cord blood and relatives for hundreds of years. First, the pace of construction of housing and socio-economic, cultural and household facilities has lagged behind the pace of development of new lands; second, the hastily commissioned housing was not large enough to accommodate and accommodate the relocating families; thirdly, such houses, built without taking into account the desert conditions and the mentality of the local population, did not meet their requirements and needs, causing many difficulties; fourth, the regular registration and registration of the resettled population by village councils and farm personnel departments was not organized at the required level. In addition,

these issues have been postponed due to the fact that the newly resettled population is not well aware of the ways in which they can benefit from the benefits provided to them. As a result, some of the migrants returned to their homelands. It must be said that the specialist cadres, who had migrated without knowing the conditions of the newly acquired territories, believing in various promises, had led to a growing spirit of distrust of the state and the party in the cadres. It is not difficult to understand the socio-economic, cultural and educational life of the people living in the desert, compared with the work done during the study period to provide housing for the population who moved to Mirzachul to develop the country under the "Prosperous Village" program.

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## STATISTICAL STUDY OF THE RELATIONSHIP BETWEEN CHANGES IN DEMOGRAPHIC PROCESSES AND PUBLIC HEALTH

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### ABSTRACT

*The article examines changes in demographic processes and statistics. On the contrary, rapid population growth also poses challenges in a number of areas, such as the formation of the education and health systems, manufacturing, employment, and the planning of government spending on the social sphere. Economic reforms in each country are characterized primarily by the state of its labor resources, their level of professional training and compliance with the requirements of today's labor market. The set of needs, social norms and attitudes that determine the demographic behavior of a country's population has a certain effect on population growth. When analyzing the average age of the population of some countries in the world, in early 2020, the country with the highest age at this age was Japan, with an average age of 47.3 years. In the next places are Ukraine 40.6 years, Belarus 40.0 years, which, in turn, leads to a shortage of labor in the country.*

**KEYWORDS:** *Geography, Demographic Processes, Great Geographical Discoveries, Population Reproduction, Births, Deaths, Comparative Demography,*

### INTRODUCTION

In the history of the development of society, information about the number, composition, demographic processes, including population reproduction, has existed since ancient times on the planet and in its various regions. In the first century, Strabo wrote a 17-volume book, Geography, which provided valuable information on nature, economy, ethnography, and population. Medieval sources also contain information about farms, the number of soldiers, the number of people who died of starvation and various epidemics in wars. The period from the 16th century to the beginning of the 19th century is of special importance in the development of the study of demographic processes. Because during this period, conditions were created for the emergence of demographic knowledge.



Demographic processes, like all processes in society, develop interconnected under the influence of social, economic, political and other processes. Statistics on the main natural demographic processes, births, deaths, migration from one place to another for permanent residence (population migration) show a "photo" of the quantity and quality of the countries population. The decline in the country's population makes it difficult to perform certain functions of the state and may eventually lead to the country's disappearance from the world political map. On the contrary, rapid population growth also poses challenges in a number of areas, such as the formation of the education and health systems, manufacturing, employment, and the planning of government spending on the social sphere. At the same time, the differences between the demographic development trends of the countries increase the difference in the level of economic development between the developed and developing countries. In developed countries, population decline and "aging" are observed, while in developing countries, on the contrary, there is a rapid increase. Economic reforms in each country are characterized primarily by the state of its labor resources, their level of professional training and compliance with the requirements of today's labor market. The set of needs, social norms and attitudes that determine the demographic behavior of a country's population has a certain effect on population growth. In order to regulate socio-economic processes, demographic processes and factors influencing their development are studied. Statistical data play an important role in the analysis of demographic processes, determining their prospects, planning the development of society. Statistical data on demographic processes are called demographic statistics. Demographic statistics (population statistics) is a branch of socio-economic statistics that collects, processes, expresses and analyzes data on the number, composition, location and reproduction of a population or its groups using statistical methods. Statistics: Today the world's population is 7.8 billion. more than 7 million people (an average of 1.1 percent) in the last year. The Republic of Uzbekistan ranks 41st in the world in terms of population. The Republic of Uzbekistan is consistently implementing economic reforms aimed at ensuring economic stability. The role of the country's demographic development is great, and the study of such aspects as population, its growth, location, demographic composition is of great importance in the implementation of economic goals aimed at social interests. This is because the population, as both a major productive force and a consumer, is crucial to the development of society. Population is a dynamic indicator, the change of which occurs every second under the influence of demographic processes (as a result of natural and mechanical movement of the population). The permanent population of the Republic of Uzbekistan increased from 20.6 million in 1991 to 34.6 million by 2021. Since independence, the population has grown by an average of 0.5 million people annually, maintaining a 1.7 percent increase. If we analyze the population of Uzbekistan by gender, we can see that during the years of independence, 50.6% of the total population were women and 49.4% were men, now 49.7% of the total population are women and 50.3% are men. In the first years of independence, 40.3% of the population lived in urban areas and 59.7% in rural areas. Today, 50.6% of the population lives in urban areas. 4 percent of the population lives in rural areas.

The natural movement of the population is the process of changing the number, composition and structure of the population under the influence of direct (birth, death) and indirect (number of marriages and divorces) factors. In 2020, the natural population growth in the country was 666.2 thousand, which was 19.5 natural growths per 1,000 population (coefficient). Birth is an indicator that characterizes the occurrence of birth processes and other features. Birth dynamics from 1991 to the present show 550,000 births and fewer between 1998 and 2006. In 2020, 841.8 thousand children were registered, corresponding to 24.6 babies per 1,000 populations (coefficient). In 1991, 130.3 thousand deaths were registered in the country, and in 2020 - 175.6 thousand deaths, per

1,000 population (coefficient) in 1991 was 6.2 deaths, and by 2020 (coefficient) 5.1 deaths were observed. Mechanical (migration) movement of the population is the movement of the population (migrants) for the purpose of permanent residence across a certain territory (country, region, district, city, town and other settlement) in order to change their place of residence. The dynamics of migration from the year of independence to the present day was the highest in 1991-1994, with an average of 311 thousand people. thousand people, of which 190.1 thousand people moved within the territory of the republic, 1.1 thousand people from foreign countries. In particular, the figure for women was the highest at 115.4 thousand people. The main part of immigrants to the Republic of Uzbekistan in 2020 is the Republic of Kazakhstan (37.0% of total immigrants), the Russian Federation (22.3%), the Republic of Tajikistan (20.0%), the Kyrgyz Republic (8.5%). The Republic of Turkmenistan (1.3 percent) and other countries (10.9 percent).

The dynamics of emigration from the year of independence to the present day averaged around 385,000 people in 1991-1994, the highest rates ever recorded. Between 1995 and 2005, the average migration rate was around 250,000, and since 2006 it has been around 180,000. In 2020, the total number of emigrants amounted to 203.7 thousand people, of which 190.1 thousand people moved to the territory of the republic, 13.6 thousand people to foreign countries. In particular, this figure was the highest among women at 122.3 thousand people. According to the Labor Code, the age of the population is divided into three groups - those under working age (children and adolescents under 16), working age (men aged 16 to 60 and women aged 16 to 55) and the working age population (men over 60 and 55). older women).The permanent population of the republic in the first year of independence as of January 1, 1991 was 43.1% of the total working age population, and as of January 1, 2020 this figure was 30.7%, and the working age population was 12. Decreased by 4 percent. As of January 1, 1991, the working age population was 49.1 percent, and as of January 1, 2020, it was 58.8 percent, with a gap of 9.4 percent. As of January 1, 1991, 7.8 percent of the total population was of working age, and as of January 1, 2020, it was 10.5 percent, and the gap between the two increased by 2.7 percent.

When analyzing the average age of the population of some countries in the world, in early 2020, the country with the highest age at this age was Japan, with an average age of 47.3 years. In the next places are Ukraine 40.6 years, Belarus 40.0 years, which, in turn, leads to a shortage of labor in the country. We can also see Tajikistan (24.5 years), Kyrgyzstan (26.5 years) and Uzbekistan (29.0 years) as countries with an average age of less than 30 years, which indicates that there is a sufficient labor force in the labor market.

In short, changes in demographic processes in the country have a direct impact on changes in supply and demand for labor resources.

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