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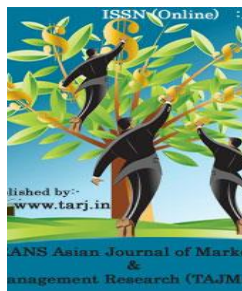
UZBEKISTAN'S CLOTHES MARKET: CONDITION, COMPETITIVE ENVIRONMENT, AND DEVELOPMENT.

Ziyodulla Hakimov*

*Senior Researcher,
Tashkent State University of Economics,
Uzbekistan street 49, Tashkent city, Uzbekistan,
Email id:bekziyo84@mail.ru
Mob:+998974454009

ABSTRACT

Article presents the state of textile market and its development in the Republic of Uzbekistan with structural changes based on marketing research. Moreover, clothing retail, clothing range of consumer market structure and its assessment are analyzed to get impact of the development. The retail trade of clothing line, clothes cloakroom features and displays of the structure are mentioned in the existing range of the population share of competitors. Final step of the formation highlighted major consumer wardrobe and all of its clothing line, to ensure the competitiveness of competing countries, domestic market-oriented marketing strategies as whole.These aspects of the flow presented the results of market research, market forecasts and the formation of a strategy for the development of one of the most acute problems(Tillyakhodjaev& others, 2016). The study also evaluates the scopes and challenges of fashion retailing in India. The scope of the study is limited to the area of Apparel retailing(Calhoun, 2013).

KEYWORDS: *Clothing market, marketing, competition, competitive, market, market conditions, market development, marketing strategies, the study panel, range research, market development strategies, the fashion market, fashion marketing, fashion events, fashion development strategies.*

1. INTRODUCTION

To meet the demand for products needed for the life of society, the state is an important issue, and is the basis for determining the welfare of the population. Thus, the formation of consumption of ready-made clothing, the characteristics of each individual study and for the development of the country requires a serious approach to tackle this issue. In Uzbekistan, this sector is believed to be one of the demandable consumer product that means that development on this sector is indispensable. Moreover, expenditures of this sector is believed to be like 6%that requires deep investigation of the development of this market(Akimov&Dollery, 2009).

The textile industry is considered one of the most advanced in the industry of its kind in the countries of the world, the development of this sector is characterized by favorable market conditions(Abdukhalil, 2016). It is believedthat, two thousand years ago in the territory of the country there were cotton yarn and cotton fabric. Until X-XI centuries Bukhara, Samarkand, Fergana and Khorezm regions and others are not made of cotton woven cloth. In the early twentieth century, the main cotton processing enterprises of light industry, gross industrial output about 4/5 of the right side of the field of the same. Since 1920, cotton, spinning and weaving, clothing, footwear factories in the field of art and industry have been gradually improved(Mentges, 2013).

At present, the textile industry of the country as a multi-industry complex, textile, spinning, weaving, knitting, leather goods and silk industry of more than 2500 enterprises, as well as more than 130 joint ventures in Uzbekistan.

The development of the garment industry provides not only consumer goods, created in this sector of the population's needs, an increase in the standard of living, along with the culture of the country, ensuring the inflow of foreign currency will serve as one of the factors. All industrial sectors in the garment industry in this sector in developed countries such as Uzbekistan and the state budget will be one of the main sources of income, large and multisector industrial sources(Kechagia& Metaxas, 2016). These aspects of the flow presented the results of market research, market forecasts and the formation of a strategy for the development of one of the most acute problems(Tillyakhodjaev& others, 2016). The results of the study of the international market share of ready-to-wear, and its long-term strategy for developing fashion business and clothing market, creating marketing research in determining measures to protect the market of imported goods, clothing factors can be used to study the formation of demand in the market(Nargiza& others, 2015).

2. LITERATURE REVIEW

In the scientific literature are presented in the consumer market and the forecasting of many scientific and applied research exists, most of them are carried out by international and national research institutes, WTO (World Trade Organization), USAID (United States Agency for International Development), Copyright Cotton Outlook Ltd, USFIA(United States Fashion Industry Association), GTFC (The Textile+Fashion Confederation), BTE (Bundesverband des Deutschen extileinzelhandels e.V.). This paper highlights the strategies implemented by Indian

fashion retailers to achieve global competiveness and win customer's confidence. The study also evaluates the scopes and challenges of fashion retailing in India. The scope of the study is limited to the area of Apparel retailing(Calhoun, 2013).

Based on the data collected through secondary sources, this paper assesses the extent of innovativeness and responsiveness retail sector for marketing fashion. In the concluding section, limitations of the study have been discussed and recommendations provided for undertaking more detailed investigations in the area(Nargiza& others, 2015; Tillyakhodjaev& others, 2016).

Marketing aims to ensure the production of goods and services that fit to the needs and desires of consumers. An accurate analysis of consumers' behaviors is the first thing to achieve this aim(Hornidge, 2017). Such an analysis will identify where, why and how the consumers buy and use a certain brand as well as why they turn to other brands. Despite changing by the merchandise, consumer behavior remains the same throughout the purchasing process. Process of deciding the purchasing basically consists of five steps: identification (being aware) of problem, data collecting, consideration of options, purchasing decision and evaluation after purchasing (Kotler and Keller, 2006:191).

There are many factors affecting the purchasing behavior of consumers. These are social and cultural factors such as culture, subculture, social class, reference groups and family (Grant and Stephen, 2005: 451)[1]. There are also psychological factors affecting purchasing behaviors of consumers such as motivation, perception, learning as well as beliefs and attitudes (Miryala and Aluvala, 2015: 163).

Textile and apparel firms with strong high value added functions such as innovation and product strategy as well as marketing and supply chain management which created a global brand should focus on increasing trade balance and productivity because they are both positively related to their industrial competitiveness(Demintseva&Kashnitsky, 2016).

3. INFORMATION DATABASE (FOR THE PERIOD FROM 2008 TO 2015)

- Official sales volumes in the domestic market of clothing groups and groups of goods associated with it - clothing and underwear, fur and fur goods, knitted goods, hosiery, - in value terms (according to the State Statistics Committee of Uzbekistan);
- Official exports and imports in quantitative and value terms of clothing items in groups 61 (items of apparel and clothing accessories, knitted, machine or hand knitting) and 62 (articles of apparel and clothing accessories other than knitted or crocheted or hand knitted) Commodity Nomenclature Foreign economic activity (TNVED);
-Official data on industrial production in the sewing and knitting industries.
- Consumption of basic clothing items, determined by the results of the panel questionnaire survey of consumers and according to the State Statistics Committee of Uzbekistan
-The data on clothing consumption per capita in foreign countries, obtained via the Internet, data from OECD.Stat and the World Bank (these data were used to justify the per capita consumption indicator of the tourli mamlacatlar).
- Estimates of various market indicators obtained during interviews and interviews. In this review, official data refers to the data of the State Statistics Committee and the Ministry of Economy.

4.   RESEARCH METHODOLOGY

During the research, various analysis tools were used: expert assessments, interviews, statistical and mathematical methods of data analysis, retrospective and prospective analyzes comparative analysis, cluster analysis, and others(Mentges, 2013).

EXPERT ASSESSMENTS WERE OBTAINED DURING INTERVIEWS AND INTERVIEWS:

- "Bek Baraka"and "Abu Sahiy" complexes in Tashkent, "Chorsu", "Dustlik", "JahonBozori", "Isfarxon" supermarket and about 100 sale zones were covered in the research;
- domestic manufacturers of clothing in the Namangan region and manufacturers with AK "Uzbekengilsanoat";
- employees of JSC "Uzbekengilsanoat" and the leader of the leading manufacturers of social networks of telegrams of gangs "Uztex Group" and @Vodiy textile group @;
At the beginning of the study, the market volume was calculated on the basis of official data on sales of goods related to the clothing market and data on individual tailoring of knitwear and knitwear. The volume of the market, calculated because of these data, according to our estimates, seemed too small, although these calculations included goods that are not clothing(Calhoun, 2013; Muminova, 2015). Moreover, domestic sales statistics on the domestic market do not distinguish separate clothing names. At our request for information on domestic production of apparel / garments, Government Statistic Committee provided data only on full assortment names, based on which it was impossible to determine the real structure of the clothing market in the country(Asadov&Aripov, 2009; Djanibekov& others, 2008).

ANALYSES AND RECOMMENDATIONS

5.1. The development and manufacture of knitted garments (secondary data analysis)

In Uzbekistan , textile products have been manufacturing under high demand of consumers. In this case, production of textile in 2005-2014 was illustrated in Picture -1. Production of textile products was 25 times more in 2014 while comparing with 2005, textile has increased 3.6 times relatively. During the years of analyzes textile products has increased 143.3 %, textile has also rocketed while reaching 115.1%.
Among countries of globe, Uzbekistan could be considered as a major manufacturer of textile(Mentges, 2013; Mouri, Mozaffarian, Zhang, &Laursen, 2014). The reason of this is linked with the rate of advancement that was 2.8 % (Global - Apparel Retail, 2012)[2],finished product grew by an average of 2.3%.[3]

In Uzbekistan, cloth manufacturing is higher while comparing to the world average growth of production. Textile was one of upward trend since 2009, textile products in high growth observed since 2011. The apparel industry in 2005, the share of industrial output increased by 0.7% to 2.5% in 2014.

The production of textile and textile products
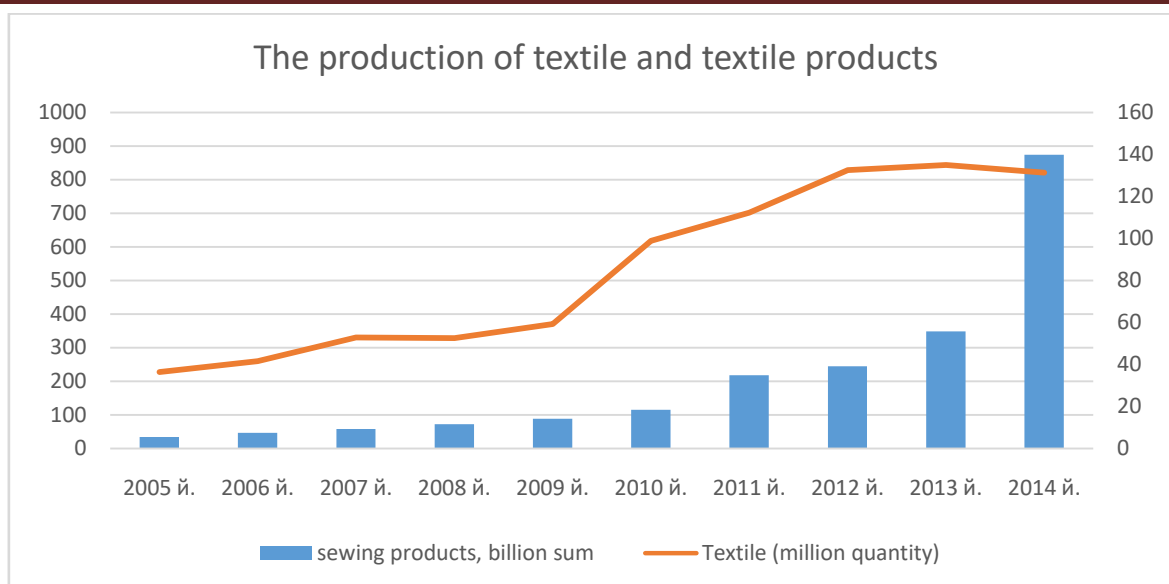
1-PICTURE[4].

Sewing and knitting products, 99% is produced by small firms and family businesses
FIGURE 2.

The production of textile and textile products

5.2. FOREIGN TRADE ANALYSIS (SECONDARY DATA ANALYSIS).

Textile and clothing industries (consumer goods) in the whole world exports accounted for the years 2008-2014 of 0.07%. However, Uzbekistan's share in world exports of clothing rose by 120.4% during the analysis(Abdukarimov B.A, 2013; Juraev, n.d.). It markets as the main competitors while participating countries, including: China 101,6 %, Bangladesh 110 %, Turkey

98,7 %, India 106,1 %, Indonesia 100,2 % Pakistan with 101,9 % increased their share on market.Analytical results of Uzbekistan's growing influence in the world clothing market.The clothing share of exports in the foreign trade balance with a share of more than 90%(3-picture).
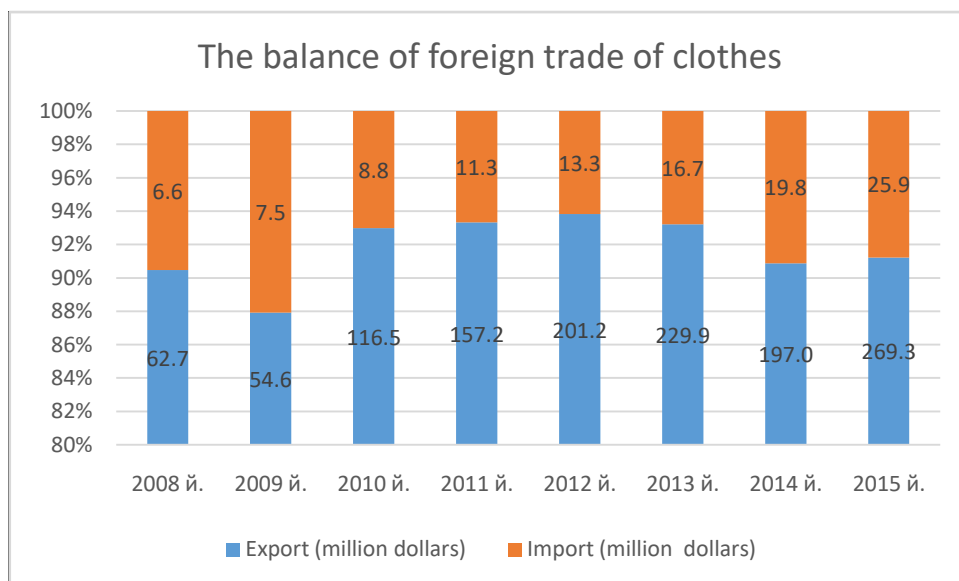
In the years of 2008-2015 export of the clothes has increased 4,2 times, import has also improved to 3,9 times, comparing with last year average 125 % , import has improved to 118 % (4-picture).
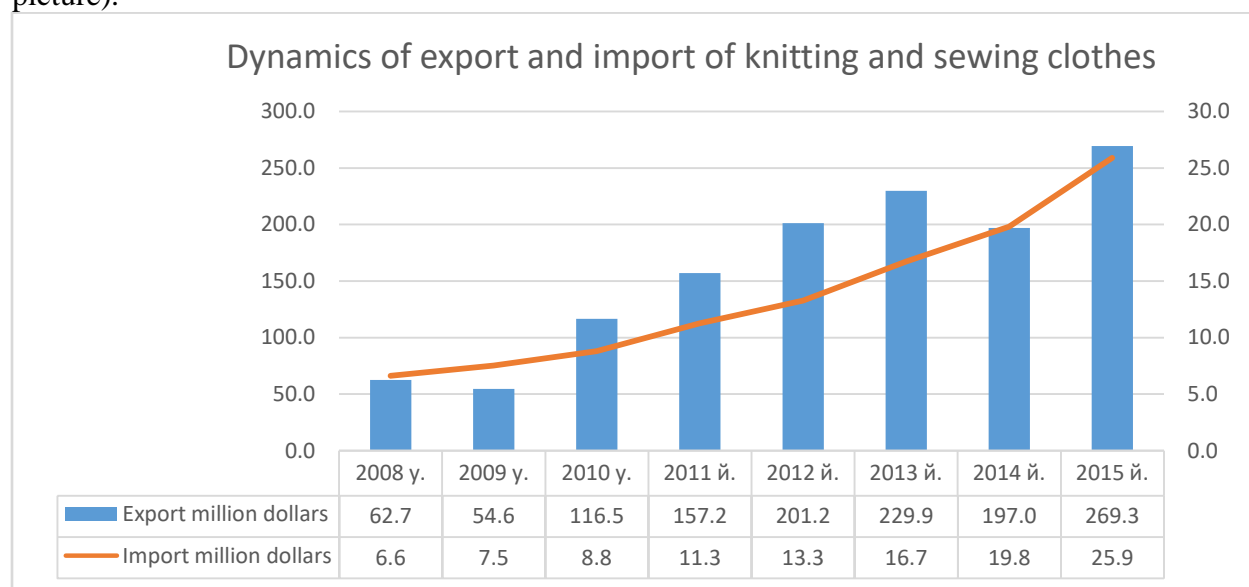
Cloth exports in 2009 due to the economic crisis that started in 2008 is observed in the state of decline, 2009 to the effective operation of the national anti-crisis program, the beginning of a

new stage in the development of the network(Abdukhalil, 2016; Nargiza& others, 2015). During the crises in the world market was observed in clothing market has achieved high growth.

CONCLUSION

The analysis of the level of economic prosperity level of economic resources owned or buying or hoarding, as well as the values indicating the ability to choose one of them as a person.

Incomes, wages, income from business activities, benefits, pensions, student grants, revenues from various types of assistance in the form of money, property, interest, dividends, gains in the form of annuities, stocks, real estate, sales of agricultural products, handicraft, home-based work, and a variety of services and consists of financial income credit banks.

Specific indicators of living standards and the purchase of consumer goods, services, and will be determined by the amount of their use. The structure of spending on consumer goods, and through the study of the distribution will be determined by changes in their consumption. Based on the analysis of the cost of ready-to-wear and knitwear population may be more accurate to describe the state of the market. Last but not the least, concluded analyses and recommendations of the paper may surve to explore better features of segment.

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"A STUDY OF DETERMINANTS OF MARKET VALUE OF SELECTIVE MIDCAP AND SMALL CAP EQUITY SHARES LISTED ON NATIONAL STOCK EXCHANGE AND BOMBAY STOCK EXCHANGE BY USING 14 VARIABLES (FINANCIAL AND NON-FINANCIAL) FOR THE PERIOD 2004 TO 2015 BY USING MULTI REGRESSION "

Ramesh kumar S. Mehtha *; Dr.Vijayshri Mehtha**

Email ids: praram999@gmail.com, Vijayshrimehtha15@gmail.com

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ABSTRACT

Stock markets are essential for economic growth as they insure the flow of resources to the most productive investment opportunities. Stock prices change in stock markets on a daily basis. Moreover, during certain times of the year, it is easy to notice that stock prices appreciate every morning, and this may take place many times in one day for some stocks. This means that stock prices are determined by supply and demand forces. There is no foolproof system that indicates the exact movement of stock prices. However, the factors behind increases or decreases in the demand and/or supply of a particular stock could include company fundamentals, external factors, and market behavior. A study to examine the empirical relationship between stock prices i.e. market value and company specific intrinsic factors, such as: Debt Equity , Age of the Company , Inventory Turnover, Dividend Payout, Debtors Turnover during the period 2005-14 . The statistical tools like Correlation Analysis and Multiple Regressions are used for the data analysis and hypothesis testing . A sample data for 263 companies were constructed. 5 Independent variables were considered for analyzing the impact of them on Market Price of the share (Dependent variable). The study mainly tried to establish a relationship between market price of shares (MPS) and fourteen other independent variables

KEYWORDS: *Debt Equity Ratio , Age of the Company ,Inventory Turnover Ratio, Dividend Payout Ratio, Debtors Turnover Ratio , Market Value Per Share , Stock Exchange , NSE , BSE*

 INTRODUCTION :

The stock market has become an essential market playing a vital role in economic prosperity that fostering capital formation and sustaining economic growth. Stock markets are more than a place to trade securities; they operate as a facilitator between savers and users of capital by means of pooling of funds, sharing risk, and transferring wealth. Stock markets are essential for economic growth as they insure the flow of resources to the most productive investment opportunities. Stock prices change in stock markets on a daily basis. Moreover, during certain times of the year, it is easy to notice that stock prices appreciate every morning, and this may take place many times in one day for some stocks. This means that stock prices are determined by supply and demand forces. There is no foolproof system that indicates the exact movement of stock prices. However, the factors behind increases or decreases in the demand and/or supply of a particular stock could include company fundamentals, external factors, and market behavior. Company fundamental factors influencing stock prices might include performance of the company, a change in board of directors, appointment of new management, and the creation of new assets, dividends, earnings, etc. External factors might include government rules and regulations, inflation, and other economic conditions, investor behavior, market conditions, money supply, competition, uncontrolled natural or environmental circumstances directly affecting the production of the company, strikes, etc. Moreover, the behavior of market participants could be an important influencing factor of stock price.

The most noble objective and advantage as to why you should invest in the stock market is probably this one. Companies want to get listed in the stock exchange to raise more capital for their business in order that they could expand. Business expansion is translated as more jobs, more taxes for the government and more economic activity. This in effect moves the nation forward and helps build the nation.

It still one of the best automobiles of investment – Even if the stock market has its up and down moments, investing long term in the stock market will still give you one of the highest returns making it one of the ideal car of investments ever. Returns in the stock market fluctuate yearly. For example, in 1986 the Philippine stock market recorded the highest return rate at 224 %. On the other hand the lowest rate of return was in 1997 at negative 41 %. However, the average return (within 20 years) is still somewhere from 24 % to 28 % per year. This means that the long term investor always wins in the long run. Similarly, in India the stock markets have registered 17 per cent growth on CAGR basis

Stock Market investments offer you benefits like easy liquidity, flexibility of amounts invested/disinvested, reasonable returns and a regulatory framework to safeguard your rights. Shares are the most popular form of stock market investments due to their higher potential for capital   growth.

There are a few of us who has ever adopted a planned and systematic approach to investing. The approach has always been largely ad hoc in nature. For instance, most of us put an alarm to wake us up in the month of March every year so that we can primarily save taxes and consequently

make good investments so that it give us a tax break and would help us to reduce our tax liability. So let us see **why one should invest in stock market** ?

OBJECTIVES OF UNDERTAKEN RESEARCH :

A study to examine the empirical relationship between stock prices i.e. market value and company specific intrinsic factors, such as: Debt Equity , Age of the Company , Inventory Turnover, Dividend Payout, Debtors Turnover during the period 2005-14

To examine the degree of relationship between various parameters / variables that have an impact on Market Price of selective Mid Cap and Small Cap Equity shares listed on National Stock Exchange and Bombay Stock Exchange for the period 2005-2014 .

To build a Multiple Regression equation which help in determining the Predictor Dependent variable (Market Price) by the Independent variables.

HYPOTHESIS :

Dependent Variable:
In this study the dependent variable is "**Market Price of Stock (MPS**)".

INDEPENDENT VARIABLES :

There was chosen **fourteen** independent variables and tried to identify how they effect on determination of market value of share which are:
(1) Sales(S) (2) Interest Cost(IC) (3) Promoter's Holding(PH) (4) Dividend Per Share (DPS) (5) Operating Profit Margin (OPM) (6) Debt Equity Ratio (D/E) (7) Age of the Company (AGE) (8) inventory Turnover Ratio & Inventory Holding Period (IHP) (9) Dividend Payout Ratio (DPOR) (10) Debtors Turnover Ratio & Debt Collection Period (DCP) (11) Earnings per Share (EPS) (12) Price-Earnings Ratio (P/E)(13) Market Price to Book Value (P/BV) (14) Dividend Yield (DY)

Following are the hypothesis corresponding to the topic under study :

1.**HYPOTHESIS ONE:**

Null Hypothesis(H0): There is no relation between Independent Variable and Market Price(Dependent Variable) of Mid Cap and Small Cap Equity shares.
Alternate Hypothesis: There is significant relation between Independent Variable and Market Price(Dependent Variable) of Mid Cap and Small Cap Equity shares.

 2.**HYPOTHESIS TWO:**

Null Hypothesis: Regression Model is not a Predictive Model. (H_0: R2 =0)

Alternate Hypothesis: Regression Model is a Predictive Model. (H_A: R2 $\neq$ 0 or H_A: R2 $\geqslant$ 0)

Level of Significance: Alpha = 0.05

RESEARCH DESIGN & METHODOLOGY :

1. **Research Design :** The Research Design for this study is "Descriptive Research Design".
2. **Sample Size and Technique :** The sample Consists of total 263 companies (66 Mid Cap Companies and 197 Small Cap Companies) Listed on National Stock Exchange and Bombay Stock Exchange .
3. **Statistical tool for Data Analysis :** Descriptive Statistics , Correlation and Multiple Regression are used for the data analysis and interpretations.

DATA ANALYSIS , INTERPRETATIONS AND HYPOTHESIS TESTING :

Mean, Standard Deviation, Co-efficient of Correlation and Multiple regression are used as statistical tools for data analysis , interpretations and hypothesis testing . Correlation and a linear multiple regression models have been selected to measure the individual as well as combined effects of explanatory variables on the dependent variables. The market price of share has been taken as the dependent variable, while other factors have been taken as explanatory or independent variables. The analysis has been employed to study the effect, keeping in view of this method has certain advantages, which are not available in any other multivariate discriminate analysis. To avoid the problem of multi co-linearity, **BACKWARD ELIMINATION PROCEDURE** of regression has been used.

A linear multiple regression model has been used to measure the combined effects of explanatory variables on the dependent variable. The general form of multiple linear equation is:

$Y=b_0+b_1X_1+b_2X_2+b_3X_3+\ldots\ldots+b_nX_n$
Where, Y = dependent variable, $X_1, X_2, X_3\ldots\ldots.X_n$ = independent variables,
$B_1, b_2, b_3\ldots\ldots.b_n$=regression coefficient of independent variables.
The statistical significance of regression coefficients have been worked out and tested with the help of t test. The coefficient of determination is computed to determine the percentage variation in the dependent variables explained by independent variables. Also adjusted R-square (R2) and change statistic values are measured. The 'F' values are also computed to test the significance of R2 with 'F' distribution at five percent level of significance.

DEPENDENT VARIABLE

In this study the dependent variable is "**Market Price of Stock (MPS)**".

INDEPENDENT VARIABLES

There was chosen FOURTEEN independent variables and tried to identify how they affect on determination of market value of share.

THE INDEPENDENT VARIABLES UNDER CONSIDERATION BY RESEARCHER ARE:

(1) Sales(S)
(2) Interest Cost(IC)
(3) Promoter's Holding(PH)
(4) Dividend Per Share (DPS)
(5) Operating Profit Margin (OPM)
(6) Debt Equity Ratio (D/E)
(7) Age of the Company (AGE)
(8) inventory Turnover Ratio & Inventory Holding Period (IHP)
(9) Dividend Payout Ratio (DPOR)
(10) Debtors Turnover Ratio & Debt Collection Period (DCP)
(11) Earnings per Share (EPS)
(12) Price-Earnings Ratio (P/E)
(13) Market Price to Book Value (P/BV)
(14) Dividend Yield (DY)

Mathematically, the equation is:
MPS = ao+b1S +b2 IC+b3PH+b4DPS+b5OPM+b6D/E+b7AGE+b8IHP+ b9DCP+b10EPS +b11P/E+B12P/BV+b13DY +b14DPOR+et

Where, MPS is dependent variable.
ao = constant term
b1,b2,b3…..,b14 are the regression coefficient of the independent variables
et= error term
The statistical significance of regression coefficients have been worked out and tested with the help of t test. The coefficient of determination is computed to determine the percentage of variation in the dependent variables as explained by independent variables. Also adjusted R square and change statistic values are measured. The 'F' values are also computed to test the significance of R square with 'F' distribution at one, five and ten percent level of significances.

Results of Hypothesis testing (From 2005-14 Correlation Table)

1. The Correlation Coefficient of **Debt Equity Ratio** is Significant (Negative) and the association between Debt Equity Ratio and Market Price is significant (Negative) and hence the Null hypothesis is rejected and alternate hypothesis is accepted.
2. The Correlation Coefficient of **Age of the Company** is Significant (positive) and the association between Age of the Company and Market Price is significant (positive) and hence the Null hypothesis is rejected and alternate hypothesis is accepted
3. The Correlation Coefficient of **Inventory Turnover Ratio** is Insignificant and the association between Inventory Turnover Ratio and Market Price is insignificant and hence the Null hypothesis is retained and alternate hypothesis is rejected.

4. The Correlation Coefficient of **Dividend Payout Ratio** is Insignificant and the association between Dividend Payout Ratio and Market Price is insignificant and hence the Null hypothesis is retained and alternate hypothesis is rejected.
5. The Correlation Coefficient of **Debtor Turnover Ratio** is Insignificant and the association between Debtor Turnover Ratio and Market Price is insignificant and hence the Null hypothesis is retained and alternate hypothesis is rejected.

FINDINGS :

The Findings from Multiple Regression (Backward Elimination Method) analysis are as follows:

Financial Year	Multiple R	R Square	Significant Variables
		TABLE: FINDINGS (Hypothesis Testing -Multiple Regression)	
2013-14	0.87 (relationship between the set of independent variables and the dependent variables is VERY STRONG)	76.5%(The value of R-square shows that 76.5% of variance In Market Price of the Share (Dependent Variable) is explained by the Independent variables)	DPS, EPS,BVPS
	MPS = 7.653043+ 6.897524 EPS + 10.04103EPS+ 1.195338BVPS+et		
2012-13	0.89 (relationship between the set of independent variables and the dependent variables is VERY STRONG)	80%(The value of R-square shows that 80 % of variance In Market Price of the Share (Dependent Variable) is explained by the Independent variables)	Interest Cost, DPS, DCP,BVPS,DY
	MPS = 82.69124 -0.02377 Interest+ 34.63358 DPS -0.78094DCP+ 1.499189BVPS-5049.57Dividend Yield+ et		
2011-12	0.86 (relationship between the set of independent variables and the dependent variables is VERY STRONG)	75%(The value of R-square shows that 75% of variance In Market Price of the Share (Dependent Variable) is explained by the Independent variables)	DPS, OPM,BVPS,DE RATIO,P/E RATIO,DY,DPOR
	MPS = -0.77674 + 29.04205 DPS+1.925633OPM-22.3189Debt Equity Ratio + 1.465942 BVPS+ 2.632862 Price Earnings ratio-1458.8Dividend Yield-283.378Dividend Payout Ratio+ et		
2010-11	0.94 (relationship between the set of independent variables and the dependent variables is VERY STRONG)	88%(The value of R-square shows that 88% of variance In Market Price of the Share (Dependent Variable) is explained by the Independent	Interest Cost, DPS, EPS,BVPS,P/E RATIO,DY

			variables)	
	MPS = 99.67352-0.02388Interest+ 33.45595DPS+1.761042EPS + 0.587855BVPS+0.34323Price Earnings ratio-4452.22Dividend Yield + et			
2009-10	0.88 (relationship between the set of independent variables and the dependent variables is VERY STRONG)	79%(The value of R-square shows that 79% of variance In Market Price of the Share (Dependent Variable) is explained by the Independent variables)		BVPS, EPS,D/E RATIO,DY
	MPS = 70.10759-14.7959Debt Equity Ratio+4.748863EPS + 1.214016BVPS-1965.16Dividend Yield + et			
2008-09	0.82 (relationship between the set of independent variables and the dependent variables is VERY STRONG)	67%(The value of R-square shows that67% of variance In Market Price of the Share (Dependent Variable) is explained by the Independent variables)		Interest Cost, IHP, EPS,DY
	MPS = 32.43862-0.01917Interest+8.56903EPS-0.05112IHP-864.814Dividend Yield + et			
2007-08	0.67 (relationship between the set of independent variables and the dependent variables is STRONG)	44%(The value of R-square shows that 44% of variance In Market Price of the Share (Dependent Variable) is explained by the Independent variables)		DPS, EPS,BVPS,PE Ratio, DY
	MPS = 136.0522+5.801489DPS+1.490261EPS+0.445777BVPS+ 0.483378 Price Earnings ratio -1407.79Dividend Yield + et			
2006-07	0.70 (relationship between the set of independent variables and the dependent variables is STRONG)	49%(The value of R-square shows that 49% of variance In Market Price of the Share (Dependent Variable) is explained by the Independent variables)		DPS, OPM,BVPS,PE Ratio, DY,DPOR
	MPS = 147.2756+38.84792 DPS-1.16729OPM+0.548966BVPS+1.808448Price Earnings ratio -1897.64Dividend Yield -388.911-388.911Dividend Payout Ratio + et			
2005-06	0.73 (relationship between the set of independent variables and the dependent variables is STRONG)	53%(The value of R-square shows that 53% of variance In Market Price of the Share (Dependent Variable) is explained by the Independent		DPS, EPS,BVPS,DY

		variables)	
	MPS = 54.73266+ 15.23146DPS+3.620938EPS+0.918648BVPS -1686.92Dividend Yield + et		
2004-05	0.81 (relationship between the set of independent variables and the dependent variables is VERY STRONG)	66%(The value of R-square shows that 66% of variance In Market Price of the Share (Dependent Variable) is explained by the Independent variables)	PH,DPS,DTO,DY,DPOR
	MPS = 68.43543+ 1.336417 Promoters Holding +26.72917DPS+0.526077DTO-644.534Dividend Yield -99.0424Dividend Payout Ratio + et		
2005-14	0.80 (relationship between the set of independent variables and the dependent variables is VERY STRONG)	62%(The value of R-square shows that 62% of variance In Market Price of the Share (Dependent Variable) is explained by the Independent variables)	DPS, EPS,BVPS
	MPS = 33.70386-0.02765 Interest +11.76868 DPS-0.2182 DCP+1.750992EPS+1.588626BVPS--1778.86Dividend Yield - et		

Multiple RValue is 0.87 Signifying that the relationship between the set of independent variables and the dependent variables is VERY STRONG, R Square Value 76.5% Signifying that 76.5% of variance.

For the Period 2005-14, Multiple RValue is 0.80 Signifying that the relationship between the set of independent variables and the dependent variables is VERY STRONG, R Square Value 62% Signifying that 62% of variance .

Regression Model is MPS = 33.70386 -22.3189DE +38.84792 AG -0.05112IP -0.0424DP -0.78094DT + **et**

Results of Hypothesis testing : (From 2005-14 Correlation Table)

1. The Correlation Coefficient of Sales is Significant (positive) and the association between Sales and Market Price is significant (positive) and hence the Null hypothesis is rejected and alternate hypothesis is accepted
2. The Correlation Coefficient of Interest Cost is Insignificant and the association between Interest Cost and Market Price is insignificant and hence the Null hypothesis is retained and alternate hypothesis is rejected.
3. The Correlation Coefficient of Promoters holding is Insignificant and the association between Promoters holding) and Market Price is insignificant and hence the Null hypothesis is retained and alternate hypothesis is rejected.

4. The Correlation Coefficient of Dividend per Share (DPS) is Significant (positive) and the association between Dividend per Share (DPS)) and Market Price is Significant (positive) and hence the Null hypothesis is rejected and alternate hypothesis is accepted.

5. The Correlation Coefficient of Operating Profit Margin is Insignificant and the association between Operating Profit Margin and Market Price is insignificant and hence the Null hypothesis is retained and alternate hypothesis is rejected.

6. The Correlation Coefficient of Debt Equity Ratio is Significant (Negative) and the association between Debt Equity Ratio and Market Price is significant (Negative) and hence the Null hypothesis is rejected and alternate hypothesis is accepted.

7. The Correlation Coefficient of Age of the Company is Significant (positive) and the association between Age of the Company and Market Price is significant (positive) and hence the Null hypothesis is rejected and alternate hypothesis is accepted

8. The Correlation Coefficient of Inventory Turnover Ratio is Insignificant and the association between Inventory Turnover Ratio and Market Price is insignificant and hence the Null hypothesis is retained and alternate hypothesis is rejected.

9. The Correlation Coefficient of Inventory Holding Period is Insignificant and the association between Inventory Holding Period and Market Price is insignificant and hence the Null hypothesis is retained and alternate hypothesis is rejected.

10. The Correlation Coefficient of Debtor Turnover Ratio is Insignificant and the association between Debtor Turnover Ratio and Market Price is insignificant and hence the Null hypothesis is retained and alternate hypothesis is rejected.

11. The Correlation Coefficient of Debt Collection Period is Significant (positive) and the association between Debt Collection Period and Market Price is significant (positive) and hence the Null hypothesis is rejected and alternate hypothesis is accepted

12. The Correlation Coefficient of Earnings per Share is Significant (positive) and the association between Earnings per Share and Market Price is significant (positive) and hence the Null hypothesis is rejected and alternate hypothesis is accepted

13. The Correlation Coefficient of Book Value per Share is Significant (positive) and the association between Book Value per Share and Market Price is significant (positive) and hence the Null hypothesis is rejected and alternate hypothesis is accepted

14. The Correlation Coefficient of Price Earnings Ratio is Insignificant and the association between Price Earnings Ratio and Market Price is insignificant and hence the Null hypothesis is retained and alternate hypothesis is rejected.

15. The Correlation Coefficient of Dividend Yield is Significant (Negative) and the association between Dividend Yield and Market Price is significant (Negative) and hence the Null hypothesis is rejected and alternate hypothesis is accepted.

16. The Correlation Coefficient of Dividend Payout Ratio is Insignificant and the association between Dividend Payout Ratio and Market Price is insignificant and hence the Null hypothesis is retained and alternate hypothesis is rejected.

RECOMMENDATIONS :

1. Stock market can be and they are very volatile and on an inauspicious /bad day could see us losing a significant and a predominant part of your investment. Prudent and Judicious investors invest for the long term. If one is looking to cash in right away, the stock market might not be a good place to put your money.

2. Selling stocks as soon as they rise in price is a sure way to move nowhere fast. Practice self control and hold on to solid stocks unless you're desperate to raise cash. Good stocks can result in big payoffs over the long run.
(a) If you buy and sell repeatedly, much of your profit will go to commissions for brokers, and your gains will suffer.
(b) "Day trading" is stacked against newcomers, because they trade against seasoned professionals and computer programs designed to buy and sell at optimum moments.
(c) Instead, hold on to stocks of companies that are solid and growing. If your stocks pay dividends, reinvest them to increase your earning potential.

3. Invest in equities only if you can Endure the sharp and unpredictable nature of the volatility in prices in the short term.. These ups and downs and sharp Swings in prices is due to the fact that they are directly influenced by various factors like the prevailing economic and political factors of the economy, change in laws, change in interest rates etc. Also, do keep in mind that in highly volatile markets, prices of even good companies fall due to the general fall in the stock markets.

4. A company may or may not be able to sustain its growth/earnings in the future. Hence, all stocks carry a risk element with them. If the company fails to perform in the future and declare bad results, their share prices fall. Even a factor like a merger and acquisition of a company can affect its share price. Forget capital appreciation, you may have to actually lose your capital!

LIMITATIONS AND FUTURE SCOPE :

The present study is based on the performance of companies from period 2005-2014 . The study can be done by taking into consideration some different time frame .

CONCLUSION :

The main aim of this Research was to analyze the determinants of market price of shares of companies listed in the National Stock Exchange and Bombay Stock Exchange . Financial data for the same was retrieved for the period 2005-2014. A sample data for 263 companies were constructed. 5 Independent variables were considered for analyzing the impact of them on Market Price of the share (Dependent variable). The study mainly tried to establish a relationship between market price of shares (MPS) and fourteen other independent variables

Understanding the impact of various fundamental variables on share price is very much helpful to the investors as it will help them in taking profitable investment decisions. The results confirm

the significance of five variables as determinants of market share price by the statistical tool of Correlation .

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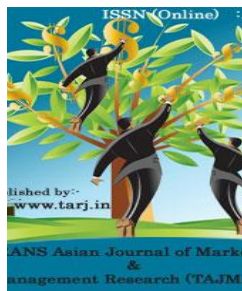
THE WAYS OF ACCOUNTING OVER TELEPHONE COMMUNICATION SERVICES IN THE EXISTENCE OF BILLING SYSTEMS

Uchkun Shirinov*

*Samarkand Institute of Economics and Service,
Uzbekistan,

ABSTRACT

Paper investigates major billing services and its relationships over telecommunications at all. Moreover, the way of development has investigated major features of both theoretical and methodological views of the topic. On this view, author has concluded major features of the research while making better analytical findings in the sector. Finally, paper introduces outcomes and shortcomings of investigation with possible solutions as whole. In the Republic of Uzbekistan, the prioritiesare directedfor the development of high-tech services. First President of Uzbekistan Islam Karimov contributed great attention to these types of services while stating,"Over the last five years, household and communal services increased 16% to 9.5%, while the share of high-tech services rose 21.2 percent(Berger&Humphrey, 1991; Boot, 2000; DeNicoló, Honohan, &Ize, 2003). For instance, in 2014 alone, more than 500 new mobile base stations Due to the installation of this modern, high-tech system, the number of subscribers - about 20 million people, the services provided to them, amounted to almost 26 percent(Akimov&Dollery, 2009; Söderlund&Biesheuvel, 2014). The Government decided to create single technical requirements, standards and parameters for clientele base and billing system to improve services to population(Ajwadetal., 2014). On this case, small office phone conversation when the calls continue to be taken into account.IP-telephony, Internet providers billing system widely used in industry.Any billing system is a database management system (DBMS) is based.

KEYWORDS: *Debt Equity Ratio , Age of the Company ,Inventory Turnover Ratio, Dividend Payout Ratio, Debtors Turnover Ratio , Market Value Per Share , Stock Exchange , NSE , BSE*

INTRODUCTION

The Government of Uzbekistan adopts measures on modernization of system of communal infrastructure in largest cities of Uzbekistan, raise efficiency and reliability of works of communal system, as well as quality of services.The Government decided to create single technical requirements, standards and parameters for clientele base and billing system to improve services to population(Ajwadetal., 2014).

In the Republic of Uzbekistan, the prioritiesare directedfor the development of high-tech services. First President of Uzbekistan Islam Karimov contributed great attention to these types of services while stating,"Over the last five years, household and communal services increased 16% to 9.5%, while the share of high-tech services rose 21.2 percent(Berger&Humphrey, 1991; Boot, 2000; DeNicoló, Honohan, &Ize, 2003).

High-tech communication and information services in the next few years, noted the dynamic development of services in other sectors. These services grew by 3.3 times over the past five years, 24.5 per cent in the past year. The system of communication and information services, telephony services plays a special role. The rapid growth of this type of service in the country lies in the basis of various factors. The main ones include the following.

Foremost, above-mentioned services for people and businesses to meet their urgent demand for information is one of the most important and basic tools. The information transmitted and received on the phone a quick decision and take appropriate measures. In other words, as a means of communication and information services to people and businesses Sheshach, instead of easing the importance of doubt(Asadov&Aripov, 2009; Calhoun, 2013).

Moreover, the population in the current era of information and administrative and economic bodies in the demand for telecommunication services is growing every day. To meet fully the demand for telecommunication services in the world, in particular to ensure the welfare of the people standing in front of our republic, the purpose of improving the living standards of the people and the great extent representing erishilayotganlikni key indicators (indicator) is one of them.

Third, the high-tech communication services in accordance with the increase in demand for these services as well as offering them the number of entities in the country is becoming more and more. For instance, in 2014 alone, more than 500 new mobile base stations Due to the installation of this modern, high-tech system, the number of subscribers - about 20 million people, the services provided to them, amounted to almost 26 percent(Akimov&Dollery, 2009; Söderlund&Biesheuvel, 2014).

Fourth, the telephone services in the Republic of important state programs to develop them because of heightened perspective emphasized. In particular, the Cabinet of Ministers No. 55 of February 26, 2016 approved the "Program of development of services in the years 2016-2020," according to the communications and information services to increase the share of GDP in 2020 to 2.5% in the number of mobile phone users is planned to reach 27 million people.[2] Communication and information services provided by the state program created in accordance

with the increase in the share of GDP to ensure the technical capabilities of public telecommunications networks, and to provide them with quality services provided in return for a full transition to digital telephony and television.

Fifth, the telephone services are low compared to other types of service in accordance with the expenses, they are very profitable, highly profitable business.

The above-mentioned and other factors such as the future of telephone communication services is one of the polished service and is very involved in this type of service subjects in the economic prosperity in the future is inevitable that the units(Nyawata, 2013).

Telephone communication services are distinguished by the different characteristics of other types of service. The specific characteristics of these services, including the following:

* The services are not materialize;
* A large number of audio signals and distance parallel to the wire and wireless transmission;
* The implementation of the conversations and the conversations and official;
* Customer service in real time, based on the application of a variety of promotions and discounts;
* Customers in a variety of interactive services;
* Services to customers reduced prices, the value of the subscriber's account funds and to provide information on the location and movement of others.

In marked contrast with other types of telephone services is another fact that their high technology, such as advanced billing systems. Full implementation of billing systems, communication services, a large number of customers (subscribers) that comes with the financial relationships they have with individual calculations and control. Telephone services for the implementation and management are among the top texonologiyalar out of billing systems on the basis of the implementation of this accounting system is also an objective necessity to make use of the proceedings.

METHODOLOGY

Naturally, a variety of questions are held in mind while considering theoretical part of the question. Well, among the top technologies out of the billing system itself the essence of these systems, their role and importance in the field of telecommunication services are reflected as whole. Billing systems are to be carried out in the field of telecommunication services can be used in any account of the economic and financial processes.To answer these and other questions, first, billing systems at some of the sources and characteristics described briefly.

Billing System" based on a combination of the word "invoice" means, on the basis of this word "bill" lies. These words into the English lexicon the peoples of the world. English, Russian bill's bill, bill, bill purports to translate. Our English account, to account for the translation of the terms. Our English him to account or the account-book can be translated into terms.

In interpretations of account-book not limited by the scale of the use of the contents of the billing system. Therefore, this is the system name that is different. Furthermore, sources invoicing and billing system called and described as follows:

Modern companies are billing these customers can take into account the number of services provided to the units of measurement, non-customers as well as to determine the value of the shares present and taking into account the discount program allows complex.

Telecommunications and mobile billing - subscriber account services (Internet traffic, mobile traffic, SMS, etc.), allowing funds to be collected during the real-time mode. Such a regime billing software system requires high reliability and continuous operation of the database.

Telecommunications billing is to collect information on the use of telecommunications services, valuation, client billing, payments processing enterprise, which is responsible for the processes and decisions are complex.International Internet network billing system, the following definitions are given.Billing is a billing system software applications supporting business processes.

Regardless of the type of telecommunications Billing- this communication to all commercial operators (fixed and mobile operators, Internet telephony, virtual operators, Internet service providers, operators of transit traffic, digital television providers) activity is an important component. These services provider entities can not imagine the billing systems. Because it is through the billing of these services firms to provide their clients account, and thus ensure the continuity of the activity(Chandra, 2014; Gürgen, 1999).

Billing System (BT) is a system of accounting software, in other words operators, including those specially designed for telecommunications operators 'soft', the software tool.Billing System (BT) is an automated payment system (HKAT- ASR). Billing System (BT) is a billing system (ABT- IBS).

It should be noted that the billing system (BT) is a system used by mobile operators. BT, as well as traditional (fixed wire) communications system used by the operators. On this case, small office phone conversation when the calls continue to be taken into account.IP-telephony, Internet providers billing system widely used in industry.Any billing system is a database management system (DBMS) is based.

THEORETICAL AND PRACTICAL BACKGROUND

 Thus, most of the currently existing global billing system based on the Oracle database. Within the DBMS, as well as a large amount of information intended for Huawei Amdocs, Convergys, Ericsson, LHS Telekommunikation, Sybase, Informix systems. Also today, the following types of billing systems are also widely used in the world: BIS, Flagship, CBOSS Arbor, Bill prepaid 2000s. Leadership and billing systems in the world market since 2010, Amdocs (share 27%), Huawei (8% of the contribution), Oracle Convergys companies (according to the contribution of 6%), Ericsson (contribution of 5%) of the country. Billing System (BT) in the automated control system (BAT) as it features bright. Moreover, it shows performed by the importance of the functions performed by BT in the telecommunications industry in the following groups (see Table 1).

TABLE 1. FUNCTIONS PERFORMED BY THE BILLING SYSTEMS IN THE TELECOMMUNICATIONS INDUSTRY[1]

Group number	Group name	Part of the group functions
1- group	Settlement operations	The services, which switches calls for more information; * Switches from the data processing; * Identifying and assessing the value of the services rendered; * The amount of the subscriber's account; * The calculation of taxes and discounts; * The name of the customer account (invoice) in the formulation and production; * Formed in the customer account (account) to ensure the delivery; * Monthly billing management.
2-group	Information services	* Subscribers, information on products and services; * Definitions, restrictions on the possible combinations of information; * Further information on the billing, for example, settlement and information management processes to inform subscribers of the table, depreciation and others to provide information on the operational
3-group	Financial services	* The payments are processed and presented them to close the accounts and services; * Customer management and the closure of their accounts receivable; * Taxes on data processing

As seen from the data in Table 1, billing systems, multi-functional systems. In particular, the 1-group performance based on the functions of these systems and to spend time managing millions of subscribers to telephone services as well as fast and accurate calculation of remuneration paid to compensate for the truth of these customer accounts. 2-group functions, shows, aimed to meet the demands of clients in a variety of information, including the types of products and services to customers through the features of this regime, the prices (tariffs), discounts, restricted the movement of money and the bills of subscribers, as well as and other information. 3-group functions in time, and place in a large scale and the amount of the economic process as telecommunication services and financial relations measurement, evaluation, payments and timely implementation.

Telephone billing system information services, carrier services revenue, expenses, profits or losses, customer payments, receivables and payables, as well as other indicators of activity in the accounting and reporting, including key source. Therefore, the billing systems used in

telephone communication services operators conducted a computerized accounting systems, integrating them with the operational accounting, management accounting and financial reporting also provides an automated way.

Billing system, a computerized accounting system to integrate with a number of advantages.

(1) First, the billing system, customer services and subscribers, the information on their tax payments on account are transferred automatically to the context of individual contracts and billing. This, in turn, indicated in the context of the selected analytical services revenue automated analytical account-keeping.

(2) And secondly, through integration with the billing system carried out by the accounting system of monthly payments will be able to register on-line.

(3) Third, the comparison between accounting and information systems data, billing, accounting system to find and correct errors.

The ways of accounting over telephone communication services in the existence of billing systems

Billing and accounting systems integration service operators can implement one of the following two alternative options:

Full implementation of the operational account billing system, management, and financial reporting is a complete package of applications used in enterprises (for example, "1 C-Accounting"), based on a variant of the proceedings;

Implementation of some of the operational account billing system, some part of the financial management and accounting applications used in enterprises with the objectives of the package, for example, "1 C-Accounting" software version;

Billing and accounting systems integration for the first option, a demonstration can be summarized as follows (see Figure 1).
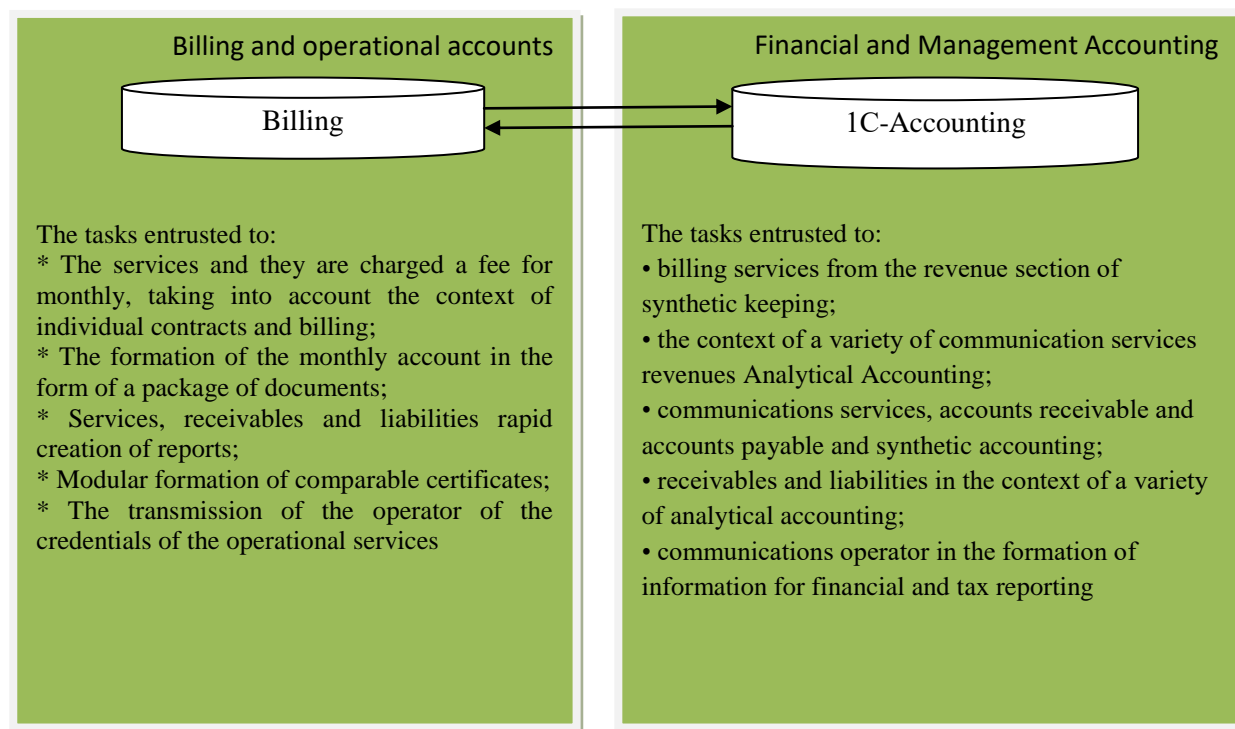
FIGURE 1. Billing and accounting systems integration (Option 1)

Option 1 of the billing and accounting systems integration as well as some of the advantages it is not without some disadvantages. The advantages and disadvantages are listed in Table 2.

TABLE 2. BILLING AND ACCOUNTING SYSTEM INTEGRATION ADVANTAGES AND DISADVANTAGES OF OPTION 1

Advantages	Disadvantages
• Revenue from Services and they have every opportunity to compare between the two systems and usability; • working with the billing system and the absence of the need to train managers who are receiving the necessary reports	• projects and, therefore, they are likely to create confusion; • Accounting report provided by the program 1C - Accounting based primary documents, but based on the billing system interface, so the existence of the necessity of accounting training.

Billing and accounting systems integration as an alternative option (Option 2) communication services operators operating in conjunction with some of the functions of management and financial accounting functions of the account in which the "1 C-Accounting" program, as well as the operational performance of the option to pay some of the functions of the billing system . The option of integration with the billing and accounting systems in this exhibition are as follows (see Figure 2).
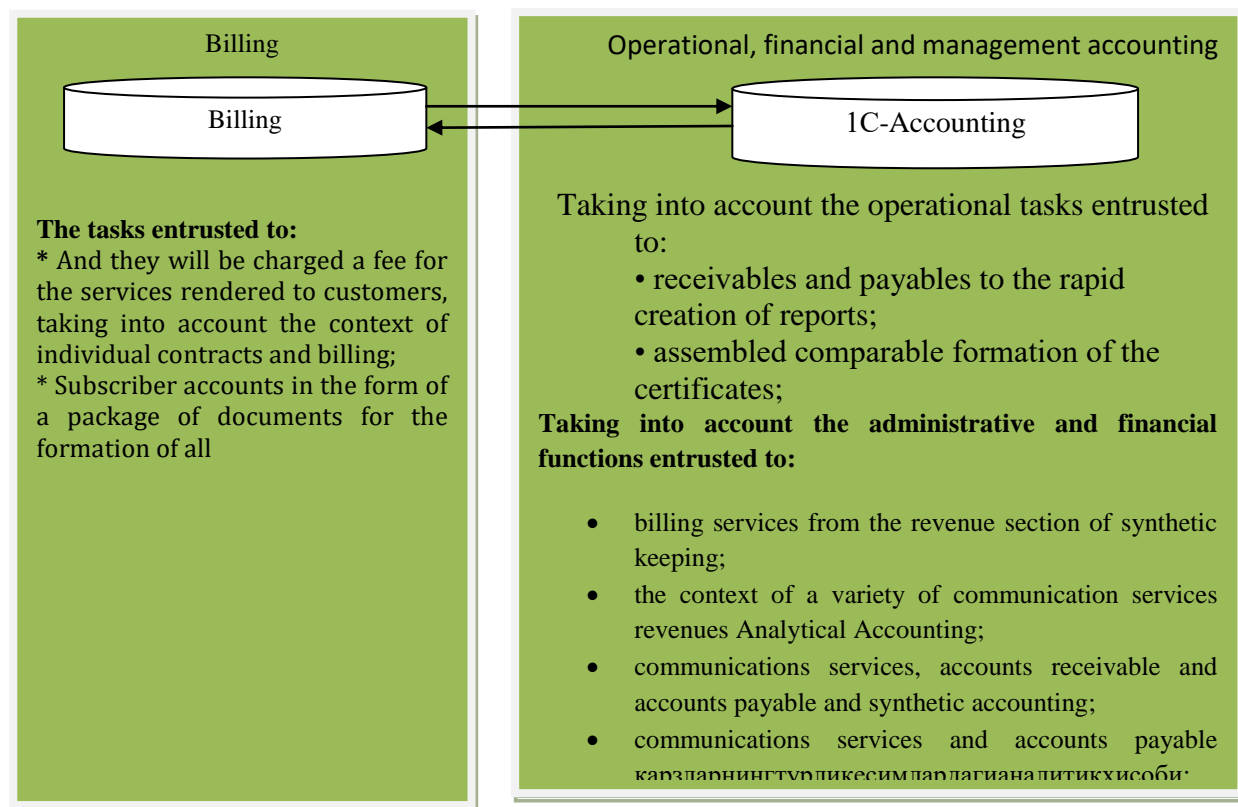
Billing	Operational, financial and management accounting
Billing	1C-Accounting
The tasks entrusted to: * And they will be charged a fee for the services rendered to customers, taking into account the context of individual contracts and billing; * Subscriber accounts in the form of a package of documents for the formation of all	Taking into account the operational tasks entrusted to: • receivables and payables to the rapid creation of reports; • assembled comparable formation of the certificates; **Taking into account the administrative and financial functions entrusted to:** • billing services from the revenue section of synthetic keeping; • the context of a variety of communication services revenues Analytical Accounting; • communications services, accounts receivable and accounts payable and synthetic accounting; • communications services and accounts payable карзларнингтурлликесимлардагианалитикхисоби;

FIGURE 2. Billing and accounting systems integration (Option 2)

Billing and accounting systems integration, such as the option of this alternative option 1 as well as some of the advantages it is not without some disadvantages. The advantages and disadvantages and some are listed in Table 3.

TABLE 3.BILLING AND ACCOUNTING SYSTEM INTEGRATION ADVANTAGES AND DISADVANTAGES OFOPTION 2

| Advantages	Disadvantages
• the possibility of the formation of the operative report forms related to the billing system; •A billing system for its operational account that it is enough to set up interfaces to connect with the database; • low volume invoice processing systems; • Due to the unique application of relations between the operational accounts and accounting; • Accounting report '1C –Accounting based on	• Billing - Number of accounts and operational accounts - 1C accounting program between the contact information you need to compare the two mousse; • managers of the existence of the need for additional education program 1C Accounting

the initial documentation provided by the program.	

CONCLUSION

It should also be noted that the accounting and billing systems for the integration of these systems achieve one sided or two-sided exchange of information between contractors, contracts, monthly billing and personal communications services should be formed integral types of classifiers. At the same time, the regulatory information with reports (NSA) as a starting point for inclusion or accounting system or the billing system should be based on the information. The creation of such integrity NSAs repeat each other on the basis of information systems, effective access memory in computers.

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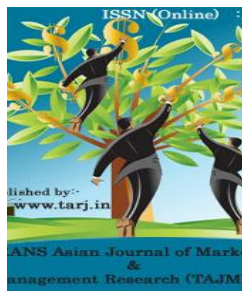
THE EFFECTS OF LIQUIDITY MANAGEMENT ON FIRM PROFITABILITY: EVIDENCE FROM SRI LANKAN LISTED COMPANIES

Ravi vathani thuraisingam*; S.Anandasayanan**

*Asst. Lecturer
Department of financial management
Faculty of Management Studies &Commerce
University of Jaffna, Sri Lanka.
**Senior Lecturer
Department of financial management
Faculty of Management Studies &Commerce
University of Jaffna, Sri Lanka

ABSTRACT

This paper has focused on analyzing the nature of the liquidity and its impact of profitability from listed companies in Sri Lanka. In this study an attempt has been made to analyze the liquidity and its impact on profit earning capacity during 2008 to 2012.To evaluate the profitability it has been used the ratio of ROE and ROA. Based on the nature of data collection through different tools, the following statistical techniques were employed: Descriptive analysis, correlation and regression. The research findings show that there is no significant relationship between liquidity and profitability. These results are consistent with prior empirical studies.
Profitability is a major factor in the going concern of a business. Managers should strive to achieve a reasonable level of profitability in order to maximize their shareholders wealth. Liquidity requirement of a firm depends on the peculiar nature of the firm and there is no specific rule on determining the optimal level of liquidity that a firm can maintain as to ensure positive impact on its profitability. The purpose of the study was to find out the relationship between the liquidity and the profitability of Companies listed on the Colombo Stock Exchange.

KEYWORDS: *liquidity ratios, corporate profitability, Sri Lanka.*

INTRODUCTION

Liquidity and profitability are very closely related. When one increases, the other one will decrease. Apparently liquidity and profitability goals conflict in most of the decisions which the finance manager makes. Liquidity management is a concept that is receiving serious attention all over the world especially with the current financial situations and the state of the world economy. The concern of business owners and managers all over the world is to devise a strategy of managing their day to day operations in order to meet their obligations as they fall due and increase profitability and shareholder's wealth. Profitability is a major factor in the going concern of a business. Managers should strive to achieve a reasonable level of profitability in order to maximize their shareholders wealth. Liquidity requirement of a firm depends on the peculiar nature of the firm and there is no specific rule on determining the optimal level of liquidity that a firm can maintain as to ensure positive impact on its profitability.

This research therefore sought to find out the relationship existing between the liquidity and the profitability of selected companies in Sri Lanka, with specific reference to those listed on the Colombo Stock Exchange. The purpose of the study was to find out the relationship between the liquidity and the profitability of Companies listed on the Colombo Stock Exchange. To carry out these objectives, the remainder of this paper is organized as follows: section two presents the objectives of the research. Section three reviews the literature for relevant theoretical and empirical work on liquidity and its impact on profitability. Section four and five describes the conceptualization and hypotheses. Section six describes the methodology followed in this study. Section seven portrays and discusses the statistical results and their implications. The final section makes some recommendations followed by the conclusion in this study.

OBJECTIVES OF THE STUDY

The main objective of the study is to find out the impact of liquidity on profitability in selected listed companies in Sri Lanka. The following specific objectives are taken for the study.

- To identify the profitability of selected companies over the five financial years during 2008 to 2012
- To identify the relationship between liquidity and profitability
- To measure the nature the nature and extent of the relationship between liquidity and profitability
- To suggest appropriate management policy recommendations

REVIEW OF LITERATURE

Qasim Saleem, Ramiz Ur Rehman (2011) made a research on Impacts of liquidity ratios on profitability of selected enterprises in Pakistan with the sample of 26 oil and gas companies listed under the Karachi Stock Exchange (KSE). Findings reveal that there is a significant impact of only liquid ratio on ROA while insignificant on ROE and ROI; the results also show that ROE

is no significant effected by three ratios current ratio, quick ratio and liquid ratio while ROI is greatly affected by current ratios, quick ratios and liquid ratio.

Ben-Caleb, Egbide, Olubukunola, Uwuigbe, Uwalomwa (2013) examined the Liquidity Management and Profitability of Manufacturing Companies in Nigeria. The analysis was based on a sample of 30 Manufacturing Companies. The result suggests that current ratio and liquid ratio are positively associated with profitability while cash conversion period is negatively related with profitability of manufacturing companies in Nigeria. The association in all the cases was however, statistically insignificant, indicating low degree of influence of liquidity on the profitability of manufacturing companies.

Takon Samuel Manyo, Vera N. Ogakwu (2013) investigated the Impact of Liquidity on Return On Assets Of 46 quoted firms listed on the Nigerian Stock Exchange from 2000-2009.the result of the study show that liquidity has a significant positive impact on Return on Assets (ROA), implying that a unit change in liquidity will result into a corresponding increase in ROA. Victor Curtis Lartey, Samuel Antwi and Eric Kofi Boadi (2013), in their study found a very weak positive relationship between the liquidity and the profitability of the listed banks in Ghana.

Ajanthan.A (2013) investigated the relationship between liquidity and profitability of trading companies in Sri Lanka over a period of past 5 years from 2008 to 2012. The study reveals that there is a significant relationship exists between liquidity and profitability among the listed trading companies in Sri Lanka. Furthermore, Velnampy, T. and Nimalathasan, B. (2010) using sample of Bank of Ceylon and Commercial Bank of Ceylon ltd in Sri Lanka, find there is a positive relationship between firm size and profitability in Commercial Bank of Ceylon ltd, but there is no relationship between firm size and profitability in Bank of Ceylon.

More recent studies have also confirmed the existence of the trade-off between liquidity and profitability trade-off. Bhunia,et. al. (2011) investigated the liquidity management efficiency and liquidity profitability relationship. The data utilized was extracted from the income statements, balance sheets, and cash flow statements of sampled firms from the India Stock Exchange and CMEI data base. The purposive sample design method was applied in their analysis. Preferred sample of private sector steel companies from 1997-2006 were utilized in the analysis. Results showed that correlation and regression results are positively significant and associated to the firm profitability.
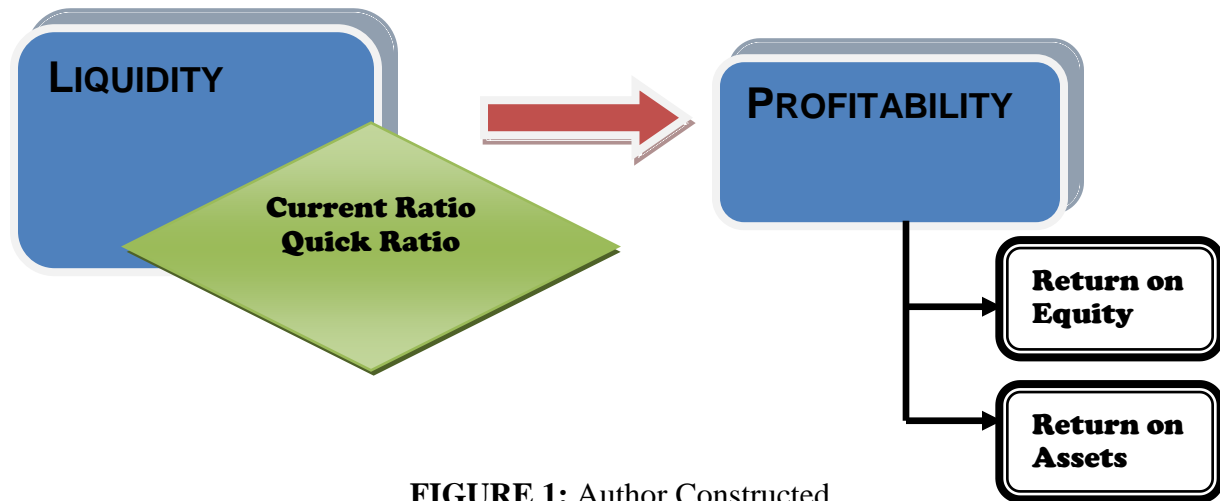
CONCEPTUALIZATION

FIGURE 1: Author Constructed

HYPOTHESES OF THE STUDY

The following hypotheses are developed for testing.
H1: liquidity management and profitability are significantly correlated

H0: there is no significant impact of liquidity on profitability

METHODOLOGY

This methodology part embraces the following five components: the first section discusses the scope of the study. The second section presents the period of the study. In the third section, data sources used for this study are discussed. The fourth section highlights the reliability and validity where as the last section illustrates the types of statistical techniques used to analyze data.

SCOPE

The concern of this study is to assess the impact of liquidity on profitability of listed companies in Sri Lanka. As per the scope of the study, Simple random sampling has been used by the researcher to select 40 firms which are listed on Colombo stock exchange from six major Different business sectors. In the following table shows the way of Number of firms selected from each sector.

TABLE 1: SAMPLE SELECTION

Sectors	Number of selected firms
Beverage Food and Tobacco	12
Chemicals and Pharmaceuticals	6
Diversified Holdings	11
Footwear and Textile	4
Stores Supplies	4
Manufacturing	8
Total	**45**

PERIOD OF THE STUDY

The period of the study was past 5 financial years from 2008 to 2012.

DATA SOURCE

The sources of the data were collected from the published annual reports of the selected organizations, which were published by CSE.

RELIABILITY AND VALIDITY

The data used for this study were derived from the audited financial statements (Income statement and Statement of Financial position) of the listed organizations as fairly accurate and reliable. Therefore, these data may be considered reliable for the study. The reliability and validity of the test were found to maximum. This indicates that the researcher satisfied content validity.

TYPES OF STATISTICAL TECHNIQUES

Based on the nature of data collection through different tools, the following statistical techniques were employed: Descriptive analysis, correlation and regression. A well known statistical package like "statistical package for social science (SPSS) 16.0 versions was used to analyze and interpret the results.

VARIABLE DESCRIPTION

Table 2 Table 3 below show the variables and their descriptions as used in this study.

TABLE NO 2: DESCRIPTION OF INDEPENDENT VARIABLE

Variable	Description/Measurement
Current ratio	Current Assets (CA)

	Current Liability(CL)
Acid test ratio/Quick ratio	(Current Assets- Inventory) Current Liability

TABLE NO 3: DESCRIPTION OF DEPENDENT VARIABLE

Variable	Description/Measurement
Return on Equity	Profit after Interest and Tax *100 Equity Capital
Return on Assets	Profit after Interest and Tax *100 Total Assets

MODEL SPECIFICATION

The linear model used for this study is given as

ROE= β + β 1**CR** + β 2**ATR**+e

ROA = β 0+ β 1**CR** + β 2**ATR** + e

This study employs two profitability measures

1. ROE-Return on Equity
2. ROA-Return on Assets

Based on the above model CR and ATR are considered as the independent variables whereas ROE and ROA are the dependent variables. The detail analysis is carried out with the help of above variables.

RESULTS & ANALYSIS:

Table No 4: Descriptive Statistics of the Variables

	Range	Minimum	Maximum	Mean	Std. Deviation	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Current ratio	32.45	.06	32.51	2.2904	3.38701	33.174	.295
Acid test ratio/Quick ratio	24.38	-.38	24.00	1.5353	2.56672	40.372	.295

Return on Equity	197.17	-27.04	170.13	7.8449	16.05587	53.130	.295
Return on Assets	2.15E4	-2.12E4	288.58	-66.1843	1293.72511	268.384	.295
Valid N (listwise)							

The following descriptive statistics were obtained with the intension of inferring nature of liquidity and the study of ROE and ROA ratios within the listed companies in Sri Lanka. It can be noted from table No 4 that the current ratio has 2.2904 averages with a minimum of 6% and maximum of 325.1% and SD of 3.387, while acid test ratio has an average of 153.5 with a minimum and maximum of -.38 and 24 with a SD of 2.567 respectively. The mean ROE of the sampled firms is about 7.8 and the mean EOA is – 66.18.

CORRELATION ANALYSIS

Table No 05: Correlations matrix for liquidity and profitability

Variables	ROE	ROA
Current Ratio		
Correlation coefficient	.070	.031
Sig.(1-tailed)	.252	.614
Acid Test Ratio		
Correlation coefficient	.049	.029
Sig.(1-tailed)	.425	.640

The table No 5 shows the correlation values of the dependent and independent variables. It is apparent that none of the relationships are statistically significant which is in line with many of the previous study. There was a weak relationship between liquidity and profitability of the selected companies.

REGRESSION ANALYSIS

A simple linear regression was carried out to recognize the impact of liquidity on firm performance. The following Tables show the results of the analysis.

Table 06: ANOVA – ROE as a Dependent Variable

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	717.009	2	358.504	1.395	.250[a]
	Residual	68628.750	267	257.037		

	Total	69345.759	269			

a. Predictors: (Constant), Acid test ratio/Quick ratio, Current ratio

b. Dependent Variable: Return on Equity

Table 07: ANOVA – ROA as a Dependent Variable

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	438494.246	2	219247.123	.130	.878[a]
	Residual	4.498E8	267	1684619.621		
	Total	4.502E8	269			

a. Predictors: (Constant), Acid test ratio/Quick ratio, Current ratio

b. Dependent Variable: Return on Assets

Table No 6 and table no 7 show the analysis of variance (ANOVA) of the variables. With f-value of 1.395 (sig 0.250) and 0.130 (sig 0.878) for ROE and ROA as profitability proxies respectively, it clearly shows that there is no significant relationship between the dependent variables (ROE and ROA) and the independent variables at 1 % level of significance.

Table No 8: Coefficients for Predictors of Performance

Model	Unstandardized Coefficients				Standardized Coefficients		t		Sig.	
	B		Std. Error		Beta					
Dependent variable	ROE	ROA	ROE	ROA	ROE	ROA	ROE	ROA	ROE	ROA
(Constant)	6.827	-94.515	1.198	96.970			5.699	-.975	.000	.331
Current ratio	1.660	18.674	1.133	91.686	.350	.049	1.466	.204	.144	.839
Acid test ratio/ Quick ratio	-1.813	-9.407	1.494	120.987	-.290	-.019	-1.213	-.078	.226	.938

The results of the regression analysis in table No 7 show that the coefficient for all two variables such as current ratio and Acid test ratio are not significant. Further t values for both variables of liquidity are insignificant at 1% level it means that these variables are not contributing to the

profitability measures of ROE and ROA. Both models are also not significant at 1% level of significance. For model 1 F-value is 1.395 and respective p value is 0.250 which is not statistically significant at 1% level of significance. In this case it reveals that liquidity ratio has no significant impact on ROE at 1% level. Similarly model 2 is also statistically insignificant at 1% level (F-value 0.130 and P value 0.878).

CONCLUSION

In this paper, researchers have analyzed the impact of a carefully selected set of determinants on profitability of listed firms from different sector.

The implication of the results is that liquidity has low degree of influence on the profitability of selected companies from different sector in Sri Lanka. From the forgoing, it is the candid recommendation of this paper that overall state of liquidity should be improved so as to have a favorable impact on the profitability of the company. Further the study could not provide a significant relationship between liquidity and profitability. Therefore it can be concluded that profitability is independent of the liquidity ratios.

This is an indication that changes in the liquidity position exert no remarkable changes in the profitability. Other factors may contribute a high degree of influence on the profitability. One of the unique features of this study is that usage of different sectors to assess the association of liquidity and profitability. However, there is a limitation that the data is only of five years due to availability of data constraints. The study does not consider all the elements of liquidity management, which impact the performance of the company. In using the finds of this research these conceptual limits are needed to be considered. Hence further research is significantly recommended.

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