

## DEVELOPMENT PERSPECTIVE AND OPTIMIZATION OF THE USE OF FINANCIAL INSTRUMENTS IN THE FUND MARKETS OF THE REPUBLIC OF AZERBAIJAN

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### Abstract

The paper assesses the impact of financial instruments in Azerbaijan on the stock market and joint stock companies and determines the effect of the stock market capitalization level on budget revenues and expenditures and the optimal threshold. A significant part of financial resources for investment purposes arises in the securities market, especially in the corporate securities sector. The main factor in improving the efficiency of the securities market should be increasing the volume of trading operations and creation of favorable conditions for this, increasing the variety and use of capital instruments, the issuance of new financial instruments. Based on the correlation between budget expenditures and budget revenues and the level of capitalization of the stock market with the application of economic-mathematical methods, the optimal level of capitalization of the stock market was determined. Based on the elasticity coefficient, it was determined that budget revenues and budget expenditures will change by 0.17% due to a 1% change in the capitalization level of the stock market in Azerbaijan. As a result of economic-mathematical methods, it was determined that a 1% increase in the capitalization level of the stock market in Azerbaijan results in a 0.17% increase in GDP.

**Keywords:** Financial markets, stock markets, financial instruments, stock market efficiency.

**JEL Codes:** D53, E44, G15.

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**Citation :** Allazov, M. (2020). Development Perspective and Optimization of the Use of Financial Instruments in the Fund Markets of the Republic of Azerbaijan, *Review of Socio-Economic Perspectives*, Vol 5(3), 1-21.

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**Article Type:** Research Article

**Application Date:** 30.07.2020 & **Admission Date:** 03.09.2020

**DOI:** 10.19275/RSEP086

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