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CHARACTERISTICS OF THE ECONOMY IN RAPIDLY DEVELOPING COUNTRIES

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Abstract: This article covers the theoretical and scientific basis of the specific features of the economy of rapidly developing countries with the opinions of foreign scientists. In addition, the differences between developed countries and rapidly developing countries are compared in their specific characteristics, this comparison includes economic growth, economic development, and the country's economy. In addition, the article presents a list of rapidly developing countries based on the report of financial investment companies.
Keywords: Emerging market countries, volume of investment, the rate of economic development, economic growth, volatility of currency, volatility of asset pricing.

Introduction

Currently, the role of stock markets in increasing the volume of investments in rapidly developing countries, the effective accumulation of funds for modernization and innovation, and the introduction of investments is increasing. Rapidly developing countries account for 80% of the world's population and 20% of the world's economy , including Brazil, Russia, China, Mexico, Turkey and other countries. Some researchers say that these countries determine the state of economic growth in the world today. Investing in rapidly developing countries can be risky, but the return on investment is high and diversification of investment portfolios is possible. The development of companies in rapidly developing countries is faster than that of companies in developed countries. Because the people of these countries tend to consume resources like the people of developed countries. However, investing in these countries is not always profitable. Because political instability, domestic infrastructure issues, floating exchange rates, and limited asset availability make investment risk overwhelming, these risks can be difficult to measure. We believe that investors should consider measuring the expected risk and avoiding it before investing. This sign is one of the main indicators that determine the country's attractiveness for investors.

As a result of the growth of investment funds in developing countries as a group, in 1981 the economists of the International Finance Corporation (IFC) coined the term emerging countries. After that, this term began to be widely used in mass media, foreign policy, reports of transnational corporations, reports of investment funds. To this day, our country's economists A.V. Vahobov [3] , Sh.Sh. Shodmonov [4] , N.Kh. Jumaev [2] , U.V. Gafurov [4] , D.A. Tadjibaeva [3] , Sh.Kh. Khajibakiev [3] , T. Juraev [5] , D. Tojiboeva [5] and other scientific researchers divide the level of development of countries into three levels: developed, developing and backward countries. The report of the first President of our country, I.A. Karimov, on the results of socio-economic development in 2015 and the most important priorities of the economic program for 2016, used the following term: according to the results of the development in 2016-2017 and the economic growth forecasts in 2016-2017, it is ranked fifth in the ranking of the fastest developing countries in the world . Some characteristics of rapidly developing countries are similar to the characteristics of developed countries, but they do not meet their standards, but in the future they will be among developed countries. These features include:

- High-speed economic growth;
- GDP growth from year to year;
- Industry share growth;
- Investment flow growth;
- Growth in net exports.

Methods

The research utilizes a combination of literature review, conceptual analysis, comparative method, and secondary data analysis. The literature review involves collecting and analyzing existing sources, such as reports from international organizations, academic articles, and views from economists, to provide an overview of the role of stock markets in rapidly developing countries. Conceptual analysis is employed to discuss the characteristics, challenges, and investment opportunities in these countries based on established theories. The comparative method is used to differentiate between developed, rapidly developing, and developing countries by examining indicators such as economic growth rates, political stability, and market conditions. The research also relies on secondary data from reports by organizations like the IMF and MSCI to support arguments about country classification and investment potential.

Result and Discussion

In the economies of rapidly developing countries, there are various forms of governance, market presence, local debt and market asset liquidity.

The economy of rapidly developing countries is a form of the economy of developed countries. The general characteristics of the economies of rapidly developing countries include the following:

1) exchange in the market;
2) management body;
3) liquidity of assets in the markets and local debt.

These usually consist of a financial infrastructure, which includes banks, stock exchanges, and a single currency system. You can also see this in the drawing in the tune (drawing 1). As can be seen from this chart, we can see that it is open for investors to invest and there are no barriers.

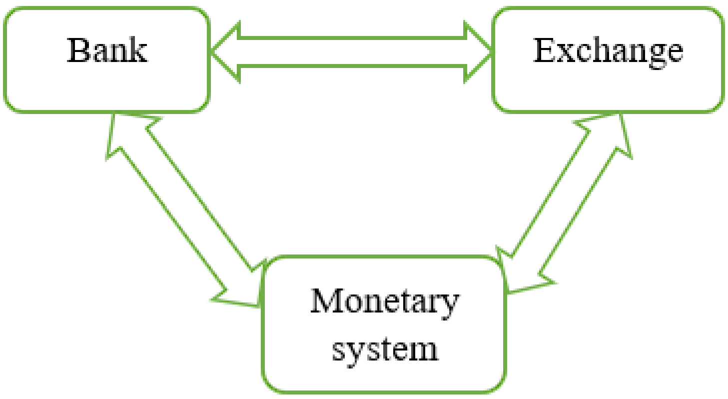

Chart 1 Financial infrastructure of rapidly developing countries [9]

Compared to the economy of developed countries, the economy of developing countries will have a rapid growth rate. Compared to developed countries, these countries have higher investment opportunities and higher returns. Rapidly developing countries - "the country's economic growth is at a high rate, representing attractive investment opportunities for Western companies, and one of the main characteristics of these countries is economic potential [6]" . Despite individual differences, all emerging economies are aiming for high economic growth rates in the future, and this will be an opportunity to increase their stock market capitalization in the future. Rapidly developing countries and developing countries are also distinguished accordingly. "With a favorable political environment, the following forms of economic stimulation (in new technologies and foreign investments) will achieve economic growth in existing countries" [7] . "Many scientists, based on different definitions, link the country's economy to three aspects. The first is the absolute level of economic growth, which is similar to the characteristics of underdeveloped countries. The second is the relative rate of economic growth. Thirdly, the market management system will stabilize the free market system if the country is in the process of economic liberalization, which sometimes resembles a transitional economy" [8]. Although each rapidly developing state has its own characteristics , the most common features of these states can be summarized as follows [7] .

1. According to their physical characteristics, unstable trade infrastructure and unstable other infrastructures (communication, transport and energy production sectors) are included;
2. According to its socio-political nature, in addition to its unique cultural characteristics, it includes political stability, insufficient legal framework, weak social discipline and reduced technological level;
3. According to its economic characteristics, in addition to managing the process of transition to a market economy, the state manages the main management of the country's economy with currency.

In order to understand the importance of the economy of rapidly developing countries for the growth of the world economy, it is possible to compare developed countries with rapidly developing countries through several indicators. (Table 1)

Table 1. Difference between developed and rapidly developing skills

Indicators	Developed countries	Fast developing countries
1. Level of economic development	High	Low/medium
2. Country economy	Developed/stable	Transitional economic/political reforms are unsustainable
2.1 Macroeconomic fundamentals	Developed/stable	In development
2.2 Market institutions	Developed	Under development (under construction)
2.3 Market Condition	Stable	Unstable
2.4 Market Infrastructure	Developed	Under development (under construction)
2.4 State intervention	Not high	Relatively high
4. Economic growth rate	Low	High
5 . High growth potential	Low (economic growth has reached a peak)	High (economy has not reached the level of growth)

The economies of rapidly developing countries are usually countries whose national economies are industrialized, experiencing high economic growth and more forward growth. The importance of these countries in world politics and economy is increasing year by year. Rapidly developing countries tend to have lower per capita incomes, moderate socio-political instability, higher unemployment rates, lower business levels, and lower industrial activity than the United States, but these indicators are generally much higher rates of economic growth. Basically, developing countries in Asia, Africa, Eastern Europe and Latin America are considered to be fast developing economies. North America, Western Europe and Japan are among the economies of developed countries. In rapidly developing countries, the risk is high because of the high volatility of their share prices in the stock market. In addition, there are other special risks in the political environment of investment activities, changes in governing bodies and exchange rate changes in rapidly developing countries. However, the expected risk of investing in these countries is high and therefore investors prefer to invest their capital in these countries, because investors like risky returns and in return for risk, they get high returns on assets. After the global financial and economic crisis, large investment companies directed their capital to rapidly developing countries with high risk, because the expected return on assets in these countries is high because of the expected reward.

Developed countries England and the USA are expected to grow up to 3% GDP annually, while rapidly developing countries are expected to grow at a rate higher than 3%. Such growth leads to an increase in corporate profitability and expected return on investment. Rapidly developing countries are always experiencing economic growth, and as a result, most companies choose to invest additional cash in the company rather than making significant dividend payments to their shareholders.

Rapidly developing economies are the main part of the world economy, this economy will have a stable growth, this economic growth will show through the regulatory authorities, the stock exchange in the existing form of the asset market and some liquidity in domestic debt. The economies of rapidly developing countries are not developing as well as the economies of developed countries, but show that they are more economically and infrastructurally developed than the economies of developed countries. Typically, these countries have stock market regulation on par with developed countries (the US, Europe, and Japan), have strict accounting standards, but lack market efficiency, typically involving banks, stock exchanges, and a single currency. constitutes infrastructure. Investors will look for higher returns in these countries in the future, as these countries have always experienced faster economic growth and faster growth as measured by GDP. Investments in these countries are risky due to political instability, domestic infrastructure problems, currency volatility and limited asset availability, as many large companies still have a high state stake. In addition, stock market volatility will not be low.

Currently, most international financial organizations classify rapidly developing countries as follows. The International Monetary Fund (IMF) lists 23 countries as emerging economies, while Morgan Stanley Capital International (MSCI) lists 25 countries as emerging economies, but this list differs from the IMF's list. Standard and Poor's, Russell indicated 21 countries as rapidly developing countries, while Dow Jones indicated 22 countries as rapidly developing countries. You can see this in the table below (Table 2)

Countries	International Monetary Fund (IMF)[3]	Morgan Stanley Capital International (MSCI)[4]	Standard and Purse[5]	Russell[6]	Dow Jones[7]
Argentina	+				
Bangladesh	+	+	+		
Brazil	+	+	+	+	+
Bulgaria	+				
Chile	+	+	+	+	+
China	+	+	+	+	+
Colombia	+	+	+	+	+
Czech Republic		+	+	+	+
Egypt		+	+		+
Greece		+	+	+	+
Hungary	+	+	+	+	+
India	+	+	+	+	+
Indonesia	+	+	+	+	+
Malaysia	+	+	+	+	+
Mexico	+	+	+	+	+
Pakistan	+	+			
Peru	+	+	+	+	+
Philippines	+	+	+	+	+
Poland	+	+	+	+	+
Qatar		+			+
Romania	+				
Russia	+	+	+	+	+
Slovenia					
South Africa	+	+	+	+	+
South Korea		+		+	
Taiwan		+	+	+	+

2. Classification of rapidly developing countries by international financial organizations

As can be seen from the table above, the general list of rapidly developing countries was classified by financial organizations in 2015, and by 2016, these organizations provided the following classification list. According to him, the five largest financial organizations classified the world as follows, i.e. the countries that are developing at a fast pace are Brazil, Chile, China, Colombia, Hungary, Indonesia, India, Malaysia, Mexico, Peru, Philippines, Poland, Russia, South Africa, Thailand and Turkey. emphasized. The IMF did not change its list, that is, Argentina, Bangladesh, Bulgaria, Pakistan, Romania, Ukraine and Venezuela remained on the list. Morgan Stanley Bangladesh, Czech Republic, Egypt, Greece, Qatar, South Korea, Taiwan and the United Arab Emirates on the list of Capital International (MSCI) financial organization remained unchanged. Bangladesh, the Czech Republic, Egypt, Greece and Taiwan remained unchanged in the list of Standard and Purse. Lists of Russell and Dow Jones remained almost unchanged in those countries. Changes can happen at any time, because the list can be changed depending on the growth or decline of the economy of these countries. Let's take as an example that the economy of Greece has been declining year after year, and the economies of Argentina and Qatar have been growing in the last decade.

Based on the views of the above scientists, we define the rapidly developing countries as follows. Rapidly developing countries are countries with a trend of rapid economic growth, implementation of local economic and political reforms in the direction of integration into the global society, regional economic development, and the trend of increasing local and foreign investments.

Conclusion

In conclusion, there is a difference between rapidly developing countries and developed countries, and there is also a difference between developing countries. It should be noted that rapidly developing countries experience rapid economic growth. Such economic growth did not resemble the economic growth of developed countries. Based on this, we think it is appropriate to divide the world into four categories: developed, rapidly developing, developing, and backward countries.

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