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# LOW-COST CARRIERS AS A MODERN FORM OF AIR TRANSPORT DEVELOPMENT

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## ABSTRACT

This article examines low-cost carriers (LCCs) and concludes that in today's air transport development, LCCs use modern competitive methods and business models that withstand economic crises. Their application accelerates global and local passenger flow dynamics, becoming a crucial factor. The article analyzes global experiences of LCCs, revealing that due to high competition and growing demand, new, more flexible business models like low-cost and hybrid airlines have emerged, marking significant characteristics of the current global passenger air transport market.

**Key words:** Low-cost carrier, budget airlines, competitiveness, airplane, low-cost carrier, alliance", open skies" low-costing model.

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## Introduction

One of the outcomes of increased competition in the air transport market is the rapid development of the low-cost segment. The formation of the budget air travel segment began under state regulation of the air transport market in the 1970s in the US, followed by Europe in the 1990s, and Asia and Oceania in the 2000s. By the mid-2000s, this trend also spread to Eastern European countries, significantly increasing the number of routes served by LCCs. Changes in European Union legislation and the adoption of the "Open Skies" agreement further fostered the development of LCCs and the emergence of new companies.

Typically, a budget airline (discounter, low-cost carrier) is an airline that offers cheaper fares in exchange for forgoing most traditional services. Initially, this term applied to all airlines with lower operating costs than their competitors. Sometimes, regional airlines providing short-haul flights without additional services or with limited service were also called low-cost carriers. The evolution of the market has brought significant changes to the low-costing model.

## Literature review

Today, the low-costing concept extends beyond mere price competitiveness. There are three main types of models: ultra-low-cost carrier (ULCC), low fare carrier (LFC), and hybrid models. ULCC models include:

- Standardizing, unifying, and simplifying all procedures.
- Setting a fixed profit margin.
- Continuously expanding the route network.
- Abandoning unprofitable routes.

Additionally, full-service airline alliances are reaching the peak of their development, seeking multifaceted strategic partnerships with LCCs. For instance, in May 2017, Chinese airline Juneyao Airlines joined Star Alliance's Connecting Partner Model, enabling cooperation with traditional and low-cost airlines without becoming a full member, only providing connecting flights. This model ensures very low operational costs, resulting in lower air transport costs.

The Low Fare model, unlike the previous one, targets highly competitive markets, offering a broader range of products. This model is characterized by corporate contracts, services, business class, pre-booked seats and meals, various ticket purchase methods, and loyalty programs.

According to Razumnova L.L., the full low-costing model includes the following elements, which significantly reduce costs along the pricing chain and lower the market price of air tickets:

- One passenger class and one type of aircraft, reducing staff training and maintenance costs.
  - Minimal equipment on aircraft, no entertainment systems, digital communication systems, or auto-braking, lowering aircraft price and weight, thus reducing fuel consumption.
  - Simple payment schemes for transport, emphasizing direct sales, especially online, to avoid agent and reservation system commissions.
  - Encouraging advance booking by increasing ticket prices as aircraft fill up.
-

- Avoiding specifying seats on boarding passes to speed up boarding.
- Using secondary airports with fewer passengers, reducing delays caused by airspace congestion, performing early or late flights to save on airport fees.
- Conducting multiple flights with one aircraft throughout the day, ensuring quick turnaround at airports.
- Maximizing aircraft usage by operating only direct flights to avoid delays and lost baggage issues associated with transit passengers.
- Reducing the range of in-flight services (offering such services for an additional fee).
- Generating additional revenue from selling extra services and goods onboard.
- Assigning multiple functions to one staff member to save on payroll without reducing wages.
- Enhancing the role of special services (e.g., verifying the age of unaccompanied minors).
- Implementing aggressive fuel price protection programs.
- Not having a loyalty program.

Depending on the company's strategy, various combinations of these model elements are utilized.

According to Belousov, the creation of a low-cost division by existing airlines is usually done for two reasons. The first is to protect the domestic market from low-budget competitors. Within the "defense model," budget divisions are established to compete on local routes, while the main company focuses on international air routes (IAR). The second reason is the lack of competitiveness on medium-haul routes due to high costs. Long-haul flights are the primary profit source for traditional carriers, while medium-haul flights generally show minimal profitability or do not generate profit. Creating a low-cost division operating within the same route network as the main airline can solve this problem.

### **Analysis and results**

Global experience shows that after successfully entering domestic air routes (DAR), the share of low-cost carriers (LCCs) in international air routes (IAR) begins to grow rapidly. In the 2000s, more than half of the newly established airlines on long-haul routes were low-cost airlines. Since 2012, on average, three new long-haul low-cost carriers have started operating annually. Currently, there are 21 registered long-haul low-cost carriers worldwide, located in 17 countries, with a fleet of 160 specialized wide-body aircraft.

In the low-cost air transport market, the total volume of traffic in September 2022 (measured in revenue passenger kilometers or RPK) increased by 57.0% compared to September 2021. The global freight volume is now at 73.8% of the September 2019 level.

Domestic transportation grew by 6.9% in September 2022 compared to the same period last year. The total volume of domestic transportation in September 2022 was 81% of the September 2019 level. International traffic increased by 122.2% compared to September 2021. International RPK in September 2022 reached 69.9% of the September 2019 level. All markets, especially the Asia-Pacific region, showed significant growth.

Low-budget companies primarily compete with traditional full-service companies, charter companies on tourist routes, regional airlines, and companies engaged in rail and road transport. There are about 100 low-cost airlines worldwide. The largest among them are the American Southwest Airlines (annual passenger turnover of 134.1 million), Europe's Ryanair (79.3 million), EasyJet (58.4 million), and Air Berlin (33.3 million), and Brazil's Gol Airlines (39 million). Southwest Airlines and Ryanair are among the world's top ten largest companies, while EasyJet ranks third among international companies.

In Asia, the cooperation of low-budget airlines in the passenger air transport market is crucial for independent low-cost carriers not included in the region's three main low-cost aviation groups - AirAsia, Jetstar, and Lion. The share of Value and U-FLY alliances in the Asia-Pacific market is approximately 19% of the total market. This figure is comparable to the shares of AirAsia/AirAsia X - 16%, Lion Air - 11%, and Jetstar - 9%. Eight of the 53 low-cost carriers in the Asia-Pacific region are members of the Value alliance, and five are members of U-FLY. For comparison, the Jetstar group consists of four subsidiaries, AirAsia/AirAsia X has eight subsidiaries or affiliates, and the Lion Group consists of three low-cost carriers. Currently, there are 25 low-cost carriers in the Asia-Pacific region that are not part of the AirAsia, Lion, or Jetstar groups and may become potential members of newly formed low-cost alliances.

Collaboration among low-cost airlines is critical for initiating a new growth phase in highly competitive passenger air transport markets. In January 2016, the world's first alliance consisting solely of low-budget airlines was established in China. Its members include four subsidiaries of



Hainan Airlines that do not belong to any global alliance - HK Express, Lucky Air, Urumqi Air, and West Air. The association was named the U-Fly Alliance. In July 2016, the South Korean low-cost carrier Eastar Jet joined the alliance. Participation in the alliance served as a unique driver for the growth of passenger traffic volume for the carriers.

Unlike the Asia-Pacific region, where two low-cost aviation alliances have been formed, market entry is not a pressing issue for European carriers. In the European market, providing feeder services (transporting passengers from smaller airports to major hubs) by low-cost carriers to full-service competitors is considered promising. Traditional European airlines have yet to find a way to sufficiently reduce the costs of feeder operations.

In 2019, LCCs transported fewer than 9 million passengers on European domestic connecting routes compared to approximately 46 million passengers transported by network carriers.

72% of passenger demand within Europe is for routes where LCCs and network carriers compete, representing only 6% of European domestic routes. About 79% of European routes are operated solely by network carriers (compared to 15% operated exclusively by LCCs). Thus, LCCs typically compete with network carriers on the most popular routes, while network carriers fulfill the essential role of connecting less popular European destinations, developing through a hub-and-spoke model.

On intercontinental travel, network operators naturally provide the majority of connectivity. 13.5% of passenger demand on intercontinental routes faces competition, but the coverage of offered routes is only 0.3%.

Cargo capacity is critical for trade within Europe. Network carriers provide 99.8% of the capacity, reflecting the higher demand for intercontinental freight transport compared to lower demand for intra-European air cargo. Notably, intercontinental capacity is ensured by the development of combined passenger and cargo points by network carriers.

In Europe and North America, the market share of low-cost carriers is 38% and 30%, respectively. In some European countries, low-cost carriers occupy more than half of the market. For example, their share is 57% in Spain and 52% in the United Kingdom [6].

In the regional markets of developing countries, low-cost carriers (LCCs) still have a smaller share compared to mainline carriers. They account for 25% in Latin America, 19% in Asia, and 14% in the Middle East. Due to the high level of competition in the network and the growing demand, the use of new, more flexible business models such as low-cost and hybrid airlines has become one of the main features of the global passenger air transport market today. Currently, LCCs are actively adopting almost all forms of strategic cooperation, including joint ventures, franchising, mergers and acquisitions, and the creation of international low-cost alliances. In the markets of developed countries, low-cost carriers are increasingly displacing traditional airlines, capturing nearly a third to half of the domestic air routes segment, and rapidly gaining a foothold in international routes as well.

Low-cost air transport continued to grow even during the crisis period, driven by the increasing demand for affordable air travel, which led to an expansion in their scale of operations. Factors ensuring their "success" include a knowledgeable policy for generating additional revenue, an optimized cost structure with a minimal share of other unnecessary expenses, a unified fleet primarily consisting of new aircraft, the introduction of modern technologies, and the use of fuel-saving methods. Additionally, budget airlines have created financial threats, prompting traditional carriers to create their own low-cost divisions or switch to a hybrid business model.

### **Conclusion and Recommendations**

In conclusion, it should be recognized that the development of low-cost airlines is becoming an important factor in accelerating the dynamics of global passenger flow. This is aided by an optimized cost structure and the expansion of operations due to increasing demand for affordable air transport. Today, leaders in the low-cost segment successfully compete with full-service flag carriers in terms of passenger traffic volume, the number of aircraft in their fleets, and key financial indicators. Global practice confirms the hypothesis that low-cost carriers, after achieving the ability to compete with major traditional carriers on domestic air routes, become drivers of passenger flow on international routes at the initial stage of development. Therefore, it is appropriate to conclude that the practice of applying the business model of low-cost airlines, which are subject to the impacts of global economic crises, is becoming an important factor in accelerating the dynamics of global and local passenger flows.

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# ANALYSIS OF THE MACROECONOMIC POLICY OF THE REPUBLIC OF UZBEKISTAN

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## ABSTRACT

. In the modern economy, the state's macroeconomic policy plays a crucial role in determining the pace, structure, and scale of development. The relevance of this article lies in identifying optimal solutions for developing macroeconomic policy using the Republic of Uzbekistan as a case study during the COVID-19 pandemic. The article examines types of macroeconomic policies, analyzes the structure and content of Uzbekistan's macroeconomic policy, and evaluates government measures during the pandemic.

**Key words:** GDP, unemployment rate, inflation, monetary and fiscal policy, import, export, state budget.

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## Introduction

In this article, the authors, studying various approaches to the concept of macroeconomic policy, propose to define it as a government policy aimed at limiting unemployment and inflation rates, maintaining key macroeconomic indicators, preventing economic crises, and ensuring the stable functioning of the economy. The analysis conducted using Uzbekistan as an example demonstrates the measures implemented by the government through economic digitalization during the pandemic and highlights future challenges. The author analyzes areas of macroeconomic policy and suggests measures for optimizing solutions to macroeconomic issues in Uzbekistan.

The analysis encompasses the state of the national economy and monitors key trends, including issues related to monetary and fiscal policies that shape short-term economic prospects.

The purpose of the article is to assess development prospects in economic policy to maintain macroeconomic stability and foster stable socio-economic growth.

## Literature review

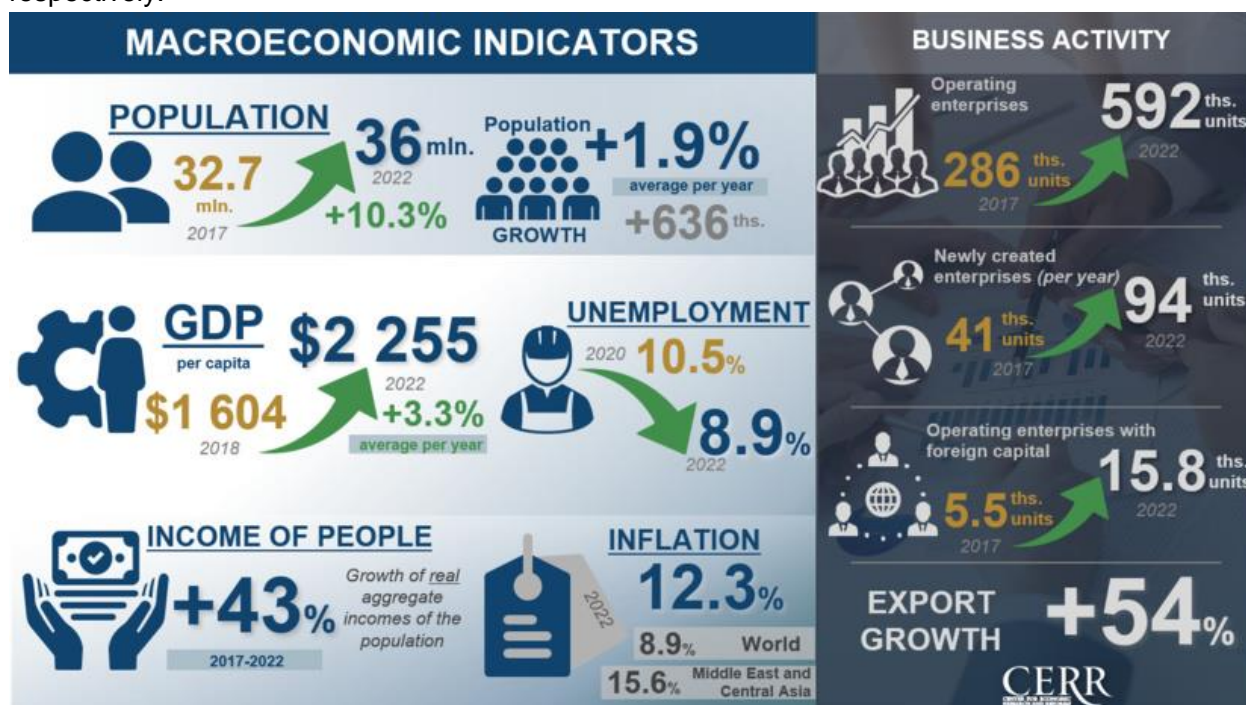
Macroeconomic policy is a well-studied area for the country's economy, but the development of new problems that contribute to a decrease in the growth rate of a certain country's economy requires new methods of solving. Therefore, at the same time, it is worth studying existing studies, which creates certain restrictions for studying. Many specialists have their own point of view, considering and analyzing economic resources in their scientific works. These are the works of such scientists from the domestic country such as Konstantin Kurpayanidi, Alisher Abdullaev, Shakhrizoda Mukhsinova, from the CIS countries such as Balabanova G.G., Zhuravleva L.I., Nosova S.S., Vechkanov G. C. and from far foreign countries such as N. G. Mankyu and others. The methodological basis of the research consists of research, analog, mathematical, situational approaches, as well as methods of logical and comparative analysis, observation methods and statistical methods.

## Analysis and results

In 2023, Uzbekistan's GDP growth reached 6.0%. The main driver of growth was investments, which increased by 21%, amounting to \$30 billion. Furthermore, the growth of foreign direct investments and loans reached 56.2%, totaling \$14.2 billion. Preliminary data indicate that the negative trade balance relative to GDP was 15.1%, while the consolidated budget deficit amounted to 5.5%.

According to estimates by the Center for Economic Research and Reforms (CERR), Uzbekistan's annual economic growth in 2024 is forecasted to be within 5.8%. The growth in

consumer spending and investments is expected to be 4.8% and 7.6%, respectively.



**Figure 1.** Infographic: Macroeconomic Indicators of the Republic of Uzbekistan, 2017–2022

### Key Findings of the Review

- The acceleration of investment growth in 2023 became one of the main drivers of economic growth. Specifically, in 2023, the total investment volume amounted to 352.1 trillion soums (\$30 billion), growing by 22.1% in real terms.
- The results of the Consumer Sentiment Index by the Center for Economic Research and Reforms (CERR) also indicate high optimism in the economy. The increase in household expenditures, in part, can be attributed to the growth of allocated loans. Notably, in 2023, 100.2 trillion soums of loans were issued to the population, 1.5 times higher than in 2022.
- The largest contributions to GDP growth among economic sectors came from the manufacturing sector, agriculture, forestry, and fisheries, as well as other service-providing industries.
- Consolidated budget revenues in 2023 grew by 12.3%, which is lower than the nominal GDP growth rate (19%). It is expected that in 2024, nominal GDP growth (22.1%) will also outpace the growth of budget revenues (16.8%).
- Consolidated budget expenditures amounted to 379.2 trillion soums, or 35.6% of GDP. In 2023, expenditure growth slowed to 17.9%.
- The growth of loan balances in 2023 reached 20.9%, slightly accelerating compared to the past two years.
- Foreign trade turnover in 2023 totaled \$62.6 billion, including \$24.4 billion in exports and \$38.1 billion in imports. Compared to 2022, exports grew by 23.8%, while imports increased by 24.0%.
- From 2018 to 2023, GDP in dollar terms grew by 1.7 times. During the same period, exports (excluding gold) increased by 1.5 times, and imports doubled. In 2023, the trade balance deficit reached \$13.7 billion or 15.1% of GDP.
- The country continues to face deteriorating trade conditions. In 2023, the trade terms indicator worsened by 1.2%, and since 2018, it has decreased by 12.4%.

The methodological basis of the study includes research, analogical, mathematical, and situational approaches, as well as logical and comparative analysis methods, observation, and statistical methods.

In the modern economy, macroeconomic policy plays a crucial role in determining the pace, structure, and scale of development. Economic growth in the context of macroeconomic policy represents a core challenge, particularly when addressing the question of attracting investments into the country. At the same time, the development of macroeconomic policy itself poses a significant issue. This challenge is addressed through the development of macroeconomic policy sectors. "Macroeconomic policy is government policy primarily aimed at limiting unemployment and inflation rates, maintaining macroeconomic indicators, preventing economic crises, and ensuring the stable functioning of the economy through government actions." The year 2020 undoubtedly brought many challenges to every country worldwide. Developing nations were forced to attract substantial funds to keep their economies afloat.

**Table 1****Macroeconomic indicators**

Macroeconomic Indicators	2021	2022	2023
GDP Growth Rate	5,7%	1,6%	5,1%
Inflation Rate	15,2%	11,1%	9-10%
Unemployment Rate	9%	11,1%	-
Consumer Price Index	13,5%	12,5%	9-10%
Foreign Trade Balance	\$41,8 million	\$38,6 million	\$41,9 million
Foreign Direct Investment	\$6,51 million	\$6,63 million	\$7,81 million

According to the data (Table 1), during the crisis, the growth rates of the national economy significantly slowed last year to 1–1.5%. To support the economy, the government adopted a Practical Action Plan for Restoring Economic Growth and Continuing Structural Reforms in the Republic of Uzbekistan (Table 2).

In 2023, considering measures to stabilize the macroeconomic situation and continue systematic structural reforms, economic growth is expected to recover to a level of 5.1%. At the same time, it is acknowledged that high uncertainty persists due to the ongoing pandemic.

**Table 2****Practical action plan for restoring economic growth and continuing structural reforms**

<b>The action plan involves coordinating the efforts of the Government, ministries, agencies, economic associations, and local government authorities to:</b>		
overcoming the negative consequences of the coronavirus pandemic for the economy and population (recovery growth)	creating conditions for the continuation of systemic reforms	identifying new opportunities and reserves that can provide an additional impetus for economic development ("growth points")
Stage I – Stabilization and recovery growth until the end of 2022	Stage II – Continuation of systemic reforms to ensure sustainable economic growth rates of 5.0–5.5% starting from 2023	

Given the degree of uncertainty and the specifics of the channels of influence, macroeconomic development forecasts were developed based on three different scenarios: a baseline scenario (anticipating a gradual economic recovery), an optimistic scenario (a faster recovery), and a risk scenario (a slower recovery).

By the end of the first quarter, Uzbekistan's economy is returning to a trajectory of sustainable growth. Gross Domestic Product (GDP) for the first three months of 2023 increased by 3%.

Overall, Uzbekistan's macroeconomic policy actively strives to return to pre-crisis dynamics. GDP grew by 3% in the first three months of 2023. The main driver of inflation remains the rise in food prices, which increased by 3.1% compared to December 2022. Prices for non-food products

maintained growth at a level of 1.7%; however, service prices rose at a faster rate compared to the same period last year—2.7% in the first three months of this year, versus 1.5% during the same period in the previous year.

By the end of the first quarter, the global crisis continued to impact Uzbekistan's economic development, as evidenced by the slower growth rates of certain economic sectors compared to the first quarter of the previous year and a decline in foreign trade (largely due to the cessation of gold exports).

Among the directions for optimal economic resource allocation, the primary focus has been on livestock farming, fish farming, sericulture, fruit and vegetable production, as well as allocating additional funds to prevent crises during the pandemic.

Furthermore, the current pandemic situation in Uzbekistan may influence the size of public debt, while the government's measures in such situations will reveal how well the country was prepared for emergencies.

Thus, the study demonstrated that macroeconomic policy plays a significant role in the country's economy. The article analyzes Uzbekistan's macroeconomic indicators for 2021–2023 and the impact of economic digitalization on the state's macroeconomic policy. Overall, Uzbekistan's macroeconomic policy actively seeks to return to pre-crisis dynamics. GDP grew by 3% in the first three months of 2023.

### **Conclusion and Recommendations**

All large-scale and relevant projects and objectives for the digitalization of the economy are undoubtedly critical for Uzbekistan's socio-economic development in the coming years, as the country's future is inextricably linked to the widespread adoption and use of digital technologies. Additionally, the measures implemented by the government of Uzbekistan during the pandemic to optimally address macroeconomic policy issues demonstrated how well the state was prepared for emergencies.

One of the solutions within this state macroeconomic policy involves reorienting the policies of all economic sectors toward the goals of economic recovery, quantitative stimulation of economic growth, and significant injections of public capital into the market. Objectives such as "inflation targeting" and "monetary regulation" should take a backseat. Any measures contributing to economic revival should be encouraged. The Ministry of Economic Development and Poverty Reduction should play a leading role in developing and implementing economic policy.

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# ANALYSIS OF MAIN DIRECTIONS OF ENSURING AND DEVELOPING FOOD SECURITY IN UZBEKISTAN

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## ABSTRACT

Food security has become a global economic challenge, necessitating effective solutions for ensuring long-term agricultural development and meeting rising demand. This study investigates the primary directions for improving and ensuring food security in Uzbekistan, with a special emphasis on agricultural development and the implementation of innovative technology. Uzbekistan intends to upgrade its agricultural sector in response to rising food demand caused by population increase, urbanization, and changes in dietary habits. This includes enhancing state management, increasing agricultural output, and expanding food exports. The study also looks at the impact of government policies, regulatory frameworks, and market relations on creating a more competitive agricultural economy.

**Key words:** agriculture, population, food, diet, starvation

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## Introduction

Achieving food security in the world is one of the most urgent tasks facing all countries. The UN also says it's time to completely change the approach to food production and distribution. Because, ideally, agriculture, forestry and fisheries are not able to fully provide everyone with food and create a source of income for people, as in the brochure. Therefore, in such a situation, it is necessary to develop agriculture, which supplies raw materials to food and food industry enterprises, and protect the environment. It is important to ensure the implementation of measures to According to the UN, 815 million of the world's population are starving, and by 2050 this number will increase to 2 billion. reaches a person. 12.9 percent of them live in developing countries. 45 percent of deaths among children under the age of five are caused by malnutrition. In this situation, regulation of consumption on the basis of established rations in the conditions of food shortage remains one of the urgent issues.

With the rising incomes of the world population, the global demand for food and agricultural products will increase by 50% in 2030 and by 60-110% in 2050 increases to According to the Food and Agriculture Organization of the United Nations (FAO), countries should double their agricultural production in developing countries. Changes in nutrition associated with population growth, urbanization, and higher incomes have significant impacts on the food system. The production of some food products, such as meat, fresh produce and processed products, requires more resources than staple crops such as wheat and rice. Between now and 2050, demand for meat in high-income countries is predicted to rise from 37 to 52 kg, and in low-income countries from 26 to 44 kg. done It is also expected to increase by 70% from 2000 to 2050. This trend will put serious pressure on global food availability, as the share of cereals and oilseeds is increasing (in general, 8 kg of cereals are needed to produce 1 kg of meat). Current productivity trends do not support this Not enough to meet needs. If the entire world followed the current diet in developed countries, crop production would need to double by 2050 . Also, research is being conducted to find scientific-theoretical solutions to improve the mechanisms for restoring the balance between the "food equation" food security supply, social equality, consumer demand, economic and environmental stability in the current complex conditions.

In Uzbekistan, the main goal of the reforms to regulate the modern mechanisms of ensuring food security in our country is "to increase the income of farmers and farmers by at least 2 times through intensive development of agriculture on a scientific basis, and to bring the annual growth of agriculture to at least 5%. In particular, it is necessary to specialize districts in the cultivation of specific types of products, expand the scope of state support in agriculture and implement new insurance mechanisms, increase and protect soil fertility, improve the system of providing agro-services based on science and innovation, and provide agro-industrial enterprises with raw materials and "to increase production volume by 1.5 times." such tasks are defined. From this point of view, it is necessary to improve the system of state management in the sector, widely introduce market

relations, strengthen the legal basis of relations between entities that grow, process and deliver agricultural products to consumers, introduce resource-saving technologies, and provide agricultural producers with modern equipment. It requires increasing competitiveness and improving economic relations in the industry.

### **Literature review**

Coming from the above, the theoretical aspects of ensuring food safety were analyzed by foreign scientists, starting with Clay E. in the 1970s. The concept of food safety is dynamic, constantly incorporating new dimensions and additional levels of analysis. This ongoing evolution of the concept of food security reflects a broader recognition of the concept's difficulties in various fields of research and public policy, as the problem of food security has a long history, dating back to the first half of the world food crisis.

According to Collier P. , food insecurity serves as both a driver and a consequence of violence, contributing to a cyclical pattern known as the "conflict trap." Food security is essential for maintaining political stability and is associated with a high risk of various forms of unrest, including government failure, protests, riots, communal violence, and civil unrest. Conversely, violent conflicts often exacerbate food insecurity, leading to malnutrition and, in extreme cases, famine. While food insecurity can exacerbate conflicts, its impact varies depending on the situation, with the most pronounced linkages observed in countries characterized by weak markets and inadequate political institutions.

According to Thomas N.'s , food insecurity is defined as insufficient physical, social, or economic access to sufficient, safe, and nutritious food to meet the dietary needs and benefits of a healthy and active lifestyle.

Similarly, as defined by the Food and Agriculture Organization of the United Nations (FAO), food security refers to situations in which people do not have access to sufficient amounts of safe and nutritious food necessary for normal growth, development and the maintenance of an active and healthy life. .

Tarasuk V. and Vogt J. Larin's research shows that food insecurity extends beyond the poorest and most privileged. Even low-wage earners, especially those without stable housing, and those with moderate incomes can face food insecurity due to rising costs, such as mortgage or loan payments, or unexpected situations, such as sudden illness or unemployment.

Research by Napoli M. et al. , food security is a key aspect of human life, considering the impact of food on human health and economic and political stability of the country. It includes four main pillars of usability, availability, usability and sustainability:

According to the International Food Policy Research Institute (IFPRI) , people are food secure when they have the physical, social, and economic means to access sufficient, safe, and nutritious food that meets their dietary needs and preferences to maintain an active and healthy lifestyle.

According to scientific research by Lang T. and Barling D. , two main paradigms of food security are distinguished: the first emphasizes increasing food production as the main solution to insatiable consumption and hunger, and the second, from a more modern point of view, puts social and ecological issues first, which can be addressed through wide-ranging issues beyond simple processing. It demonstrates the need for coverage. In our opinion, firstly, the proposal is mainly focused on the problems of agriculture, and secondly, it is related to general food systems.

Garnett T., Appleby M.S. et al. Explained one way to address the problem of food security in the ESA is to increase agricultural productivity in ways that minimize environmental impacts and protect the ability to sustainably produce food. This stabilization strategy has been embraced by many governments globally as a policy challenge, but it has also been criticized for being overly focused on implementation or lacking coherence.

Research by Guiney R., Pato M. et al. emphasizes the need to reexamine the four pillars of food security - availability, affordability, utilization, and sustainability - in the light of additional factors such as climate change.

Clapp J., Moseley W. et al. argue that it is time to formally update the current definition of food security to include two additional dimensions—stability and agency—that capture the broader dynamics that influence hunger and malnutrition.

Economic security in the Commonwealth of Independent States, including the share of state subsidies in the production of food products analyzed by G.V. Bepakhotniy and I.G. Ushachev .

### **Analysis and results**

This research explores the mechanisms for ensuring and enhancing food security in Uzbekistan using a qualitative approach. It reviews existing literature, international and national frameworks, agricultural policies, and economic strategies. A mixed-methods approach is used to assess agricultural productivity, food production statistics, and food security indices. Data is gathered from national statistical agencies and international rankings. The study also analyzes government policies, regulatory reforms, and market mechanisms to support the agricultural sector. Interviews with key stakeholders provide insights into practical challenges and successes. The study also explores case studies of successful agricultural innovations and sustainability practices in similar developing economies to identify potential strategies for Uzbekistan. Economic models are used to project the impact of these reforms on future food security and agricultural sustainability. By integrating data analysis with policy assessment and expert opinion, this research provides a comprehensive understanding of factors influencing food security in Uzbekistan and the strategic measures necessary for long-term sustainability.

Ensuring food safety, which is one of today's global economic problems, occupies a special place in our country. Management of state control over food safety through a single system, bringing the functions of various agencies into a single system, and the food safety inspection should be organized.

Strengthening the agricultural and food safety control system in the "field-to-consumer" chain in our country, based on international requirements, food developing a system of laboratories for checking and analyzing the safety level of products

full communication of information about food products to consumers;

Establishing standards for the content of salt, sugar and fat in food products that are safe and harmless to human life and health, based on the recommendations of the World Health Organization;

improving the system for developing and registering biologically active additives;

it is appropriate to assess the risk of genetically modified organisms (GMOs) and industrial trans fats in imported and domestic food products.

Table-1.

Cereal products grown in 2010-2023 (thousand tons)

№	Thousand tons	2018	2019	2020	2021	2022	2023	Cumulative growth rate in 2023 compared to 2018, in %
1	Cereal crops total	6535,5	7437,8	7636	7634,6	7990,5	8453,4	22,3
2	Corn	413,2	421,3	475,3	590	656,4	781,4	58,9
3	White-corn	21,1	14,8	19	22,1	16,8	17,6	-20,4
4	Millet	54,5	104,3	99,1	99,9	77,5	105,2	42,2
5	Oatmeal	1,3	1,7	1,8	0,2	0,5	0,3	-61,5
6	Rice	221,1	314,7	293,5	334,2	359,1	355,7	62,4
7	Of these, legumes	260	339,6	401,6	439,8	469,5	511,4	80,6
8	Peas	37,4	34,2	23,9	34,3	40,4	36,3	8,0
9	Beans	65,1	72,2	77,3	73,7	79,6	93,5	22,3

<sup>1</sup> Prepared by the author based on the data from the State Statistics Agency under the President of the Republic of Uzbekistan. [<https://stat.uz/uz/rasmiy-statistika/services-2>](<https://stat.uz/uz/rasmiy-statistika/services-2>)



Table 2 shows that in 2010-2023, grain crops amounted to -7504.3 tons in 2010, while in 2023 this indicator amounted to -8453.4 tons. In 2023, compared to 2018, an additional increase was observed in the following grain crops: corn - 58.9%, millet - 42.2%, rice - 62.4%, legumes - 80.6%, chickpeas - 8.0%, beans - 22.3%. At the same time, white-corn decreased by -20.4%, oats - by -61.%. Agriculture and food through diversification of agriculture, more rational use of available land, water and other resources, application of modern and intensive technologies Systematic work on the production of products is gradually bearing fruit.

Table-2.

## Kaleyard products grown in 2010-2023 (thousand tons)

	Thousand tons	2010	2015	2016	2017	2018	2019	2020	2021	2022	2023	Cumulative growth rate in 2023 compared to 2010, in %
1	Potatoes	1694,8	2586,8	2789,5	2793,7	2911,9	3089,7	3143,8	3285,6	3443,2	3574,1	103,2
2	Pamidor	2042,1	2562,3	2796,2	2455,1	2284,2	2145,1	1928,5	2206,6	2191,1	2205,7	7,3
3	Cucumber	336,8	840,2	939,9	813,6	857,1	853,1	812,7	890,4	900,3	958,7	167,3
4	Carrot	1310,7	2055,4	2149,9	2249,7	2185,1	2768,6	2876	3155,7	3372,4	3449,6	157,3
5	Onion	822,5	1206,6	1273,5	995,1	1464,5	1233	1256,1	1200	1214,3	1318,5	47,6
6	Garlic	45,7	165,8	200,9	214,3	254,9	214,8	223,7	195,5	210,3	226	360,2
7	Cabbage	585,3	952,6	1094	904,5	743,4	703,4	658,6	680,6	787,7	848,9	34,6

As can be seen from Table 2, in 2010-2023, agricultural products in 2010 were potato-1694.8, tomato-2042.1, cucumber-336.8, carrot-1310.7, onion-822.5, garlic-45.7, Cabbage-585.3 tons, in 2023 potatoes-3574.1, tomato-2205.7, cucumber-958.7, carrot-3449.6, onion-1318.5, garlic-226.3 tons, Cabbage-848.9 tons organized. In 2023, compared to 2010, potato-103.7%, tomato-7.3%, cucumber-167.3%, carrot-157.3%, onion-47.6%, garlic-360.2%, Cabbage -34.6% achieved additional growth.

Table-3.

## Meat and meat products grown in our country (in thousand tons)

No	Products	2020	2021	2022	2023	Cumulative growth rate in 2023 compared to 2020, in %
1	Beef	2519,6	2635,1	2726	2833,2	12,4
2	Mutton	394,8	409,6	449,8	468	18,5
3	Chicken	181,1	220,7	272,6	283,3	56,4

Table 3 shows that in 2020, the amount of meat and meat products produced in our country was 2,519.6 tons of beef, 394.8 tons of mutton, and 181.1 tons of chicken. In 2023, this figure will be

2,833.3 tons of beef, 468 tons of mutton, and 178.9 tons of chicken. Of this, in 2020, farms beef, mutton, poultry meat -112.2, peasant farms beef, mutton, poultry meat -2302.8, agricultural enterprises beef, mutton, poultry meat - 104.6 tons, in 2023, farms produced beef, mutton, poultry meat - 178.9, peasant farms cattle noshti-2406,6, agriculture enterprises beef - 247.7 tons. In 2023, compared to 2020, Beef - 12.4%, Mutton - 18.5%, Poultry - 56.4% increased. Of this, farms produce beef, mutton, poultry -59.6%, farmers produce beef, mutton, poultry -4.5%, agricultural enterprises produce beef, mutton, poultry meat - increased by 136.8%.

If we turn to the numbers, in the last 2 years, a total of 193 thousand hectares of land were allocated to 643 thousand people. As a result, 2.5 million people were provided with employment and a source of income was created. In this, 120 thousand and more than 45 thousand labor migrants included in social registers were allocated land and helped to obtain a source of work and income. Of the allocated area, vegetables were planted on 58 thousand hectares, melons on 27 thousand hectares, potatoes on 22 thousand hectares, legumes on 26 thousand hectares, oilseeds on 6 thousand hectares, grains and other crops on 20 thousand hectares. It is planned to produce 5 million tons of food products by the end of 2023 due to these areas and the repeated crops being cultivated on 108 thousand hectares. As a repeated crop, 36 thousand hectares of vegetables, 16 thousand hectares of potatoes, 11 thousand hectares of melons, 7 thousand hectares of oilseeds, 33 thousand hectares of legumes and 5 thousand hectares of other crops were planted.

Fruit and vegetable processing centers with a capacity of 67 thousand tons, sorting and packaging with a capacity of 7 thousand tons, refrigeration with a capacity of 60 thousand tons and agrolistics centers with a capacity of 190 thousand tons were launched. The total cost of these 33 new projects is 521 billion soums. As a result, 1.8 million tons of fruits and vegetables were grown, of which 331 thousand tons, or \$ 243 million, were exported. The volume of processed products in this structure was 21 percent.

In 2016-2022, a total of \$7 billion worth of fruit, vegetable and food industry products were exported to 131 countries. The share of fruit and vegetable products in this structure was \$6.3 billion, and the share of food industry products was \$704 million.

In 2023, it is planned to export \$1.6 billion, of which \$1 billion 484 million worth of fruit and vegetable products and \$115 million worth of food industry products. There are all the grounds to achieve this goal. In particular, the number of food industry enterprises alone increased by 2.4 times from 9.4 thousand in 2016 to 22.5 thousand in 2022.

It is worth noting that, based on the current global situation, a large-scale reform program is being implemented in our country to modernize agriculture, ensure food security, and introduce market relations in the sector.

In 2017-2022, systematic work was carried out on the comprehensive development of agriculture, the creation of a value-added chain, the introduction of market relations in the sector, the development of processing and export infrastructure, the introduction of a system of agro-services, and modern mechanisms for financial support for farmers and peasants.

Modern methods and advanced forms of economic management, including the creation of agroclusters, agricultural associations (cooperatives) and diversification of production, are being used to produce highly profitable and export-oriented products, ensuring the country's food security. In order to reduce state participation in the management of the sector and increase investment attractiveness, the decree of the Head of State "On measures to simplify the procedure for leasing land plots intended for agriculture" abolished the procedure for approving the results of an open electronic competition for leasing agricultural land by the decision of the Council of Ministers of the Republic of Karakalpakstan, the governors of the regions and the city of Tashkent. As a result, the allocation of land plots is carried out using an electronic system without the human factor. Today, within the framework of land development projects in the regions, an allocation system for the organization of dehkan farms has been launched through the "E-auction" electronic trading platform.

The republic has determined the development of a system of production, regulation and coordination of products in accordance with the requirements of the international standards "Organic" and "Global G.A.P.". In order to develop science, knowledge and innovations in the field, the Research Institute of Plant Genetic Resources was established and the "National Genebank of Agricultural Crop Genetic Resources" was launched.

In order to develop the agricultural sector, deepen reforms, and increase the production of competitive, market- and export-oriented quality products, the "Strategy for the Development of Agriculture of the Republic of Uzbekistan for 2020-2030" was adopted, covering 9 priority areas.

Within the framework of the implementation of the tasks set out in the strategy, a number of laws and decrees were signed in 2022. In order to gradually specialize the regions in the production of certain types of agricultural products, 11 regulatory legal acts were developed and implemented.

Based on these regulatory legal documents, in order to fully satisfy the population's demand for guaranteed food products and increase export volumes, 226 thousand hectares of vegetables (37 thousand hectares more than in 2016), 53 thousand hectares of melons (1.1 thousand hectares more than in 2016), and 105 thousand hectares of potatoes (27 thousand hectares more than in 2016) were planted.

As a result of the work carried out within the framework of the strategy, a number of positive results were achieved. In particular, Uzbekistan rose 12 places in the Global Food Security Index (GFSI). It took first place among the 10 countries that achieved the highest growth in food security in 2019-2022.

Uzbekistan scored 73rd on the Global Food Security Index in 2022, with a score of 57.5. However, in 2017, Uzbekistan ranked 88th, with a score of 54.7.

At this moment, let's briefly discuss "The Global Food Security Index". The Global Food Security Index analyzes food cost, availability, quality and safety, sustainability, and flexibility in 113 nations. The index is a dynamic quantitative and qualitative comparative model made up of 68 distinct indicators that assess issues affecting food security in developing and industrialized countries.

Population expansion, increased demand for land, water, and energy resources, and abrupt climate change are the primary drivers of food security. Problems with environment and water supply necessitate the completion of new activities in this field. As a result, steps have been developed for 2021-2023 that aim to upgrade the existing water infrastructure. Based on it, building and renovation of 1,758 kilometers of canals, 443 kilometers of chutes, 329 hydraulic structures, 1,899 kilometers of collector-drainage, 728 kilometers of closed horizontal and vertical drainage, 1,896 melioration observation wells, and other facilities has started. At the same time, 5,026 kilometers of main canals and 45,595 kilometers of land reclamation networks are being repaired and restored, 518 pumping units and 807 electric motors are being upgraded.

The food industry's production will rise from \$6 billion to \$12 billion between 2023 and 2030. The number of food sector firms will increase from 22.4 thousand to 30 thousand, and the product range will expand from 1,100 to 1,500. They plan to implement around 5,000 investment projects and increase processing capacity over the next seven years. The number of jobs in the food business will rise from 110,000 to 150,000. Processing capacities for fruits and vegetables will expand from 3 million tons to 3.5 million tons, beef from 427 thousand tons to 650 thousand tons, and milk from 2.4 million tons to 2.9 million tons. As a result, the volume of processing of agricultural products will increase from 8 percent to 25 percent. The share of processed products in total exports will increase from 31 percent (\$494 million) to 40 percent (\$1 billion).

### **Conclusion and Recommendations**

The text research the theoretical aspects of ensuring food safety, focusing on the development of a food security state that ensures the production of the required amount of food products. A consumption procedure has been developed based on established rations, and products for the able-bodied and disabled population have been calculated and analyzed. The author aims to gradually apply the experiences of developed foreign countries to Uzbekistan's agriculture until 2030. The Constitution of the Republic of Uzbekistan has been decided to grant private property status to land, place agricultural land and funds under state ownership, and establish cooperative entities based on contracts of sale. The text also discusses the integration of water resources with neighboring countries, transboundary water resources, and joint use of interstate water management facilities. The productivity of food crops and the economic opportunities of the population in relation to food products are also analyzed. The main factors affecting food products are also developed.

<sup>1</sup> Prepared by the author based on the data from the State Statistics Agency under the President of the Republic of Uzbekistan. [<https://stat.uz/uz/rasmiy-statistika/services-2>](<https://stat.uz/uz/rasmiy-statistika/services-2>)

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# INNOVATIVE ENTREPRENEURSHIP: A NEW DRIVER OF ECONOMIC DEVELOPMENT

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## ABSTRACT

This article analyzes the role of innovative entrepreneurship in economic development and its significance as a new driver of growth. Innovative entrepreneurship contributes to economic growth, job creation, and improving the competitiveness of products by generating new ideas, technologies, and business approaches. The article explores the key factors necessary for fostering innovative entrepreneurship, including the role of education, science, finance, legal environment, and technological infrastructure. Additionally, it examines the impact of global economic trends and sustainable development concepts on innovative entrepreneurship. The article emphasizes the need for effective policies and collaboration to develop innovative entrepreneurship, as this is a crucial factor in enhancing the economic competitiveness of nations.

**Key words:** Investment, modernization, national economy, technology, project.

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## Introduction

In recent years, the role of innovative entrepreneurship in the global economy has been sharply increasing. By developing and implementing innovations and new technologies, this sector has become a new driver of economic development, not only promoting economic growth but also contributing to the enhancement of global competitiveness. Innovative entrepreneurship is the process of creating new ideas, technologies, products, and services. Its development helps not only create new jobs but also improves the efficiency of the economy, promotes resource conservation, and facilitates the discovery of new markets.

As a new driver of economic development, innovative entrepreneurship is of significant importance for countries and societies. Today, both developing and industrialized nations have placed the support and development of innovative entrepreneurship at the core of their economic strategies. This article analyzes the role of innovative entrepreneurship in economic development, its key factors, and its connection with global economic trends. It also explores the opportunities for ensuring sustainable and competitive economic growth through the development of innovative entrepreneurship.

Regarding innovative activities, the Law of the Republic of Uzbekistan "On Innovation" adopted on July 27, 2020, the Law on Science and Scientific Activity, the Presidential Decree of the Republic of Uzbekistan "On the State Program for Implementing the Action Strategy for the Development of Uzbekistan in the Years 2017–2021," which declares 2018 as the "Year of Active Entrepreneurship, Support for Innovative Ideas and Technologies," the Presidential Decree of the Republic of Uzbekistan "On Measures for Fundamental Renewal of the State Policy on Economic Development and Poverty Reduction" dated March 26, 2020, PF-5975, as well as the decree "On the Organization of Activities of the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan and its Structural Units" dated March 26, 2020, PQ-4653, the decision "On Improving the System of Engaging the Population in Entrepreneurship and Additional Measures to Develop Entrepreneurship" dated October 13, 2020, PQ-4862, and the resolution "On the Effective Organization of the Entrepreneurship Development Agency Under the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan" dated February 17, 2021, by the Cabinet of Ministers of the Republic of Uzbekistan are among the regulatory documents in this regard. The goal of adopting these documents is to develop entrepreneurial activity, create favorable conditions for the emergence and development of new entrepreneurs, enhance the potential and effectiveness of the innovation system, and create a favorable regulatory, financial, and informational environment for innovations.

## Literature review



The literature review on innovative entrepreneurship and its impact on economic development encompasses numerous academic studies and practical research. These sources examine the interrelationship between innovation, entrepreneurship, and economic growth, as well as the role of innovative entrepreneurship within economic systems. Below, we highlight the significance of innovative entrepreneurship in economic development based on key research in this field.

Innovation has been analyzed in many studies as a key driver of economic growth. Schumpeter (1934), in his seminal work, emphasized that innovations play a critical role in renewing and developing economic systems through the concept of "creative destruction." According to Schumpeter, new technologies and ideas completely transform existing industries and markets, creating new economic opportunities.

Building on this perspective, economists such as Aghion and Howitt (1992) demonstrated that innovations could accelerate economic growth and enhance competition. They discussed how the introduction of new technologies in the innovation process generates positive externalities for economic growth. They also emphasized that innovations are critical in improving production efficiency and streamlining manufacturing processes, making them an essential driver of economic growth.

Another important aspect of studying the role of innovative entrepreneurship in economic development is its contribution to increasing competitiveness. Porter (1990), in his work "Competitive Strategy," discusses the role of competitiveness in economic development and how innovative entrepreneurship plays a key role in strengthening it. According to Porter, innovations are significant not only in creating new products and services but also in enhancing competition within economic systems.

Porter further analyzes the infrastructure, education system, and state policies necessary to promote innovative entrepreneurship within his concept of "National Competitiveness." He argues that the role of the state and the collaboration of scientific institutions are crucial in developing innovative entrepreneurship.

Another positive impact of innovative entrepreneurship is the creation of new job opportunities. In their research, Audretsch and Thurik (2001) analyzed the impact of innovative entrepreneurship on job creation. They emphasized that innovative activities, especially those within small and medium-sized businesses, play a vital role in economic growth and the creation of new jobs. Innovative entrepreneurs introduce new technologies that improve labor skills and create job opportunities.

Technological infrastructure is an essential factor for the development of innovative entrepreneurship. Jorman (2006) studied the impact of technological infrastructure on entrepreneurial activity, highlighting that the development and application of technologies improve the efficiency of innovative entrepreneurship. According to Jorman, the advancement of modern communication and information technologies increases the efficiency of entrepreneurs in creating new products and ensures their competitiveness in the market.

The impact of innovative entrepreneurship on economic development extends beyond economic factors, also encompassing social and environmental aspects. Sustainable development and environmentally responsible business practices play a crucial role in fostering innovative entrepreneurship. Azmat, Sadiq, and Khan (2020) demonstrated in their research that considering the principles of sustainable development in innovative entrepreneurship can enhance the socio-economic benefits of development.

The literature extensively analyzes the interrelationship between innovative entrepreneurship and economic development. Innovative entrepreneurship emerges as a key factor for economic growth, enhancing competitiveness, creating new jobs, and driving technological progress. Furthermore, the importance of sustainable development and environmentally responsible approaches is globally recognized. These changes lead to the innovative development of economies, which, in turn, ensures the competitiveness and economic stability of nations.

### **Analysis and results**

This article utilizes several scientific and methodological approaches to analyze the role of innovative entrepreneurship in economic development and its significance as a new driver of growth. The research methodology encompasses various scientific techniques and approaches, including qualitative and quantitative analysis, literature review, and empirical research. The following outlines these methods in detail.

As the first part of the methodology, a literature review was conducted. Scientific and practical works were examined to identify the interconnection between innovative entrepreneurship and economic development, as well as the key theoretical approaches in this field. Through the literature review, theoretical foundations regarding the role of innovative entrepreneurship in economic growth, sustainable development, enhancing competitiveness, and creating new job opportunities were identified. This method helped to form the conceptual framework and scientific basis necessary for the article.

To conduct a deep analysis of the impact of innovative entrepreneurship on economic development, a qualitative research methodology was employed. This method involved studying practical examples of innovative entrepreneurship, such as successful startups, innovative companies, and their economic impact in various countries and regions. Interviews, expert assessments, and case studies were conducted, which helped identify successful models of innovative entrepreneurship and provided insights into methods for boosting economic growth and competitiveness.

For identifying changes related to innovative entrepreneurship and economic growth, a quantitative analysis methodology was applied. This method involved the analysis of economic indicators such as GDP growth rates (specifically related to the green economy), new job creation, investment volumes, and innovation activity indicators. Regression and correlation analysis methods were used to determine the relationship between innovative entrepreneurship and economic growth. These methods helped measure the impact and effectiveness of innovative entrepreneurship on economic development.

A comparative analysis method was used to compare the results of innovative entrepreneurship in different countries and economic systems. This approach enabled the identification of successful strategies to support economic development and innovative entrepreneurship. For example, the technological innovations of Japan, the startup ecosystem in the USA, and Singapore's competitive policies were analyzed. The goal of this method was to understand the different paths of innovative entrepreneurship in various regions and their role in economic development.

The final part of the methodology involved conducting empirical research. Surveys and expert interviews were organized to collect specific data on the impact of innovative entrepreneurship on economic development. These studies were aimed at gathering opinions on the role of government policies, financial resources, and technological infrastructure in supporting innovative entrepreneurship. Additionally, interactions with entrepreneurs and investment companies helped determine the effectiveness of innovation activities and their role in economic growth.

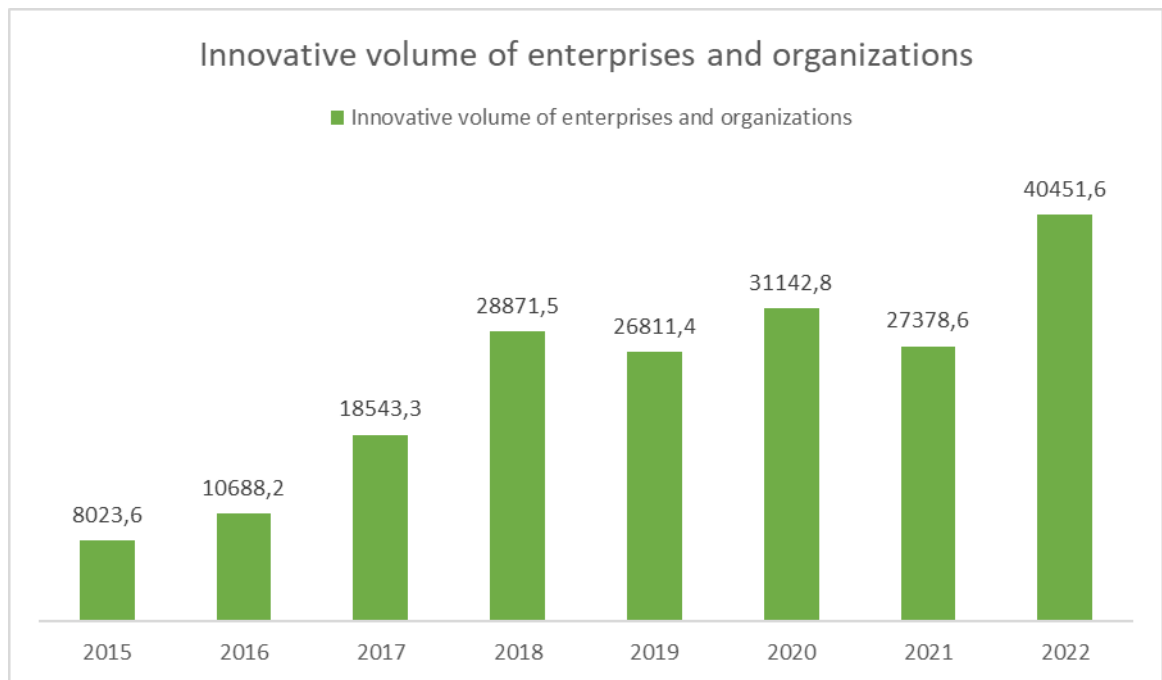
This combination of methodologies—literature review, qualitative and quantitative analysis, comparative research, and empirical studies—provided a comprehensive examination of the role and significance of innovative entrepreneurship in economic development. The use of these methods together enhances the scientific and practical value of the article and contributes to a deeper understanding of innovative entrepreneurship as a new driver of economic growth.

In this article, the significance of innovative entrepreneurship as a new driver of economic development was studied based on statistical data and empirical analyses. The following key findings were obtained:

According to the results of the statistical analysis, there is a positive correlation between innovative entrepreneurship and economic growth. Research and data analysis from countries such as Uzbekistan, China, and South Korea showed that supporting innovations, the development of new technologies, and the increase in the number of startups have contributed to accelerating economic growth.

For example, according to Uzbekistan's statistics from 2020 to 2023, the volume of investments in innovative activities increased by 15%, resulting in a 6.3% growth in GDP (new economic growth model). According to the State Statistics Committee of the Republic of Uzbekistan, in 2023, the number of innovative startups increased by 25%, which directly impacted the creation of new jobs and economic growth.<sup>1</sup>





**Figure 1. Innovative Size of Enterprises and Organizations in the Republic of Uzbekistan**

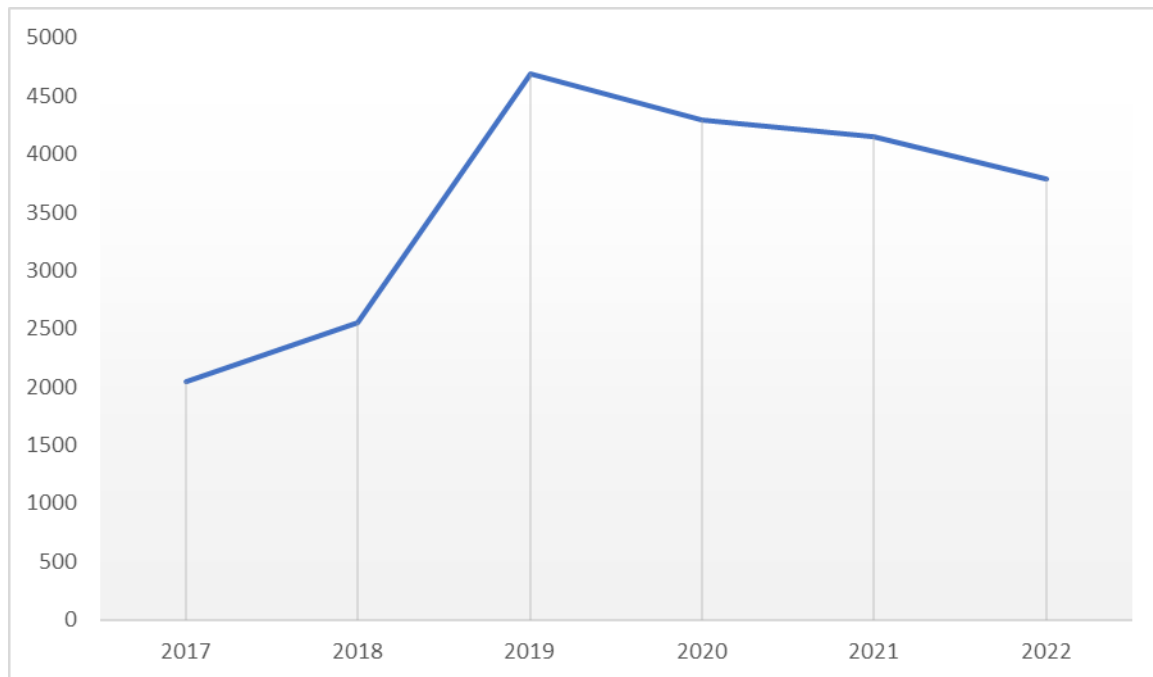
The data presented in the table reflects the annual economic indicators of the Republic of Uzbekistan, specifically the country's Gross Domestic Product (GDP) or other economic metrics. To analyze this, we can examine the annual changes. The figures in the table are presented as follows: in 2018, the indicator was 28,871.5, which dropped to 26,811.4 in 2019. This change represents a 7.2% decrease in 2019 compared to 2018. This decline could be attributed to external and internal factors affecting the economy (such as the global economic crisis or conditions before the pandemic).

In 2020, compared to 2019, growth was observed, with the figure rising from 26,811.4 to 31,142.8, which means a 16.2% increase. This growth may be related to the development of new technologies, the government's economic stimulus policies, or the growth of innovative startups during the pandemic period.

In 2021, there was a decrease of 12.1%, from 31,142.8 to 27,378.6. This decline can be explained by the economic impact of the COVID-19 pandemic and disruptions in resources and production processes.

In 2022, compared to 2021, a significant increase of 47.7% was observed, reaching 40,451.6. This growth could be the result of the government's policies supporting innovative entrepreneurship, economic liberalization, and discovering new markets.

The provided statistical data demonstrates the volatility of Uzbekistan's economy and shows how innovation activities and economic policies have influenced economic growth in specific periods. The high growth in 2022 indicates that the strategy of supporting innovative entrepreneurship as a new driver for economic development was effectively implemented.



**Figure 2. Number of Innovations Implemented in the Republic of Uzbekistan**

The table presents the number of innovations implemented in the Republic of Uzbekistan each year. Let's analyze this data.

The change between 2017 and 2018 shows an increase of 512 innovations (2018) - 2046 (2017) = +512, which represents a 25% growth. This significant increase in innovation activity in 2018 indicates the strengthening of Uzbekistan's innovation policy and government support for innovations. Additionally, the creation of favorable conditions for the development of startups and new technologies, as well as initiatives aimed at supporting small and medium-sized businesses, could have contributed to this growth.

Between 2018 and 2019, the change is +2131 innovations (2019) - 2558 (2018) = +2131, which represents an 83.4% increase. The sharp rise in innovation activities in 2019 shows the successful implementation of government policies aimed at promoting innovation. During this period, there was an increase in startups and new projects in science and technology. The strengthening of government innovation programs and financial support may also have contributed to this rise.

From 2019 to 2020, there was a decrease of 399 innovations (2020) - 4689 (2019) = -399, which represents an 8.5% decline. The decrease in innovations in 2020 is likely related to the impact of the COVID-19 pandemic on the economy. Due to the pandemic, many entrepreneurial activities slowed down or stopped, and investments directed at startups and new projects also declined. However, the government continued to support innovation, which helped keep the decline relatively small.

From 2020 to 2021, the change was -142 innovations (2021) - 4290 (2020) = -142, which represents a 3.3% decrease. The decrease in innovations in 2021 was very small compared to 2020. This may reflect a reduced impact of the pandemic, though the economy had not fully recovered. However, the continuation of innovation-focused policies helped limit the decline.

From 2021 to 2022, the change was -356 innovations (2022) - 4148 (2021) = -356, representing an 8.6% decline. The slight decrease in innovations in 2022 may be related to economic stability and other external factors. The decline in the number of innovations in 2022 could be explained by factors such as the global economic crisis, limited resources, or reduced new investments.

**Growth in Innovative Activity (2017-2019):** The sharp increase in the number of innovations between 2018 and 2019 demonstrates the successful implementation of government policies supporting innovation. By 2019, the number of innovations had risen significantly.

**Impact of the Pandemic (2019-2021):** The decline in the number of innovations in 2020 reflects the impact of the pandemic on the economy. However, continued innovation policies helped keep the decrease relatively small.

**Decline between 2021-2022:** A slight decline in innovation activities between 2021 and 2022 can be explained by global economic challenges and external factors. Overall, the rise and fall of

innovation activities are influenced by the country's economic policies, global economic conditions, and the impact of the pandemic.<sup>1</sup>

### Conclusion and Recommendations

This article provides a comprehensive analysis of the importance of innovative entrepreneurship as a new driver of economic development. Innovative entrepreneurship plays a key role not only in the creation of new technologies and products but also in the renewal of economic systems, discovery of new markets, and enhancement of competitiveness. By creating and implementing innovations, countries have the opportunity to accelerate their economic growth, generate new jobs, and offer competitive products in the global market.

For the successful development of innovative entrepreneurship, several factors are necessary, including favorable economic infrastructure, advanced scientific and technological capabilities, an effective education and training system, as well as a robust legal and financial environment. All these factors serve to support and stimulate innovative activity. Additionally, the government's innovation policy, participation of the private sector, and international cooperation are key factors to consider in the development of innovative entrepreneurship.

In conclusion, innovative entrepreneurship serves as the main driver of economic growth for both developing countries and industrialized economies in today's economic conditions. Innovative ideas, new technologies, and business models play a critical role in ensuring economic stability, creating competitive products, and achieving sustainable development. Therefore, supporting and developing innovative entrepreneurship is an essential task for the economic future of the state and society.

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<sup>1</sup> Prepared by the author based on the data from the State Statistics Agency under the President of the Republic of Uzbekistan. [<https://stat.uz/uz/rasmiy-statistika/services-2>](<https://stat.uz/uz/rasmiy-statistika/services-2>)

## ANALYSIS OF MAIN DIRECTIONS OF ENSURING YOUTH EMPLOYMENT IN UZBEKISTAN

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### ABSTRACT

The youth labor force is a vital component of many countries, including Uzbekistan, and their effective employment is crucial for economic development. It drives economic growth, reduces unemployment, and addresses labor market imbalances. As the global economy evolves, it is essential to improve vocational skills of young people to meet modern labor market needs. Enhancing vocational training and retraining is essential for equipping young individuals with practical skills and knowledge to thrive in dynamic industries. Offering continuous learning opportunities for both youth entering the workforce and existing workforce adapting to new technologies and work environments is crucial. Strengthening vocational training programs aligns youth skills with economic demands, reducing the skills gap, and preparing them for the evolving labor market. Investing in retraining initiatives for adults and those already employed enhances workforce adaptability and resilience, ensuring sustainable economic growth. Therefore, continuous improvement of vocational education systems is a critical strategy for fostering long-term economic stability and prosperity.

**Key words:** youth labor market, youth employment, personnel training strategy.

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### Introduction

Uzbekistan is currently undergoing significant structural transformations in its economic sectors as part of its transition to a market-oriented economy. These reforms are designed to boost the production capacity of various industries and enhance the country's export potential, ensuring long-term growth and stability in the economy. The ultimate goal of these efforts is to create an environment that fosters economic growth, addresses national challenges, and strengthens Uzbekistan's position on the global stage.

As the country moves forward with these changes, there are numerous critical tasks to address in order to ensure the success of the transition. One of the top priorities is the proper formation and management of the workforce, particularly in terms of addressing unemployment and optimizing the allocation of human resources. The national strategy, "Uzbekistan - 2030," emphasizes the importance of creating favorable conditions for individuals to realize their full potential. The strategy aims to create a society where every person has access to opportunities for growth, development, and a dignified life. This remains one of the central goals of the nation.

A key strategy for addressing these economic challenges lies in effectively utilizing the country's youth labor force. Young people are crucial in addressing some of the most pressing issues facing the national economy, such as the expansion of production, increasing the income levels of the population, and tackling inflation and unemployment. The youth are not only a vital resource for replenishing and renewing the labor market but also a driving force behind innovation and economic modernization. By integrating this young labor force into the economy, a significant portion of the unemployment problem can be mitigated. Therefore, providing young people with meaningful employment opportunities is essential for ensuring both individual and national economic progress.

### Literature review

Labor market formation is influenced by various factors and conditions. These factors and conditions determine the specific characteristics of regional labor markets in Uzbekistan. Broadly speaking, a labor market is a system of social relations, social norms, and institutions that provides

an exchange determined by the demand for the use of labor and its supply at a given price, or more generally, the recruitment and use of labor. can be expressed as a set of relations.

Academician Abdurakhmanov, "the market that distributes labor resources and makes decisions about employment <sup>2</sup>is called the labor market. " From this point of view, we can give a complete definition of employment using a systematic approach to studying its important features. Employment of the population as a socio-economic system and the labor market in general are reflected in the views of prominent scientists in the field of economics. Effective development of the labor market and reduction of unemployment in Uzbekistan Q.Abdurakhmanov<sup>3</sup> (employing young people who are not competitive in the labor market), Sh. Kholmuminov<sup>4</sup> and K. Khomitov<sup>5</sup> (formation and development of the rural labor market), Z. Khudoyberdiyev<sup>6</sup> (entrepreneurship and employment technology), M. Kholmukhamedov<sup>7</sup> (regulation of youth employment in the labor market), D. Nasimov<sup>8</sup> (employment of graduates of higher education institutions placement), researched by B. Tagayev (management of youth employment in the modern socio-economic system) and other economists.

### Research methodology

This study explores the role of youth employment in Uzbekistan's economic development through a combination of research methods. The systematic analysis of existing literature, data, and statistical reports on youth employment, the labor market, and economic development is crucial for understanding the current state of the labor market and the challenges faced by the youth demographic. The economic research methodology, drawing upon established economic theories, allows for the application of economic models and frameworks to assess the potential impact of different policies and strategies aimed at improving employment rates among young people.

A comparative analysis is conducted to examine the experiences of other countries with similar economic conditions and labor market challenges. This approach identifies best practices, potential areas for improvement, and lessons that can be applied in the Uzbek context. The deductive approach is used to draw conclusions from the analyzed data and existing theoretical frameworks, allowing for policy recommendations and practical interventions based on the evidence gathered.

In summary, the research methodology offers a comprehensive analysis of the youth labor market using a combination of qualitative and quantitative techniques to address the complex challenges of employment and economic development. These methods, applied cohesively, provide valuable insights and contribute to the formulation of effective strategies for improving youth employment in Uzbekistan..

### Results and discussions

Social, economic and legal problems related to finding a suitable job, workplace, conditions, profession, reputation, intensity and duration of the labor process. The fact that today's youth find their place in society and are ready to meet the requirements of the labor market has its own characteristics.

The globalization of the information environment, the rapid and wide spread of high standard of living standards, exacerbate the social and economic problems related to young people due to the limited opportunities to meet the vital needs of young people.

It should also be shown that in the process of attracting young people to work, the prestige of some professions and specialties has decreased, while others, on the contrary, have risen much higher. Here it is not about the decrease in the prestige of qualified labor in general, but about the

<sup>2</sup> KHAbdurahmanov. "Labor Economics: Theory and Practice." Textbook. - T.: "Science", 2019.

<sup>3</sup> KHAbdurahmanov. "Labor Economics: Theory and Practice." Textbook. - T.: "Science", 2019.

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change of priorities within the specializations requiring high qualifications.

The beginning of the work activity of young people causes changes in their life related to getting used to the profession. First of all, this is influenced by the environment in the labor team, socio-professional values, a fundamentally new type of professional activity, characteristics of industrial relations and other factors.

Among young people, the demand for the future job, working conditions and content, especially the amount of salary, is extremely high. This creates a conflict between the employer's evaluation of young people as labor force and the young people's self-evaluation. That's it of young people work with employment in providing the most serious from problems one is considered

Young people work with in providing their information big important has Science is fast progressive working to issue the most modern technologies current being carried out today's in the day work strength information and qualification solution doer importance occupation is doing

In our country demographic of indicators population age according to dynamics given . To him according to the next 5 years during to labor capable from the age big population the number is 21.9 percent increased ( Table 1 ) . Such is the case social supply with dependent issues requires strengthening .

**Table-1**

**Number of the population young composition according to distribution** ( year per head; a thousand person )

Indicators	2020	2021	2022	2023	In 2023 compared to 2020
<b>Total population the number</b>	<b>33905.2</b>	<b>34558.9</b>	<b>35271.3</b>	<b>36024.9</b>	<b>106.3</b>
0-14 young	9870.3	10175.8	10518.5	10835.5	<b>109.8</b>
15-19	2559.0	2569.7	2616.2	2697.4	<b>105.4</b>
20-54	17197.8	17360.6	17505.8	17686.2	<b>102.8</b>
55-59	1515.7	1528.1	1527.5	1522.2	<b>100.4</b>
Over 60 years old	2762.5	2924.6	3103.4	3283.7	<b>118.9</b>

**Source** : Uzbekistan Republic Statistics under the President based on the information of the agency .

World Bank information According to Western Europe countries national wealth in the composition main work release funds (building and buildings , cars and machines ) and natural 23.2 percent of resources , people capital and 74.0 percent organize is enough.

**Table-2**

**Number of the population young composition according to distribution** ( thousand person )

<b>Total a h high the number</b>	0-15 years old	16-60 years old	Over 60 years old
<b>36 02 4.9</b>	11 437.4	21 30 3.9	3 283.6
As a percentage of the total population	31.7	59.1	9.1

**Source** : Uzbekistan Republic Statistics under the President based on the information of the agency .

In the current economic conditions, there is increasing demand for the quality of the workforce, particularly its professional skill level, without focusing solely on the quantity of labor. The system of workforce training is considered a key factor in the development of production, the creation of competitive products, and ensuring effective employment for the population. The vocational education system, which is a central part of the workforce training system, should be aimed at the labor market's conditions, as well as the needs and demands of employers.

The employment of youth in the labor market is largely dependent on the educational level and



overall competence of the young people living in the region. Research indicates that workers with higher qualifications have better opportunities in the labor market. At the same time, based on statistical data, it can be stated that the majority of the unemployed are individuals with low qualifications and knowledge levels.

Moreover, within the framework of the "Youth Employment Programs," it is planned to assist 686,314 young people with employment in 2023.

It is known that on April 11, 2023, a videoconference meeting was held under the leadership of the President of the Republic of Uzbekistan on the "Measures to improve the effectiveness of youth policy and further enhance the system of working with young people."

To ensure the implementation of the tasks set, regional administrations, the Ministry of Poverty Reduction and Employment, the Ministry of Higher Education, Science and Innovation, the Ministry of Preschool and School Education, and the regional departments of the Ministry of Youth Policy and Sports collaborated to develop and approve the "Youth Employment Programs" aimed at helping young people entering the labor market and addressing unemployment in every region. According to this, the following measures are planned for integrating the workforce into the labor market:

- Placement of 143,200 graduates into vacant positions in enterprises and organizations;
- Training 53,400 individuals in vocational skills and entrepreneurship;
- Involving 15,100 people in paid public work;
- Assigning 20,300 individuals to entrepreneurs through supportive youth programs;
- Assigning 10,800 people to artisans through the "Master-Apprentice" system;
- Ensuring employment for 27,900 people by allocating land in agriculture;
- Registering 69,200 people as self-employed individuals;
- Ensuring employment for 19,100 people through loans provided by commercial banks;
- Ensuring employment for 31,100 people through subsidies;
- Ensuring employment for 243,300 people in other areas (those entering vocational education institutions).

Information for , current in common secondary education schools , professions and higher education institutions graduates number of 686,314 people organize is doing

The lack of long-term planning in the labor market, the lack of strong relations between educational institutions and employers, make it difficult to create an optimal system for training workers and specialists. The low demand for many specialties in the labor force market, the lack of clerical skills, and the provision of employment for young people who are just starting their independent life are a serious problem.

High education in the system personnel preparation strategy work with employment in the field processes account take necessary Labor market research reach through in the region personnel preparation system market economy to relations adaptation the ways to determine need.

### **Summary**

The people of our country of young people the share is much larger is a worker of those entering into the structure of power resources part organized by young people. As a result of the rapid increase in the population in our republic, the territory is getting denser in terms of demographics. As a result, it creates serious problems in ensuring employment of young people, especially rural youth. Reducing unemployment among young people, their behavior in the labor market is one of the serious socio-economic issues that await a solution. Based on this, the following can be mentioned:

1 . There is a mismatch between the labor and specialist training program and the demand in the labor market. The solution to this problem is to reduce poverty in the republic and reach an agreement by employment agencies, enterprises and organizations, as well as educational institutions.

2. It is desirable to connect young people from adolescence to entrepreneurs who are engaged in household activities within the framework of family entrepreneurship development programs and to ensure that they learn their professions, and if necessary, to support them by giving



them subsidies or benefits.

3. Additional opportunities to improve youth employment can be increased by encouraging non-governmental organizations to actively participate in the selection of personnel and their employment.

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# THE USE OF THE INTERNET OF THINGS (IOT) FOR REAL-TIME FOOD QUALITY MONITORING.

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## ABSTRACT

In the rapidly evolving food market, product quality and safety are of critical importance. The use of the Internet of Things (IoT) for monitoring food quality provides new opportunities for control at all stages of the supply chain. This article examines the key benefits of IoT, such as enhanced transparency, reduced losses, and logistics optimization, as well as the challenges associated with its implementation, including high costs and cybersecurity. An analysis of existing solutions is presented, along with recommendations for overcoming barriers, reinforcing the role of IoT in the food supply chain.

**Key words:** Internet of Things, food quality monitoring, supply chain, cybersecurity, transparency, logistics, optimization, sustainable development.

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## Introduction

In recent decades, issues of food quality and safety have become increasingly important within the global community. With population growth, urbanization, and rising consumer demands for product quality, food companies and government bodies face new challenges that require innovative solutions to ensure a reliable and safe food supply chain. One such technology, which has gained broad recognition and active application, is the Internet of Things (IoT), opening new opportunities for monitoring and managing food quality at all stages—from farm to consumer.

In today's conditions, the food supply chain can be quite complex, as products often go through numerous stages—harvesting, transportation, storage, processing, and distribution. At each of these stages, there is a risk of exposure to unfavorable factors such as temperature, humidity, and storage time, which can negatively affect product quality and safety. The application of IoT devices enables real-time tracking of key parameters, thereby ensuring transparency and prompt process management. Network-connected sensors can measure temperature, humidity, oxygen levels, and other crucial parameters, sending the data to servers for analysis and subsequent decision-making (Zhu et al., 2021).

The advantages of using IoT for monitoring food quality are evident. IoT-based systems allow continuous tracking of storage conditions and help identify potential issues before they lead to quality deterioration or expiration. For example, temperature and humidity sensors can detect deviations from optimal conditions, which is especially critical for storing perishable products such as meat, fish, dairy, and vegetables (Chen et al., 2020). Additionally, IoT significantly enhances transparency across the supply chain, which in turn improves consumer trust and compliance with regulatory standards.

A key factor in the effectiveness of IoT-based systems is data integration and analysis. With advancements in big data processing and artificial intelligence, it has become possible not only to collect but also to process vast amounts of data obtained from IoT devices to predict and prevent risks. As a result, companies gain the capability to monitor the current state of products and predict quality based on historical data and machine learning algorithms (Zhou et al., 2022). Amid rising demand for high-quality and safe food, IoT remains one of the most promising directions capable of transforming the food industry and improving the lives of millions worldwide (Patel et al., 2023).

Thus, exploring the potential and benefits of using IoT for real-time food quality monitoring is a highly relevant and in-demand field. This paper examines the main aspects of IoT application in the food supply chain, analyzing its advantages and disadvantages, and offering solutions to overcome existing barriers.

## Literature review

The application of the Internet of Things (IoT) for monitoring food quality has become one of the key areas of research and development in recent years. IoT technologies enable more precise and real-time control over product conditions at all stages of the supply chain—from production to the end consumer. A review of existing studies shows that IoT implementation can enhance the

transparency and reliability of food supply chains, while also minimizing product losses and associated costs.

One of the most crucial components of IoT systems for monitoring food quality is sensors, which allow real-time tracking of key environmental parameters, such as temperature, humidity, gas content, and light levels (Zhou et al., 2022). Research by Chen et al. (2020) demonstrated that the use of temperature and humidity sensors significantly improves the storage conditions of perishable products, such as meat and dairy. These devices not only detect deviations from normal values but can also alert operators for immediate action.

GPS trackers and radio-frequency identification (RFID) systems also play an essential role in the food supply chain. RFID tags allow for tracking product location and identification at each stage of transportation and storage, providing a high level of transparency within the supply chain (Kumar et al., 2021). GPS technology, in turn, helps monitor in-transit conditions, enabling timely responses to environmental changes, which is especially crucial for international product transportation. As noted by Zhu et al. (2021), machine learning methods can help identify patterns indicating potential risks for products. For example, based on temperature and humidity data, it is possible to predict how long a product will remain fresh, allowing for informed decisions regarding its further storage and transportation.

Moreover, big data analysis plays a significant role in optimizing logistics processes. Patel et al. (2023) assert that data analysis from IoT devices contributes to route optimization, reducing delivery time and decreasing the carbon footprint.

With the integration of IoT technologies in the food supply chain, concerns about cybersecurity and data confidentiality are increasing. As Liu et al. (2022) point out, data breaches can lead not only to significant financial losses but also endanger consumer safety. Therefore, ensuring cybersecurity within IoT systems, including data encryption and device authentication, is a crucial task for the sustainable development of IoT in the food supply chain. Despite the clear advantages, IoT in the food supply chain faces several challenges, such as high costs for equipment installation and maintenance, the complexity of integrating various types of sensors and devices, and the need for trained personnel to operate IoT systems (Sharma & Singh, 2023). Nevertheless, many researchers believe that the potential for IoT in the food sector remains high, especially given the growing demands for safety and quality.

In a study by Raj et al. (2021), it was noted that government support and IoT technology standardization could facilitate faster and more successful adoption. For instance, developing unified standards for sensors and data transfer protocols could simplify integration and reduce costs, encouraging technology adoption and its expansion among small and medium enterprises.

### **Analysis and results**

This study aims to analyze the potential of applying the Internet of Things (IoT) for monitoring food quality at various stages of the supply chain. The methodology comprises several stages, enabling data collection and analysis, examination of existing technologies, and proposing approaches for the effective use of IoT in the food supply chain.

In the first stage, a review of existing scientific and professional publications on IoT use in supply chains and food quality monitoring was conducted. Sources were selected from scientific databases such as IEEE Xplore, ScienceDirect, and SpringerLink to ensure high quality and relevance of the information. The literature analysis identified the main IoT technologies and devices used for monitoring food parameters, such as temperature, humidity, oxygen, and carbon dioxide levels, as well as key challenges and issues related to IoT implementation.

In the second stage, a systematic study of existing IoT devices and their characteristics relevant to food quality monitoring was conducted.

To supplement the literature data, a qualitative analysis was carried out with the participation of experts in supply chain management, IoT, and food quality management. Data were collected through semi-structured interviews and surveys conducted with representatives of food companies, logistics operators, and IoT developers. The questions focused on current quality control approaches, the benefits and challenges of IoT usage, and the prospects for implementing new technologies.

The collected data were subjected to thematic analysis to identify key trends and issues associated with IoT implementation. These results enabled the evaluation of companies' perceptions and their readiness to apply IoT for food quality monitoring.

**Results and Discussion.** The application of the Internet of Things (IoT) in the food supply chain significantly enhances control over product conditions. IoT systems include various sensors, data

transmission devices, and software platforms for analyzing received information. The foundation of IoT monitoring is temperature, humidity, and gas sensors, which enable tracking of storage and transportation environment parameters. Chen et al. (2020) emphasize that such sensors allow for the timely detection of deviations from normal conditions, helping to prevent product spoilage. For example, temperature and humidity sensors play a crucial role in maintaining the quality of perishable products, such as meat and dairy.

GPS trackers and RFID tags complement the sensors by enabling the tracking of product location at each stage of the supply chain, providing a high degree of transparency (Kumar et al., 2021). An RFID system integrated with an IoT platform not only monitors the product's location but also provides information on its identity and transportation conditions. As a result, if a product is exposed to unfavorable conditions, the system can immediately notify the relevant operators to take corrective actions.

The use of IoT technologies offers several key advantages for the food industry. One of the primary benefits is the ability to monitor product quality in real-time, increasing transparency and supporting prompt decision-making. Patel et al. (2023) note that IoT systems significantly reduce food waste by preventing product spoilage at each stage of the supply chain. For instance, in cases where storage conditions deviate from the norm, IoT sensors can automatically signal operators or adjust temperature or humidity levels, thereby preventing quality loss. Chen et al. (2020) report that in environments where IoT systems monitored temperature, spoilage of perishable goods decreased by 25% due to the ability to intervene promptly when deviations were detected.

Another advantage is the ability to analyze data for logistics optimization. IoT systems connected to big data analytics solutions enable optimization of transportation routes, selection of optimal transportation conditions, and thus cost reduction. As Zhu et al. (2021) assert, IoT usage contributes to improving supply chain efficiency and reducing the carbon footprint, aligning with sustainability principles. Kumar et al. (2021) report that these solutions have increased logistics accuracy by 30%, reducing costs and delivery times. Patel et al. (2023) note that IoT has reduced empty runs and inefficient transportation, cutting overall logistics costs by 15%. This effect is due to flexible route management and enhanced interaction among supply chain participants, underscoring the substantial potential of IoT to improve transportation efficiency. These results indicate that IoT can significantly enhance supply chain management efficiency by improving storage and transportation conditions and preventing losses.

Despite all the advantages, the application of IoT in the food supply chain faces serious challenges. First, the significant costs of implementing and operating equipment such as sensors and data transmission systems can be prohibitive for some companies, especially small and medium enterprises (SMEs). Sharma and Singh (2023) emphasize that many companies struggle with integrating IoT into existing systems and networks. Additionally, skilled personnel are required to operate IoT devices and manage big data, which increases operational expenses.

Cybersecurity is another important issue. Given that IoT devices process and transmit large volumes of data, there is a high risk of cyberattacks and data leaks, which can endanger not only business operations but also consumer safety. Liu et al. (2022) highlight the need for robust encryption and authentication methods to protect data transmitted by IoT devices and for centralized systems to manage IoT network security.

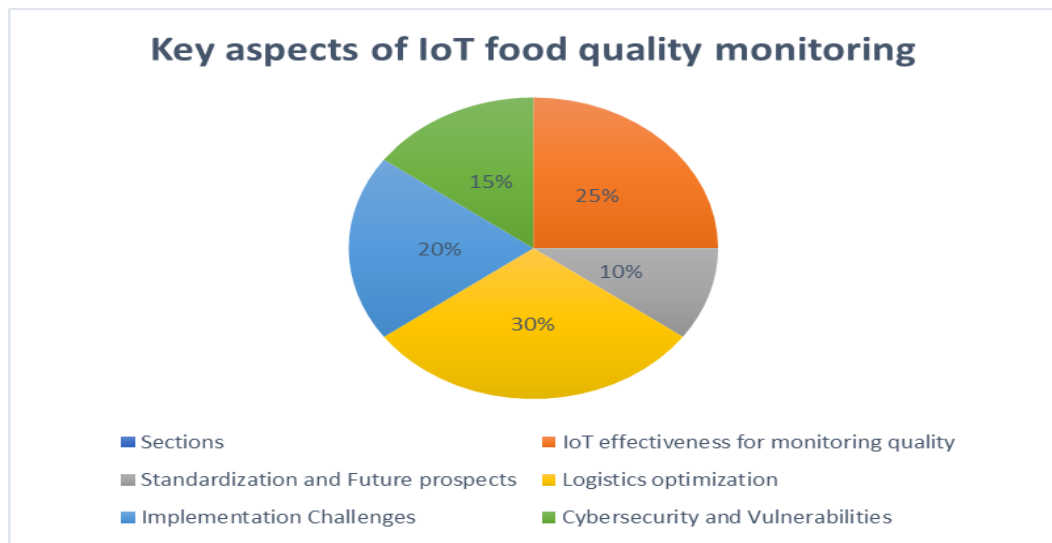
Despite these challenges, some companies have successfully implemented IoT for food supply chain monitoring. For example, several international dairy producers use temperature and humidity sensors to monitor storage and transportation conditions for milk and dairy products, thereby minimizing spoilage risk. As noted in Raj et al. (2021), such IoT solutions have reduced food waste by 15% and improved overall consumer trust in product quality.

Another example of successful IoT use is in the supply chains of fresh vegetables and fruits, where GPS trackers and gas sensors monitor the transportation of products from farms to distribution centers. These systems can measure carbon dioxide levels, allowing detection of deviations in storage conditions and timely response to issues. This is especially critical for perishable products requiring specific storage conditions (Zhou et al., 2022). Raj et al. (2021) suggest that standardization and government support could encourage IoT adoption among SMEs, greatly expanding technology use for food quality control.

The research results emphasize the importance of IoT in enhancing the efficiency of the food supply chain, particularly in real-time product quality monitoring and logistics optimization. IoT technologies reduce product losses and lower costs, which is especially relevant given the increasing demand for sustainable practices and supply chain transparency. However, to advance further, it is essential to overcome current barriers, such as high costs and the need for

cybersecurity, as well as to develop standards that simplify IoT integration for a wide range of companies.

Based on the above facts, we can create the following charts.

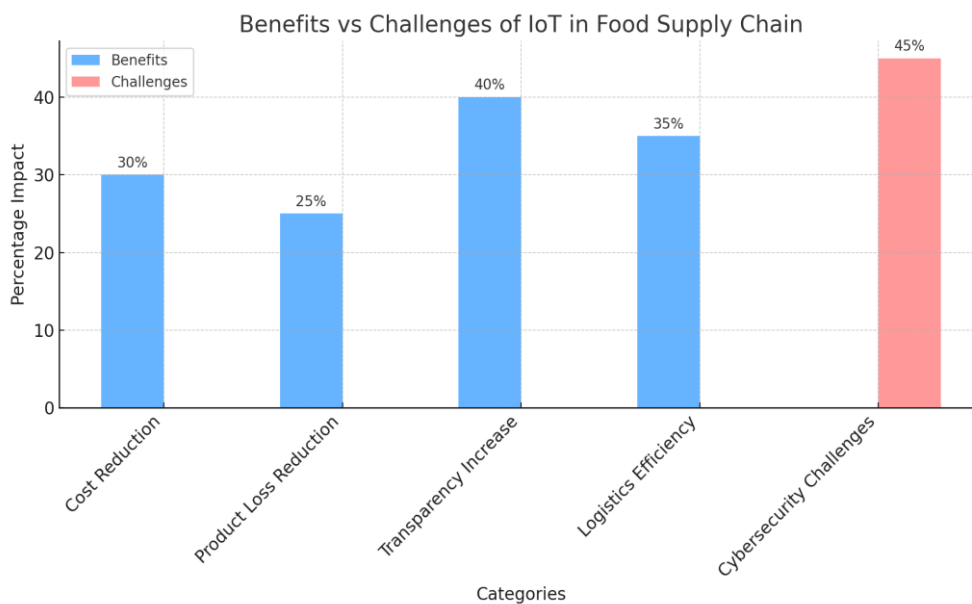


**Graph #1. Key aspects of IoT food quality monitoring**

**Graph # 1** illustrates key aspects of using IoT for real-time food quality monitoring:

- Efficiency of IoT for quality monitoring: Accounts for 25% of the contribution, highlighting the importance of sensors for monitoring environmental parameters.
- Logistics optimization: Accounts for 30%, highlighting the role of IoT in improving routing and reducing costs.
- Cybersecurity and vulnerabilities: 15%, reflecting the importance of data protection.
- Implementation challenges: 20%, describing costs and integration complexities.
- Standardization and opportunities: 10%, highlighting the need for standards to facilitate

scaling.



**Graph #2. Benefits vs challenges of IoT in food supply chain.**



The graph shows the benefits and challenges of using IoT in the food supply chain:

Benefits:	Challenges:
<ul style="list-style-type: none"> <li>• Cost reduction by 30%.</li> <li>• Reduced food loss by 25%.</li> <li>• Increased transparency by 40%.</li> <li>• Optimized logistics by 35%.</li> </ul>	<ul style="list-style-type: none"> <li>• Cybersecurity is a significant issue, affecting 45%.</li> </ul>

**Conclusion.** Using the Internet of Things (IoT) to monitor food quality in real time offers significant opportunities to improve the supply chain. IoT technologies, including temperature and humidity sensors, GPS trackers, and RFID tags, increase transparency and control over storage and transportation conditions, preventing spoilage and reducing loss.

The main benefits of IoT include cost reduction, increased logistics efficiency, and the ability to quickly control quality. However, the implementation of IoT is accompanied by a number of challenges, such as high initial costs and the need to strengthen cybersecurity. To further develop IoT in the food supply chain, it is important to address the issues of integration and standardization of technologies, as well as to ensure access to these technologies for small and medium enterprises. IoT is a promising solution that can radically change the approach to ensuring the quality and safety of food products, increasing consumer confidence and the sustainability of the food industry as a whole.

**Conclusion and Recommendations**

Using the Internet of Things (IoT) to monitor food quality in real time offers significant opportunities to improve the supply chain. IoT technologies, including temperature and humidity sensors, GPS trackers, and RFID tags, increase transparency and control over storage and transportation conditions, preventing spoilage and reducing loss.

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# THEORETICAL APPROACHES TO THE INVESTMENT ACTIVITY OF COMMERCIAL BANKS

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## ABSTRACT

The article describes theoretical views on the implementation of investment operations, directions and means of investment activities of commercial banks. The differences between the investment activities of commercial banks and investment banks are also comparatively analyzed, proposals and recommendations related to the development of the investment activities of commercial banks are formulated.

**Key words:** Commercial banks, investment policy, investment policy, investment banks, securities.

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## Introduction

In the digital economy, with the development of financial markets and services, the role of investment activities of commercial banks has increased significantly. In implementing investment strategies, banks pursue various goals, such as diversifying assets, expanding sources of income, and maintaining the necessary level of liquidity. In order to identify the problems of implementing and developing investment policies, improving the investment activities of financial market entities, it is necessary to first study the theoretical and methodological foundations of the investment activities of commercial banks. Theorists and practitioners still do not interpret investment policies in the same way. In the context of the study, the main aspect of the analysis of bank operations is to determine the relationship between general operations and investment activity. This makes it possible to develop proposals aimed at improving these operations by correctly identifying problems.

Solving the problem of lack of investment in various types of activities is considered by experts as the basis for the development of the national economy and its stable economic growth. In this regard, the issue of mobilizing and redistributing investment resources is considered one of the main tasks of the banking sector of the economy. Various factors affect the investment capabilities of the banking system. Effective management of commercial banks to expand their investment resources contributes to the growth of both individual sectors and the economy as a whole. In recent years, as part of the comprehensive reform of the financial sector in our country, a number of measures have been implemented, which has resulted in the creation of the necessary legal conditions for conducting advanced banking business and strengthening the competitive environment in this sector. In addition, in order to fundamentally transform the banking sector in order to stimulate the development of the private sector, increase the investment attractiveness of banks, and the availability and quality of banking services, on May 12, 2020, the Decree of the President of the Republic of Uzbekistan No. RF-5992 "On the Strategy for Reforming the Banking System of the Republic of Uzbekistan for 2020-2025" was adopted. The goal of the strategy is to implement comprehensive changes in the banking system aimed at creating a modern banking system, increasing the investment attractiveness of banks, and introducing new standards of banking services. The fact that the issues of modernizing production, technical and technological innovation, conducting an active investment policy aimed at implementing transport, communication and social infrastructure projects have been identified as important directions indicates the urgency of increasing investment activity in our country. In this regard, it is necessary to modernize the mining industry, carry out technical and technological innovation, implement promising projects in the mining industry, make large-scale investments, and implement an active investment policy. The effective implementation of these tasks requires increasing the investment activity of commercial banks.

## Literature review

The investment consortium was born in the middle of the 20th century. Neoclassicists such as A. Rigaud, I. Fisher, R. Hotri paid special attention to this issue. In their studies, they noted that economic development is impossible without investment processes. The reason for this is that

investment is one of the main factors in the process of labor productivity. The demand for goods includes investments, the growth of which increases the demand for a variety of goods and, accordingly, the volume of national production. In the economic literature devoted to the study of the content and essence of the term "investment", one can see the presence of different approaches to the essence of this term. In macroeconomics, investment usually involves financial investments that lead to an increase in output, and therefore is directly related to the real sector of the economy.

Foreign theorists, on the other hand, consider direct capital as a key component of the understanding of investment.

J. Keynes understands investment as an increase in the value of fixed, circulating or liquid capital, capital property.

According to E.J. Dolan and D.E. Lindsay, investment is an increase in the volume of capital in circulation in the economic system, that is, an increase in the supply of labor resources used by people.

A.L. Lazarenko considers the investment activity of commercial banks to be a process by which banks invest in the development or processing of securities, as well as the development of new financial instruments in order to obtain profit, control over enterprises, or achieve other beneficial results. In this case, investments should be made for a long term - at least 3 years.

The definition of investment activity related to the formation of this long term, that is, at least 3 years, does not correspond to the current modern conditions and standards of commercial banking. In modern theory and practice, long-term investment refers to a phenomenon associated with the turnover of a financial instrument for more than one year.

I.N. Dmitrieva considers all directions of investment of resources of commercial banks and the rates of investment of funds for a certain period of time in order to obtain income. In the first case, investments cover the entire range of assets of a commercial bank, in the second - its duration.

The investment activity of credit institutions has a two-sided nature. From the point of view of the business entity (bank), it is aimed at increasing its income. The macroeconomic impact of investment activity consists in achieving an increase in social capital.

Some authors expand this concept to include operations consisting of the bank investing its own and/or borrowed financial resources on its own behalf, as well as operations outside of bank investments;

own funds in securities of other issuers and the formation and management of a portfolio of such securities, as well as pricing, assessing investment risks and designing investments.

Some authors define as investments those operations whose purpose is to invest the bank's own and/or attracted financial resources in shareholder assets on its own behalf. Expanding this definition, they include in these operations the investment of the bank's own funds in the securities of other issuers, the formation and management of a portfolio of such securities, the formation of external prices, the assessment of investment risk, and the design of investments.

According to S.E. Ovsyannikova, bank investment activity is an activity aimed at directing a bank's funds to purchase real or financial assets for a certain period of time in order to directly or indirectly obtain income. Thus, S.E. Ovsyannikova expands the understanding of bank investment activities by including not only the process of directing bank funds into securities, but also the purchase of real or financial assets with the aim of generating income. A commercial bank's financial assets acquired for the purpose of generating income include portfolio securities, investment real estate, temporary deposits of free funds in deposits with other banks, and credit facilities.

According to M.D. Koratev's opinion on the investment activities of banks, such operations should be viewed from the perspective of investing in securities, investment projects and loans, and maintaining liquidity in order to obtain income in the short and long term. Thus, M.D. Korotaev defined the essence of banks' investment operations as including investments in securities and investment loans.

N.T. Goncharuk and I.V. Romanchuk gave the following definitions of the categories of "investment" and "investment activity". Investments are all types of values directed towards legitimate activities in order to obtain short- or long-term profit, assume risk, and/or contribute to development. In turn, investment activity refers to the costs associated with the process of directing any type of purchased or acquired assets to a legitimate activity for the purpose of short- or long-term profit. Theorists have separately expressed the concepts of investment and investment activity, clearly distinguishing between assets and the costs associated with them. If we consider the regulatory and legal framework for regulating investment activity, it should be noted that the perfectly functioning legal framework contributes to increasing the attractiveness of the investment

environment, which in turn makes it possible to increase the volume of investments by protecting the rights of investors and protecting them from various risks.

According to economist F.O. Dodiev, the investment activity of banks is understood as the activity of a bank as an investor, which is related to the placement of funds for the purpose of obtaining income, the creation and organization of real assets, and the purchase of financial assets. In our opinion, this definition does not take into account the activities of commercial banks related to the issuance and provision of investment loans.

According to economists Y.Abdullayev, T.Koraliev, Sh.Tashmuradov, S.Abdullayev, the investment activity of banks is carried out by investing in various securities. In our opinion, in this definition, the authors did not consider investment loans as an investment activity carried out by banks.

The Law of the Republic of Uzbekistan No. O'RQ-598 "On Investments and Investment Activity" dated December 25, 2019 is considered the main normative and legal document regulating investment activity in the country. In the main definitions of Article 3 of this Law, "investment activity" is defined as a set of actions of investment activity entities related to the implementation of investments. An investment activity entity is considered to be a participant in investment activity and ensures the implementation of investments in the capacity of an execution of orders or on the basis of an investor's participation.

The basic principles of investments and investment activities are as follows:

- legality;
- transparency and fairness;
- freedom to carry out investment activities;
- fairness and equality of investment entities;
- non-discrimination against investors;
- the principle of good faith of investors.

The basic principles of this legislation apply at all stages of the process of making investments and implementing investment activities.

### **Analysis and results**

In the process of conducting the research, such methods as comparative analysis, induction-deduction, grouping, logical and comparative analysis were used in the process of studying the theoretical approaches of local and foreign scientists to the investment activities of commercial banks.

Operations in the securities market include the bank's own operations; dealer activities (including market maker functions); fiduciary management; brokerage activities, including the purchase and sale of securities on behalf of clients, placement of securities on an organized market, organization of initial and subsequent public placement of shares, organization of bond issuance, securitization of assets; transactions with derivative financial instruments and other transactions on the securities market.

There are different approaches to explaining the innovative activity of banks, and based on the study of the approaches put forward by economists to the essence of this concept, the following aspects can be distinguished. From a microeconomic perspective, that is, financial relationships that arise through the bank's activities as an investor while investing its funds as an independent economic entity. From a macroeconomic perspective, that is, from the position of a bank as a financial intermediary, it expresses an activity aimed at contributing to the satisfaction of the investment interests of economic entities and meeting the investment needs of the economy. The following classification of forms of bank investment activity can be given in accordance with these approaches.

The main areas of investment banking activity in accordance with this consortium are:

- attraction (networking) of funds for investments from banks;
- granting investment loans;
- investments in securities, shares, participation shares (both at its own expense and on its own initiative, and at the initiative and expense of the client).

All of the above directions are interconnected. By attracting funds from enterprises and households, financial institutions and other economic entities, banks form resources for the purpose of profit.

In this regard, the main factors in the implementation of investment activities by banks are the volume and composition of the attracted resources. Considering different points of view, it is reasonable to conclude that the essence of the concepts of "bank investment intermediation" and

"bank investment activities" is not the same. If we look at bank investments in a broad sense, they can be formed as investments of own and borrowed funds for a certain period of time on their own initiative with the aim of profit (participation in the capital of other organizations) or as income in the form of interest on portfolio investments.

In a broad sense, bank investments can be understood as investments in securities made with the aim of generating income, diversifying assets, reducing risks, and maintaining liquidity.

Investment banking differs from investment banking in that it is carried out on the initiative of the bank itself, thereby determining the investment nature of this type of activity. However, when a bank acts as a broker (financial intermediary), it does not directly deal with investments, but rather assists in the efficient implementation of investment decisions by its clients. The concept of "investment bank" is essentially closer to the concepts of "investment brokerage of a commercial bank" and/or "investment services of a commercial bank".

The above-mentioned bank operations are operations carried out within the framework of selling relevant bank products and providing services to customers - aimed at generating income. The growth of income and profit is one of the goals of an investment bank, which determines its importance for the bank as a commercial activity. Another important aspect of the positive impact of investment activities is the diversification of investment areas of resources, which brings stable income to the bank, and this is one of the ways to regulate bank risks. In addition, bank operations related to investments participate in the liquidity management process, as they have liquidity characteristics and depend on the term and volume of resources attracted by the bank. Participation in the lending of investment projects, as well as in the bank's investment services as an intermediary, is of great importance from a macroeconomic point of view, has a positive impact on the image of banks, helps to grow the client base and sell banking services.

### **Conclusion and Recommendations**

The investment policy of commercial banks involves the formation of a targeted system of investment activities and the selection of the most effective methods of achieving them. From an organizational point of view, it acts as a set of measures for the organization and management of investment activities aimed at ensuring the optimal volume and structure of investment assets, increasing their profitability at an acceptable level of risk. The most important interrelated elements of investment policy are the tactical and strategic processes of managing the bank's investment activities. Investment strategy is understood as the determination of long-term goals of investment activities and ways to achieve them. Its further elaboration is carried out in the process of developing tactical management of investment assets, including short-term objectives and means of achieving them. Therefore, the development of an investment strategy is considered the starting point of the investment management process.

The formation of investment tactics occurs within the framework of the given directions of the investment strategy and is aimed at their implementation in the current period. This involves determining the volume and composition of specific investment projects, developing measures for their implementation, and, if necessary, developing a model for making management decisions on exiting an investment project and specific mechanisms for implementing these decisions.

The profitability of the investment activities of commercial banks depends on the stability of the economy, the availability of various forms of ownership, the establishment of an effective financial and credit system, the development of the securities market infrastructure (investment companies, brokers, funds, etc.), the ability of commercial banks to attract and The procedure for listing and regulating the activities of securities market participants depends on such economic factors as the availability of regulatory and legal documents and the presence of highly qualified specialists in the securities market.

Taking into account the main aspects of the theoretical approaches to the investment activities of commercial banks studied above, it is appropriate to present some proposals and recommendations related to the development of this activity:

- Banks should also pay attention to maintaining the level of liquidity in the process of implementing investment activities. In this process, it is necessary to implement long-term investment loans aimed at financing high-potential investment projects at the expense of their own capital and long-term deposits.

- To introduce modern methods of examining investment projects, improve the risk management system based on assessing the solvency of clients and conducting a detailed analysis of projects.

– Financing through syndicated loans of large-scale investment projects aimed at modernizing production, technical and technological innovation, attracting modern foreign technologies and equipment, and, on this basis, ensuring the production of high-quality, competitive products in the world and domestic markets. In this process, it is also appropriate to pay special attention to financing investment projects based on syndicated loans with foreign banks.

– It is necessary to implement effective measures aimed at developing financial relations between commercial banks and industrial enterprises, in particular, to strengthen the participation of banks in the development and implementation of investment projects at enterprises.

Thus, the long-term development of bank investment activities is ensured through the effective use of banks' investment capabilities. Strengthening their investment capabilities is achieved by strengthening the role of the state in the formation of long-term investment resources, increasing customer confidence in banks, and supporting large and systemically important investment projects. Against the backdrop of unstable external economic factors, banks' investment activity is slowing down. However, in this process, it is appropriate to focus on expanding investments in large infrastructure and promising industrial projects. Because this process will ultimately contribute to the introduction of highly profitable production facilities at the expense of commercial banks' investments and, in turn, to an increase in banks' profits.

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# DIGITAL ECONOMY AND ITS SIGNIFICANCE FOR UZBEKISTAN'S EXPORT STRATEGY

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## ABSTRACT

The subject of this article is a role and effects of the digital economy for export development in Uzbekistan. We assess how the application of the latest digital skills in trade improvement make it easy for local enterprises to access global markets. The growth of e-commerce and new solutions mean fewer barriers and less interface for conducting business, while advance data analysis results in effective supply chain design to meet new global needs. We stress the need for funding digital networks that would drive invention and enterprise, particularly among small to medium businesses. It also offers new ideas for the diversification of trading relations and the search for new opportunities for the development of the smart trade in the digital economy. This evidence underscores the importance of the shift that will also enhance the positioning of Uzbekistan in the global economy.

**Key words:** Digital economy, Uzbekistan, Export strategy, E-commerce, Trade efficiency

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## Introduction

This study investigates the influence of the digital economy on Uzbekistan's export strategy. As the global marketplace evolves, the integration of digital technologies is becoming increasingly essential for enhancing trade efficiency and competitiveness. We aim to assess how the digital economy transforms traditional trade practices, enabling local businesses to navigate international markets more effectively.

In particular, we focus on the role of e-commerce platforms, digital payment systems, and data analytics in streamlining transactions and reducing barriers to entry. By exploring these dynamics, we seek to understand the potential for digital solutions to foster innovation and entrepreneurship among small and medium-sized enterprises (SMEs) in Uzbekistan.

Our primary objective is to evaluate the extent to which digital transformation can facilitate the diversification of trade partnerships and open new markets for Uzbek products. Ultimately, we aim to highlight the significance of investing in digital infrastructure as a means of strengthening Uzbekistan's position in the global economy and driving sustainable economic growth.

## Literature review

The digital economy as knowledge-intensive, digital technology-driven system of linked people, businesses, data, and devices has been influential in changing the nature of economic activity internationally. Having come out of the third industrial revolution and moving to the fourth, this digitisation is no longer restricted to the early concept of the 'internet economy' (Williams, L. D., 2021).

Whereas later-stage industrialised HICs have reaped the greatest benefits from the digital economy thus far, rapid digitalisation, powered by advanced technologies such as IoT, AI, BD, and automation, is now occurring most rapidly in the Global South. These innovations are disrupting industries namely huge B2C markets like ecommerce, social networks, telecommuting and online payments, spearhead by Amazon, Face book and PayPal respectively.

From a broader perspective, the digital economy plays a crucial role in shaping economic development, enhancing the efficiency of both production resources and output (Ding, C., Liu, C., Zheng, C., & Li, F, 2021).

For businesses, the digital economy creates processes to improve, eliminates costs and makes new sources of income to introduce digital transformation. In developing countries it has the propensity to enhance efficiency with a resultant reduction in transaction costs. However, issues such as digital divide, skills differentials, and data protection continue to persists which are as follows:

Current literature relates to the effects of the digital economy mainly in the development areas of mature economies and paying limited attention to the Global South. If those with the least access to and by extension, the lowest chances of reaping maximum gains from this digital shift are to be

considered and given an opportunity to fully participate in this new development and use it to their advantage, more research and policies addressing these disparities must be implemented.

This means that the growth and development of the digital economy break the classic way of developing economies. Fueled by technologies such as mobile internet, cloud computing, big data and artificial intelligence, this new economy has over time superseded the conventional modes of development majorly because the older modes of development have slowed down in the recent past. Over the recent past the digital environment has continued to grow creating not only technological development but also creating changes in the global economic activity.

Informationization and digitalization have become this new wave of creativity that has revolutionized and transformed traditional economical structural systems globally.

In many countries today, the use of digital technologies can be considered not only as a trend of the contemporary economy but as its important characteristic. This transition is most apparent in Asia: countries have actively adopted these technologies, shifting the digital story from one where the West is dominant. These nations have laid good foundations for future growth by integrating net-based digital tools into their existing economic frameworks.

Technology is a key to unlocking this process especially within the manufacturing industries. Newcomer technologies like block chain, 3D printing, and machine learning are not only improving production efficiencies; they are also transforming global industry architectures. This change does not only apply to the production sector but it also concerns social relations, political actions and decisions, economical strategies, etc which are the result of the digitalization of today's society.

The history of this type of digital change can be dated back to the 1990s which was associated with the Internet. This foundational technology laid the ground for the exponential growth of the digital economy after the 2010s and enabled the uptake of novel tools and platforms that are the drivers of the economy's productivity today. These include embedded sensors, digital platforms, and automation that have become the foundation of this new environment and new stimulus for increased productivity (Li K., 2020).

However, one of the most significant effects of the digital economy on manufacturing can be mentioned. It has changed the patterns of production in a manner that has promoted information sharing and a resulting rise in the global competitive index. Chinese, Korean, Taiwanese and Japanese manufacturers in particular have emerged as leaders in this area and occupy central places in the global value chain of industries such electronics, textiles and machine tools to name but a few (Li K., 2020). It showcase their technological advancement as well as their value in the global supply chain processes.

### **Analysis and results**

Current global economic environment demands that countries adopt digital technologies optimally for them to improve on their Market competitiveness. Thus, the factor of export potential is impressive for Uzbekistan, but the country is still experiencing the problem of updating the export approach in question with reference to the requirements of the digital economy. In this article, author tries to understand the contribution of digital tools and technologies in formulating and executing export strategy of Uzbekistan, and discover the digital tools to increase competitive advantage of the country.

Therefore, the purpose of this work is to determine the role of the digital economy in the development and optimization of Uzbekistan's export model.

**Research Methods:** To these ends, the study used statistical data analysis, information collection and processing on the state of current export activities in Uzbekistan, and the level of digitization across different sectors. It also incorporated assessment of the current state of the global and regional economy and focused on the global trends in the digital economy and its role in international trade.

Studying successful examples of using digital technologies in the export strategies of countries with similar economies helped to identify relevant areas for developing digitalization in foreign trade within the framework of Uzbekistan's export strategy.

Given the above, it is worth emphasizing that Uzbekistan's export strategy clearly needs substantial modernization through the integration of modern digital technologies.

Digitalization of global trade is significantly transforming traditional approaches to international business, reducing barriers to entering global markets, and creating new opportunities for producers and service providers. Digital technologies, such as blockchain, artificial intelligence, and automated platforms, reduce costs, enhance transaction transparency, and increase data processing speed, enabling companies to adapt to changes and respond quickly to market demands.

There is a clear trend in global trade toward the use of digital solutions, which optimize supply chains, improve logistics, and minimize administrative costs. Countries that actively integrate digital technologies gain a significant advantage in global markets, expanding their export opportunities and improving their competitive positions.

Uzbekistan has the potential to increase its exports; however, to achieve this, it is necessary to modernize the export strategy, taking into account modern digital technologies. The adoption of technologies such as e-commerce, digital payment systems, and fintech solutions will significantly improve access for Uzbek companies to global markets, reduce order processing times, and ensure high transparency of financial operations.

Digital platforms can become a key tool for promoting Uzbek goods in international markets, enabling exporters to offer their products directly to customers from other countries. Such platforms not only expand the geography of supplies but also create new opportunities for forming strategic partnerships and alliances with foreign companies.

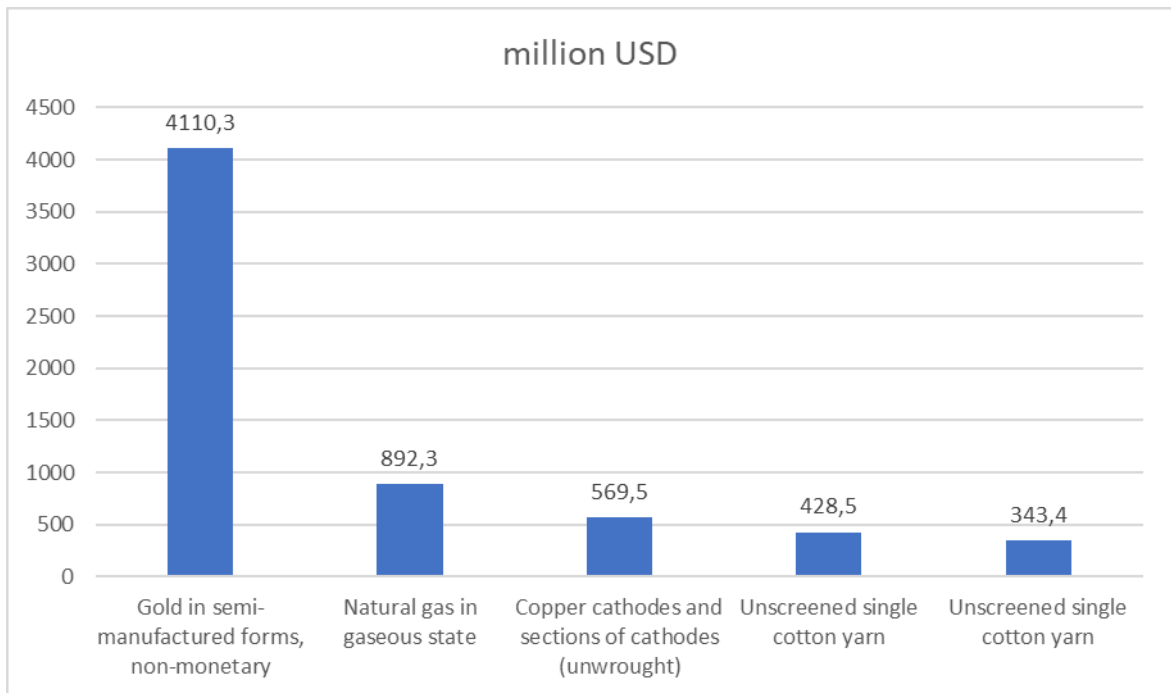
Indeed, during 2023, Uzbekistan achieved considerable economic growth, following the growth in domestic demand for products and services. Such results could have been realised due to wage increases and increase in remittances. Governments are already trying to develop suitable conditions for the attraction of foreign investment. The agency for attracting foreign investments will streamline visas and coordinate the procedures for getting the permits for land in accordance with new legislation. It becomes necessary to increase tariffs for electricity and water supply so as to finance infrastructure and to encourage demand for efficient technologies.

The measures taken should contribute to the optimization of supply-saving behavior. The Uzbek economy remains to be quite stable in the context of high inflation rates and unfavorable external factors. In the first half of the year 2023, export and domestic demand was sustainably high and the unemployment rate went down. Banks are able to finance themselves through remittance income but there is a decline in the level of lending. Uzbekistan has eased foreign investment regulations, including the latest liberalization steps aimed at boosting foreign investment in the country through administrative reforms. New decrees have been adopted concerning the regulation of natural monopolies and the consolidation of the protection of consumers' rights. In 2023, the foreign trade of Uzbekistan showed an increase of up to 23.8%, which allowed increasing the total foreign trade turnover to 62.57 billion USD, 12 billion USD more than during the previous year. Exports were 24.4 billion USD, up 23.8% YoY; imports stood at 38.1 billion USD, a 24% YoY increase. This led to a historic trade deficit of 13.7 bln USD, while it was 24.3% higher than in 2022.

The major reason behind this trend was the breaking record in export of gold, which was estimated at 8.15 billion USD, and increased almost two times compared to the previous year, and occupied 33.4 % of total export in Jordan. If stripping out gold, exports increased by only 4.5% to 16.17 bln USD. On the other hand, textile products exports declined by 3.8 per cent to 305 million USD.

At the same time imports of vegetables and fruits rose to 1 76 million tons (+1.1%) and expressed in dollars, to 1181,4 million (+ 3.3%). The major customers for these products were Russia 37%, Pakistan 16.7%, China 12.3% and Kazakhstan 10.3%. Imports of food products also remained high: imports of grains were 1.12 billion USD or 5.3% more while meat product imports stood at 348.4 million USD or 9.1% higher. Purchases of oils and petroleum goods were raised up to 1,61 bln USD (+27%).

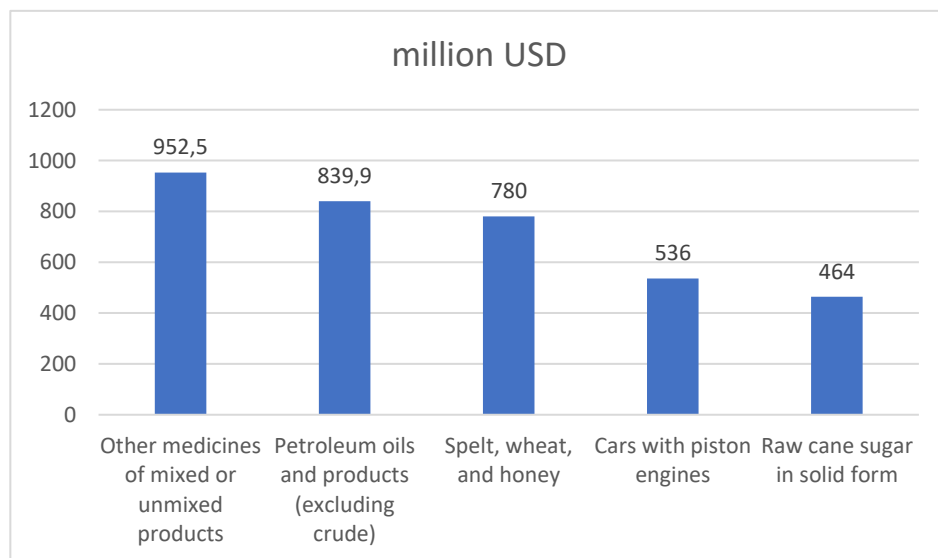
Motor vehicle imports increased to 4.34 billion USD on average, 1.7 times higher compared to the year before. Export of services was at 5.8 billion USD or up by 16.2% from the previous year for import of services reached 2.57 billion USD or 0.7% up. Industrial goods imported to Uzbekistan was 6.3 billion USD (+10%) that mainly imported from Russia and China. Exported goods shipped to 115 countries consists of 2,565 items while imported goods comprises of 3,932 items from 148 countries. According to the data, exports exceed imports in the country's trade balance by a ratio of 13.699 million USD. This proves the need for the formation of a new export policy and the improvement of the position of Uzbek goods in the foreign market.



**Figure 1: Major Exported and Imported Goods**

Source: Interstate Statistical Committee of the Commonwealth of Independent States (2023); State Committee of the Republic of Uzbekistan on Statistics (2024)

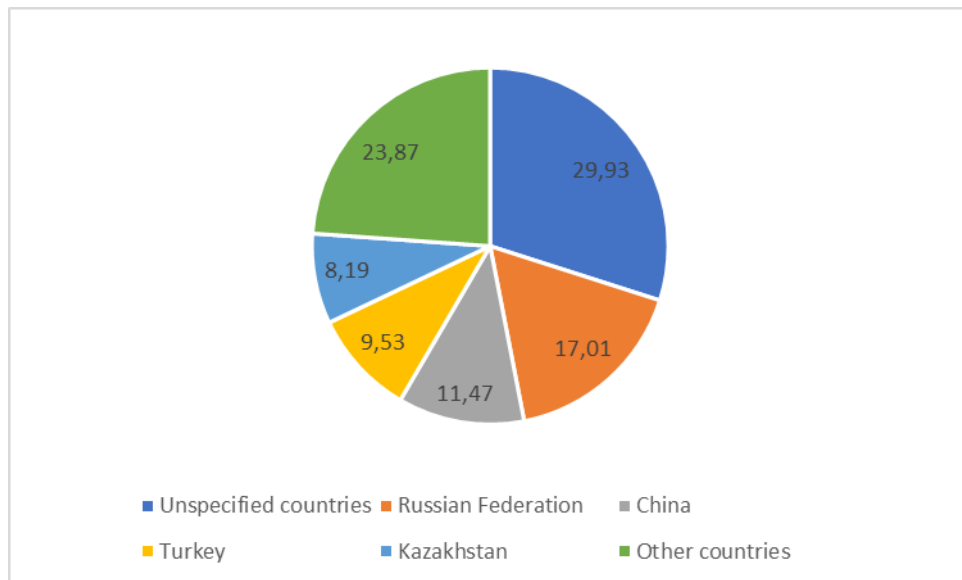
Analyzing the structure of exports, the main product specialization of Uzbekistan is identified, which includes gold and natural gas, and imports, among which it is concentrated in pharmaceuticals and petroleum products that may not be produced domestically.



**Figure 2: Top-5 Imported Goods**

Source: Interstate Statistical Committee of the Commonwealth of Independent States (2023); State Committee of the Republic of Uzbekistan on Statistics (2024)

The fact that it comes as the inverse of external suppliers such as China and Russia makes it most appropriate for countries' to foster domestic production in order to avoid relying on importation.



**Figure 3: Key Trading Partners (Exports)**

Source: Interstate Statistical Committee of the Commonwealth of Independent States (2023); State Committee of the Republic of Uzbekistan on Statistics (2024)

The presented data points out that most of shipments are of intermediate goods and this means that Uzbekistan is not only a country providing raw materials but also a country manufacturing more elaborate goods. The analysis of the foreign trade balance of Uzbekistan in 2023 demonstrates that the country has to strengthen the export diversification by using digital opportunity and innovations to create competitive advantages in foreign markets. This encompasses encourage the local manufacture, expanding exports and decreasing importation. It is worth noting that Uzbekistan has a good opportunity to enhance its position in the field of trade activity, however, this process requires the use of new technologies, constructions of the necessary infrastructure and formations of the human capital.

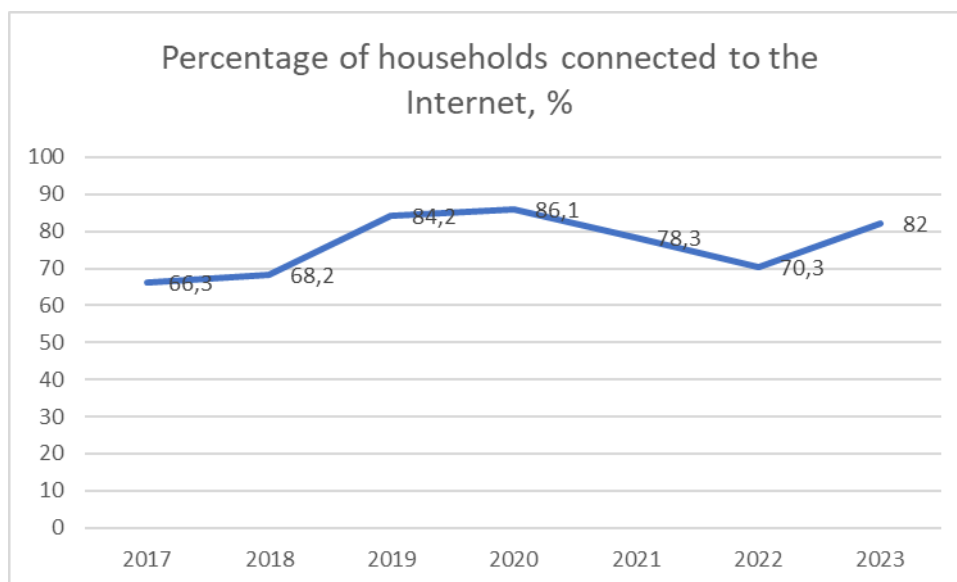
On February 9, 2023, the government of Uzbekistan presented the country’s e-commerce development plan for 2023-2027, financed by the European Union and worked on by the Ministry of Investments, Industry and Trade with the help of other departments. The main objective of the strategy is to build an enabling environment for the conduct of e-commerce and to support the evolution of the digital economy. It contains main steps in the context of skill building and the access by Uzbek enterprises to digital markets. It is believed that this approach is going to have positive impacts on the business models as well as diminish the financial factors. There is a great significance of Ministries, private investment, and international organizations coordination in order to achieve the laid down strategy.

It is worth indicating that the Digital Transformation Center will take the role of coordinating the interaction and communication with the government and companies. E-commerce is a powerful instrument for socio-economic development, stimulating the creation of new job places for young people and women, and overcoming social issues in the country. It also responds to important issues for the e-commerce segment and for the economy in general. As it is expected that the given interagency commission will help to establish communication between the business sector and the authorities. E-commerce segment in Uzbekistan is developing with the increase in the number of users of mobile devices and online networks. After the law regulating e-commerce was passed, the market prospects are set at \$1.6 billion per year. A large portion of the population consists of young people making a large customer base for the development of business in the country, especially in the textile and tourism industries.

**Potential of the Digital Economy for the formation of exports of Uzbekistan**

On the whole, the state of development of the digital economy in Uzbekistan is rather high. Figure 4 shows the shift of Internet usage by the population of the country.





**Figure 4: Percentage of Households Connected to the Internet, %**

Source: Interstate Statistical Committee of the Commonwealth of Independent States (2023); State Committee of the Republic of Uzbekistan on Statistics (2024)

According to the statistics, there has been a rather steep rise in Internet usage between 2017 and 2019; the percentage of households connected to the Internet in 2019 being 84.2%. In the year 2020 this percentage also grew and reached 86.1% and it can be due to the fact that with the outbreak of COVID-19 people heavily rely on the internet. However, in 2021 and 2022, a decline was observed: the connected households cut down to 78.3% and 70.3% respectively. The percentage reduced once more in 2019 and stood at 77 % but by 2023 it stood at 82 % showing that the communication infrastructure had recovered and improved. The absolute deviation was 15.7%, therefore it was revealed that the percentage of households connected to the Internet in 2023 was higher than that of 2017 by 15.7%.

The growth rate was 23,68%, which suggests a generally positive trend in the level of households' connectivity to the internet, even if there were some fluctuations in the dynamic in 2021 and 2022.

Table 1 shows the evaluation of the development of the digital economy in Uzbekistan.

**Table 1: Trends in the Development of Uzbekistan's Digital Economy Sector from 2017 to 2023**

	2017	2018	2019	2020	2021	2022	2023	Absolute deviation	Rate of increase, %
Number of IT enterprises	6403	6975	7901	9517	10587	12204	10551	4148	64,78
Number of employees in IT companies	37958	40248	47697	50157	53782	60462	64340	26382	69,50
Export of ICT services, million USD	150,7	159,7	167,5	169,5	180,7	305,8	344	193,3	128,27

Source: author's work.

The assessment of the information given in the table proves that in the course of the period from 2017 to 2023, the digital sector of Uzbekistan's economy grew substantially in terms of several critical parameters. The number of IT enterprises rose from 6,403 in 2017 to 10,551 in 2023, meaning an increase of 4,148 enterprises, and a growth rate of 64.78%. Most notably, a sharp increase has been recorded between 2019 and 2020 where the total number of enterprises increased by 1,616 units. IT enterprises decreased in the year 2023 rather than increasing as compared to the year before that in general IT trend was good.

The workforce in IT companies also rose from 37,958 in 2017 to 64,340 in 2023, with an absolute fluctuation of 26,382 and relative growth rate of 69.50%. This is an indication of expanded demand and development of the sector and also expansion of the number of existing companies.

ICT services export increased from \$150.7 million to \$344 million in between 2017 and 2023. The absolute deviation was \$193,300,000, while a growth rate was 128.27%. A particularly severe increase was observed in 2021 and 2022 when the volume of service exports reached nearly \$305.8m.

In regards to the development of the digital sector in Uzbekistan during the years 2017-2023, all the indicators reflect the dynamic growth, which characterizes the constant development and growing importance of the sector in the economy of the country. But there are oscillations as well, for example, the number of IT enterprises in 2023 is lower, which can be explained by the shift in the economy or sector's regulation. Over the past few years, Uzbekistan has endeavored to build an economy focused on the digital sector and the growth rates there are almost twice as high in most of the indicators; still, the overall rates are much slower than in the world.

This trend underscores the need for more intensive innovation implementation and the optimization of existing strategies to bridge the gap with leading global achievements in this field.



**Figure 5: Share of Gross Value Added Generated in the ICT and E-commerce Sector**

Source: Interstate Statistical Committee of the Commonwealth of Independent States (2023); State Committee of the Republic of Uzbekistan on Statistics (2024)

The analysis of data regarding the share of gross value added generated in the information and communication technology (ICT) and e-commerce sector from 2017 to 2023 reveals a positive trend, albeit with some fluctuations. In 2017, the share of gross value added was 2.3%, which then decreased to 2% in 2018, potentially indicating temporary difficulties or a redistribution of resources within the economy. This figure further declined to 1.7% in 2019, suggesting the need for a thorough analysis and reform in this sector.

However, from 2020 onward, a sustained growth trend commenced: the share rose to 1.9% in 2020 and then significantly increased to 2.5% in 2021 and 3.3% in 2022. In 2023, the indicator reached 3.5%, representing an absolute deviation of 1.2% and a growth rate of 52.17%. This signifies a substantial improvement in the economic contribution of the ICT and e-commerce sector, which may be attributed to increased investments, a growing number of IT enterprises, and the development of new technologies.

Thus, despite initial fluctuations, the ICT and e-commerce sector in Uzbekistan demonstrates a positive growth trend in gross value added, confirming its increasing significance in the country's economy.

The characteristics of Uzbekistan's ICT service exports are marked by a significant concentration in the United States market. This focus is linked to competitive advantages arising from relatively low labor costs of local specialists, making the services of Uzbek developers and IT professionals attractive to foreign clients. However, this situation underscores the dependency on external demand and highlights the need for diversification in export supply directions.

Technical limitations faced by Uzbekistan impact the development of digital infrastructure. Low internet bandwidth remains a critical factor constraining the potential of broadband services and complicating the implementation of high-quality streaming services.

The complete growth of this segment requires a total development of network technologies and infrastructural solutions. The available opportunities for Uzbekistan in 2022-2023 for attracting qualified professionals from other countries were not fully exploited. The absence of the correct migration policies that could help to attract the specialists deprived the country of the opportunity to improve the labor market condition by importing the pool of the top tier professionals especially from Russia.

This is so because the successful production of Uzbekistan's first "unicorn," Uzum assured the country of being on the right track to improving the growth of its digital economy. Uzbekistan showed that it can not only build startups but also attract serious investments exceeding \$100 million and bring the company's valuation to almost \$1.1 billion.

In 2023, the startup investments of the venture capital in Uzbekistan were at \$15 million. To the list of outstanding projects, which attracted investors' attention, it is possible to include Payme, MyTaxi, Humo, and EVO. These companies are good examples of how capital can be effectively employed to drive the development of solutions in many areas of the economy.

Uzbekistan's selected model of digitalization based on several Asian countries is to be based on an active role of the government in managing this sphere. It guarantees constant funding for the systematic establishment of digital projects; nevertheless, it may limit the motivation for private sector activities that need a free-form approach and frequent updates.

More promising directions that could be further developed in Uzbekistan are the development of online services, improvement of the infrastructure for e-commerce, the implementation of such innovations as fintech in the sphere of banking and credit, and the development of distance education. Particular focus is made on the innovations in the sphere of agriculture as it is here that the use of digital technologies discloses a possibility of enhancing productivity.

However, the enhancement of such areas as digital exchanges, brokerage firms, and artificial intelligence has some problems. The main challenges are discussed as the lack of resources, inadequate qualifications of personnel, and the weak positions of infrastructural solutions that limit the development dynamics of such perspective fields.

To advance the speed of digital transformation in Uzbekistan, there is an urgent need to work on the development of the Internet networks, improvement of cybersecurity, and conditions necessary for the attraction of international and domestic professionals. Staff training and establishing local study materials will also require the groundwork for the countries successful integration into the digital age (Rafieva, Z., Burkhonov, A., & Shodiev, J., 2024).

According to the typology adopted in the United Nations Global Survey on Digitalization and Sustainable Trade Facilitation (UNTF), the digitalization of trade develops along two interconnected directions: "wireless trade" and "paperless cross-border trade". The former regards the conversion of paper based documentation systems into electronic formats in each country in order to establish the way for process improvements as well as cost saving. While paperless cross-border trade aims at easing the processing and acceptance of trade data and documentation electronically across national borders with trading partners legally.

### **Conclusion and Recommendations**

In order to improve export and digital foreign trade in Uzbekistan there are several strategic initiatives that can be taken, which relate to infrastructure and prior procedures. One of the important directions is the creation and development of electronic commerce infrastructure. This will help to ease the marketing entrance for the entrepreneurs into the international markets, and provide easy accessible solutions that can be used in marketing their products. As important is the growth of high-speed internet, which will ensure the connection with the statistically stable rates throughout different areas of the country, including the remote and rural ones, which will enlarge the consumer and partner base (Rafieva, Z., Burkhonov, A., & Shodiev, J., 2024).

The efficiency of customs procedures also ranks high among the factors stimulating foreign economic activity. Digitization of submitting customs declarations and paying duties through electronic systems will not only decrease time in which cargo is processed, but also improve the level of openness for these processes. The proposed and planned "single window" shall enhance the coordination between different governmental departments to fasten export-import activities.

Particular emphasis should be placed on the development of measures for small and medium enterprises (SMEs). To help the entrepreneurs to cope with new conditions, it is necessary to offer

training programs for participants of foreign markets with an emphasis on the use of digital tools for entering the markets. Also, export oriented credit facility and grants would be initiated and implemented to help SMEs to overcome the financial constraints and extend their capacity.

Uzbekistan can also join international projects, which will contribute to the further experience exchange and the use of the best practices. The signing of bi and multilateral agreements will make trade easier and also ensure that there are proper and agreed means of exchanging business documents electronically in order to standardize practices and enhance the business environment.

The use of such new generation technologies like the blockchain will help in the improvement of transparent and secure transactions to do away with the bottlenecks in certification of the products. Applying the concept of big data and artificial intelligence for supply chain management and to forecast consumer demand will improve the competitiveness of indigenous products.

Some of the measures include increasing understanding among entrepreneurs and consumers about opportunities provided by digital trade. Public awareness campaigns will play a significant role in changing the perception of the society, creating its branch of innovative culture and accepting the digital technologies.

I would like to mention that consumer rights and the interests of the businesspersons should be protected in the end. It will prevent customers from being exploited through unregulated e-commerce, which is currently rampant hence protect their interests. Measures for safeguarding exporters' rights, including judicial and pre-trial ones, will add new forms of protection for the business and increase the stability of the foreign economic activity.

Therefore, the concept of the development of digital supply chain as well as infrastructural reforms will help Uzbekistan to advance its position in the international level and make the foreign economic activities easier.

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# SUCCESSFUL INTERNATIONAL EXPERIENCE IN INCREASING THE ENTREPRENEURIAL ACTIVITY OF POPULATION IN THE SERVICE FIELD

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## ABSTRACT

This article is dedicated to studying successful international practices for increasing entrepreneurial activity among the population. It analyzes developed, developing, and underdeveloped countries, exploring mechanisms and innovative programs employed to support entrepreneurship. Additionally, the article examines advanced practices related to fostering entrepreneurial culture among youth and women, integrating digital technologies, and expanding access to financial resources.

**Key words:** Entrepreneurship, entrepreneurial activity, international experience, entrepreneurship promotion, improving population welfare, types of entrepreneurial activities, innovations, economic and social development.

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## Introduction

In today's world, entrepreneurship has become a key factor in economic growth and social stability. Studying international experiences is crucial for enhancing entrepreneurial activity and achieving economic progress. Many countries are creating new jobs, fostering innovation, and boosting national income through entrepreneurship. These efforts accelerate innovative processes in the economy and improve the population's welfare.

Developing an entrepreneurial culture, expanding financial opportunities, and implementing innovations are vital areas where successful international experiences can be studied and adapted to Uzbekistan's context. Studying these experiences enables effective strategies to enhance entrepreneurial activity in Uzbekistan, accelerating economic reforms and development.

## Literature Review

Entrepreneurship manifests differently in each country. Developed countries focus on high technology and innovation, developing countries emphasize traditional and social entrepreneurship, while underdeveloped nations often rely on social entrepreneurship to address societal challenges.

Joseph Schumpeter in "*Capitalism, Socialism and Democracy*" views entrepreneurship as a process of economic transformation driven by innovation, highlighting its significance in technological startups and engineering sectors in countries like the USA and Germany<sup>9</sup>.

Peter Drucker, in "*Innovation and Entrepreneurship*" broadens the definition of entrepreneurship to include implementing innovations within existing organizations, illustrating this in IT startups and social enterprises in developing nations like India<sup>10</sup>.

Muhammad Yunus in "*Banker to the Poor*" advocates for social entrepreneurship aimed at solving societal problems rather than maximizing profits, particularly in underdeveloped countries like Afghanistan and Yemen<sup>11</sup>.

Michael Porter, in "*Competitive Advantage*," examines entrepreneurship in the context of economic competitiveness, emphasizing Germany's high-tech industries and Brazil's potential in e-

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<sup>9</sup> Schumpeter, J. A. (1942). *Capitalism, Socialism and Democracy*. New York: Harper & Brothers.

<https://www.cambridge.org/core/journals/american-political-science-review/article/abs/capitalism-socialism-and-democracy-by-joseph-a-schumpeter-new-york-harper-and-brothers-1942-pp-x-381-350/13A4BF9E884069B0C4144E266443B82F>

<sup>10</sup> Gartner, William & Drucker, Peter. (1987). Innovation and Entrepreneurship. *The Academy of Management Review*. 12. 172. 10.2307/258006. [https://www.researchgate.net/publication/275692000\\_Innovation\\_and\\_Entrepreneurship](https://www.researchgate.net/publication/275692000_Innovation_and_Entrepreneurship)

<sup>11</sup> Yunus, M. (2003). *Banker to the Poor: Micro-Lending and the Battle Against World Poverty*. New York: PublicAffairs. [https://www.scirp.org/\(S\(i43dyn45teexjx-455qlt3d2q\)\)/reference/referencespapers?referenceid=1382910](https://www.scirp.org/(S(i43dyn45teexjx-455qlt3d2q))/reference/referencespapers?referenceid=1382910)



commerce and ecological products<sup>12</sup>.

### Methodology

This research employed various methodological approaches to analyze international practices for enhancing entrepreneurial activity and explore their applicability in Uzbekistan. The methodology was implemented as follows:

#### 1. Literature Review

- The study utilized international and national sources, including the *Global Entrepreneurship Monitor (GEM)* and World Bank reports, works of economists, researchers as primary literature references.
- GEM reports (*GEM Global Report, 2023*) provided insights into the state of entrepreneurial activity across various countries, detailing global trends, successful practices, and approaches employed in different nations.

#### 2. Comparative Analysis

- Programs and policy approaches for promoting entrepreneurship in different countries were compared.
- The experiences of countries' e-residency system facilitating entrepreneurship, incentives for high-tech manufacturing, and financial support programs for small and medium-sized enterprises were studied. Their effectiveness was assessed (Murnieks, McMullen, & Cardon, 2021; Koh & Shin, 2022)<sup>13</sup>.

#### 3. Economic Indicators Analysis

- Economic indicators from the World Bank and GEM reports were analyzed to identify factors influencing entrepreneurial activity.
- Indicators showing the positive economic impact of entrepreneurship, such as job creation, economic growth rates, and improvements in population welfare, were examined (*Global Entrepreneurship Monitor, 2023; World Bank, 2022*)<sup>14</sup>.

### Results and Discussion

Different countries have implemented various mechanisms and programs to enhance entrepreneurial activity, achieving leading positions in this field.

In the U.S., initiatives such as preferential loans, incubation centers, and startup programs focused on supporting small and medium-sized businesses have proven effective (*Small Business Administration*). The country boasts numerous public and private programs to foster an entrepreneurial environment. The *Small Business Administration (SBA)* provides financial support and advisory services to entrepreneurs.

South Korea has successfully cultivated a culture of entrepreneurship among youth through the introduction of digital entrepreneurship and technological innovations. State-sponsored financial assistance programs and incubation centers for small and medium-sized enterprises (SMEs) have been key drivers of entrepreneurial growth (*Korea SMEs and Startups Agency*).

Singapore has achieved remarkable results by promoting innovative technologies and high-tech manufacturing (*Enterprise Singapore*). The government has created favorable conditions for startups, including tax incentives, investment programs, and access to a global entrepreneurial network. By 2023, the number of newly established startups in Singapore increased by 20%, earning the country the top rank in the "Growth and Innovation" index.

Estonia has simplified the process of starting a business by implementing online business management systems and an e-residency program, which significantly boosts entrepreneurial activity (*World Bank, 2022*).

Sweden has developed a robust education system and an innovative environment to promote

<sup>12</sup> Porter, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: Free Press. <https://www.hbs.edu/faculty/Pages/item.aspx?num=193>

<sup>13</sup> Murnieks, McMullen, & Cardon (2021), "Entrepreneurial Passion: The Nexus of Identity, Motivational, and Relational Theories," *Journal of Business Venturing*. Koh & Shin (2022), "Government Support Programs and Small Business Growth in South Korea," *Asian Journal of Entrepreneurship*.

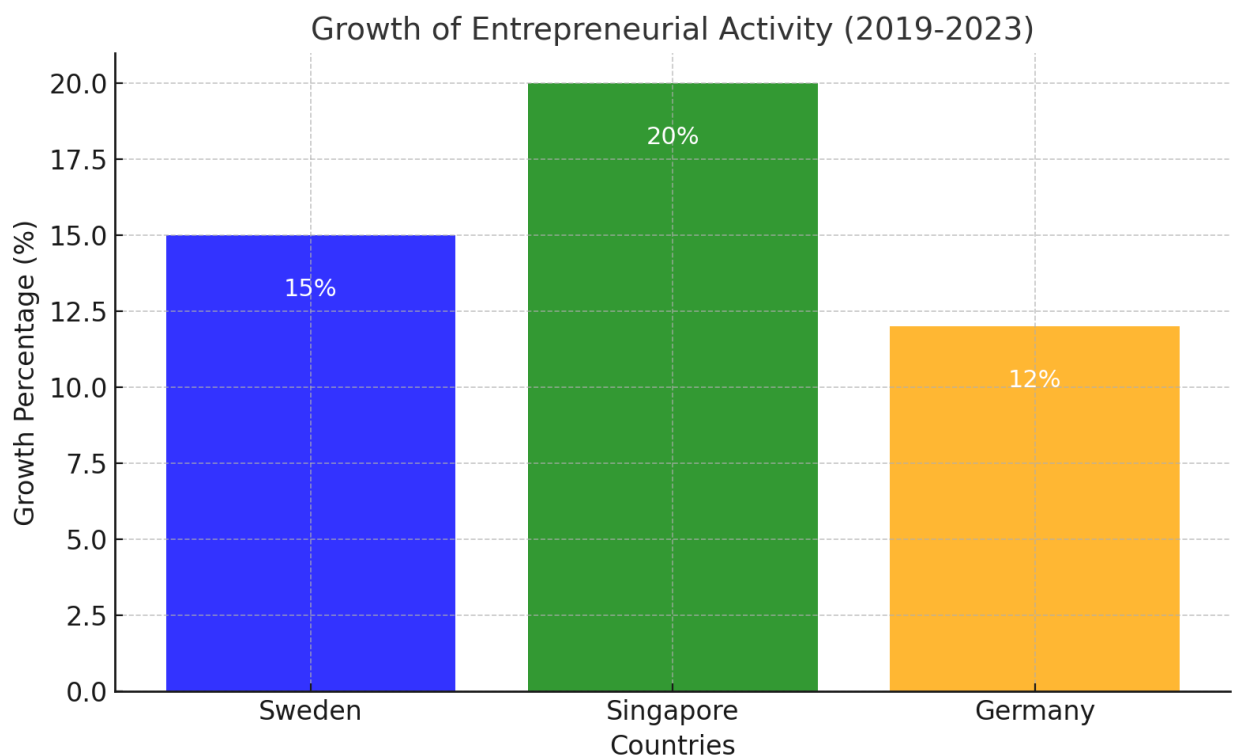
<sup>14</sup> [World Bank blog](#)  
[GEM Global Entrepreneurship Monitor](#)

entrepreneurship. Financial and methodological support is provided to students and young entrepreneurs through incubators and accelerators. By 2023, the number of new entrepreneurial ventures in Sweden increased by 15%, with small and medium-sized businesses accounting for 60% of the national economy.

Germany addresses employment challenges by fostering entrepreneurship through practical training and education programs. The *Gründergeist* program supports new entrepreneurs with mentorship, financial assistance, and training. The country prioritizes innovation by increasing funding for research and development. By 2023, entrepreneurial activity in Germany grew by 12%, with a significant rise in the number of tech startups.

A graphical representation (Graph 1) illustrates the percentage growth in entrepreneurial activity for Sweden, Singapore, and Germany over the 2019-2023 period.

**Graph 1.**



Graph 1. Provided by the author

Studying international experiences is of great importance for Uzbekistan in developing its entrepreneurial environment. Leveraging the successful practices of countries such as the United States, Germany, and Singapore could create new opportunities for Uzbek entrepreneurs.

At this point, we should emphasize that a number of activities are being carried out abroad to attract women and young people to entrepreneurship. It's crucial to support women and young people in business. Historically, women haven't been as involved in the business world, but they offer unique perspectives and solutions. Their businesses often tackle real-world issues, helping communities and the economy grow. Young people, on the other hand, are great with technology and can quickly adapt to changes, making them natural innovators. But they face hurdles too, like not having enough resources or mentors and facing societal pressures. It's not just right but also smart to help them. By supporting women and young people, we can tap into a huge pool of untapped talent and ideas<sup>15</sup>.

In foreign countries, particularly in developed countries, the following types of entrepreneurship are highly popular and well-developed:

<sup>15</sup> How We Can Empower Tomorrow's Leaders: Strategies for Uplifting Aspiring Entrepreneurs and Micro Entrepreneurs. <https://sambhavfoundation.org/blog/empowering-women-and-youth-through-micro-entrepreneurship/>

1. **Technological Entrepreneurship:**

- **Startups:** Startups in the IT and technology sectors, such as software development, artificial intelligence, and cloud computing.
- **E-commerce:** Selling products and services online.

2. **Service Sector:**

- **Consulting and Services:** Providing consulting services in business, finance, and marketing.
- **Healthcare Services:** Delivering medical and healthcare-related services.

3. **Agriculture:**

- **Organic Products:** Organic farming and sustainable production.
- **AgriTech:** Utilizing technology in agriculture.

4. **Social Entrepreneurship:**

- Entrepreneurship aimed at solving social problems, such as education and environmental projects.

5. **Green Entrepreneurship:**

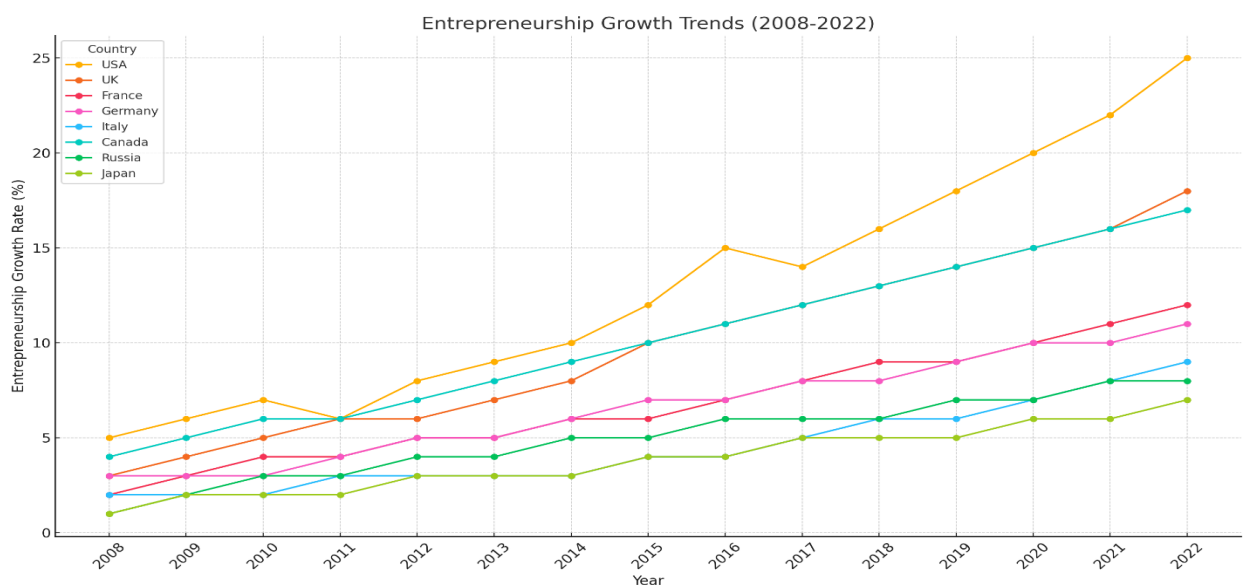
- Producing sustainable energy and eco-friendly products.

6. **Finance and Investment:**

- Financial services and investment platforms for small and medium-sized businesses.

Over the past decade, business activity has undergone significant changes in the United States, Great Britain, France, Italy, Canada, Germany, Russia, and Japan. In the US, the rate of entrepreneurship has been high in recent years, with TEA reaching 20% in 2022, but slightly decreasing to 15% in 2023. Innovative entrepreneurship and the use of digital technologies are widespread. The UK has seen growth in innovation-driven entrepreneurship, particularly in the technology and green economy sectors. Entrepreneurial activity of women is increasing. Canada has the highest rates of entrepreneurship among the G7 countries. Activity among young entrepreneurs (25-34 years old) is high. Germany and France are dominated by innovative entrepreneurship and manufacturing. Export-oriented business activity continues to grow in Germany. In Japan, the growth rate of innovation-based entrepreneurship is lower, but technological development and automation processes continue. In Russia and Italy, the infrastructure to support entrepreneurship remains important, but the level of entrepreneurship has changed somewhat as a result of the country's economic policies and the impact of the pandemic.

**Graph 2.**



The chart above (Graph 2) illustrates the entrepreneurship growth trends from 2008 to 2022 across the specified countries. Each line represents the yearly growth rate in entrepreneurial

activities, showcasing patterns such as spikes, steady increases, or slower growth based on regional dynamics<sup>16</sup>.

Developed and underdeveloped business types in the USA, Great Britain, France, Italy, Canada, Germany, Russia and Japan are determined based on the following factors and analysis. Economic, cultural and infrastructural differences in these countries affect different areas of entrepreneurship. In the table below, developed and underdeveloped entrepreneurship types and reasons are given in the cross-section of countries (Table 1).

**Table 1**

Developed and underdeveloped types of entrepreneurship by countries

Country	Developed Entrepreneurial Types	Underdeveloped Entrepreneurial Types	Reasons
USA	Technology (startups), financial technologies (fintech)	Agriculture and traditional manufacturing	A center for technology and innovation, but entrepreneurship is less developed in rural areas.
UK	Fintech, green economy	Heavy industry and traditional manufacturing	Economic model focused on London as an innovative financial
France	Fashion, tourism, cosmetics	Technology and startups	Traditional sectors are strong, but tech startups are weaker compared to the USA.
Italy	Tourism, food, fashion	Technology startups	Strong traditional sectors, but there is weakness in the IT field.
Canada	Green economy, biotechnology	Heavy industry	Significant focus on environmental innovations and technologies.
Germany	Machinery, automotive industry, export-oriented businesses	Service industry innovations	Emphasis on traditional industrial sectors, with underdeveloped service sectors.
Russia	Energy, natural resource-based entrepreneurship	Innovative technologies and startups	Priority given to natural resources; insufficient infrastructure for IT and technologies.
Japan	Robotics, automotive industry	Service sector entrepreneurship	Advanced technology, but limited innovation in services and service industries.

Table 1. Provided by the author

If we analyze the state of entrepreneurship on the example of developing countries, the developed types of entrepreneurship in India are IT and technological startups, e-commerce, underdeveloped types of entrepreneurship are agriculture and traditional trade. Developed business types in Brazil are e-commerce, ecological products, and less developed types of business are small production and traditional agriculture. Developed types of business in Mexico are tourism and hospitality, less developed types of business are traditional production.

Entrepreneurship activities in less developed countries, including social entrepreneurship and small projects in Afghanistan, have growth trends, while underdeveloped types of entrepreneurship, agriculture and manufacturing sectors, and food supply and social assistance projects in Yemen have developed. lib, underdeveloped types are large production and infrastructure<sup>17</sup>.

The development and non-development of entrepreneurship in each country depends on the country's economic, political and social conditions. This information is provided in general terms and may require further study in each country.

In recent years, the countries of the world are trying to control and reduce this socio-economic problem by implementing various methods aimed at reducing poverty as a result of increasing the entrepreneurial activity of the population. Some countries are using the methods popularized in the world experience, while others are introducing new approaches based on their national standards and economic potential. Below, attention is paid to the best practices of countries

<sup>16</sup> [GEM Global Entrepreneurship Monitor, World Bank Blogs](#)

<sup>17</sup> United Nations Development Program - [UNDP](#)

that have used non-standard approaches to fight against poverty using domestic economic and organizational capabilities (Table 2)<sup>18</sup>.

**Table 2.**

Comparative analysis of foreign experiences on national and regional poverty reduction and existing mechanisms in our country

No	Countries	International experiences. Main Approaches	National experiences. Uzbekistan (Similar Approaches)
	Germany	A mechanism in Germany where unemployed job seekers are required to accept any job offered by employment organizations.	Exists (Managed by Employment Assistance Centers).
	Sweden	Universal healthcare system with free medical care.	Exists (Provided through regional free treatment and preventive care institutions).
	Brazil	The "Bolsa Familia" program provides financial support to low-income families.	Partially exists (Managed through the Unified Social Protection Registry).
		Temporary care institutions for the elderly.	Does not exist.
	Mexico	"Oportunidades" program.	Exists (Free school education and medical check-ups).
	Kenya	The Cash Transfer for Orphans and Vulnerable Children (CT-OVC) program.	Exists (Such children are under state social protection).
	Tanzania	Effective social safety net program.	Exists (Pensions and benefits are provided to the elderly and disabled).
	Rwanda	The "Vision Umurenge" program.	Does not exist.
	South Africa	Expanded Public Works Programme (EPWP).	Exists (Managed by the Beautification Department).
	China	Industrial poverty alleviation" approach.	Exists (Included in several decisions and the "Uzbekistan–2030" strategy under Presidential Decree PF-158).
		Shift from "social assistance" to "self-reliance."	Does not exist.
		10,000 enterprises assist 10,000 villages."	Does not exist.
		"Participation in poverty reduction and development through social engagement" website.	Does not exist.
		Minimum living standard guarantee program (Dibao) in rural areas.	Does not exist.
	India	The Mahatma Gandhi National Rural Employment Guarantee Act.	Does not exist.
		"National Food for Work" program.	Does not exist.
		"Rural Housing – Indira Awaas Yojana (IAY)."	Partially exists (Affordable housing is built for the poor, but not free).
		One District One Product" initiative in Uttar Pradesh.	Partially exists (Focus is given to key industries, but not strictly one product per region).
	Bangladesh	"Food for Education" program.	Partially exists (The Development Strategy of New Uzbekistan confirms the introduction of free meals for primary school students across all regions and Tashkent city starting in the 2023–2024 academic year).

From the standard and non-standard methods used and used by the countries of the world above, it can be concluded that most of these standard approaches are used at the level of our country, including at the regional level. At the same time, it is possible that some aspects of the listed non-standard methods are present to some extent in our internal system.

Conclusion.

Increasing the entrepreneurial activity of the population is an integral part of the modern

<sup>18</sup> Hamdamov Shahzod . Foreign experiences of regional poverty reduction. UDK 316.334.2. 161-163. 74-91 International Level ISSN: 2992-8982. Institutional development of a sustainable economy and wide implementation of innovations during the transition to a green economy. Proceedings of the online international scientific and practical conference May 20, 2024. <https://yashil-iqtisodiyot-taraqqiyot.uz/journal/index.php/GED/article/view/1894>



economy and is important for economic growth, job creation and sustainable development. It is clear that although each country has its own approaches, common success can be achieved by learning and applying international experiences. In order to increase entrepreneurial activity, it is necessary to introduce innovations, expand access to education and financial resources, and develop social entrepreneurship.

Studying successful international experiences is a valuable resource for countries to improve their business environment. People can be involved in entrepreneurial activities through methods such as innovative approaches, competitive strategies and social entrepreneurship.

In order to increase the entrepreneurial activity of the population, it is necessary for the states to work in the following directions:

- Creating an innovative and competitive environment;
- Enhancing entrepreneurial education and skills;
- Facilitating access to financial resources;
- Support of social entrepreneurship.

At the same time, the study and implementation of successful international experiences will help to develop entrepreneurship on a global scale through the exchange of knowledge and experience between countries. These processes serve to attract the population to entrepreneurship and ensure economic stability.

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# STRATEGIC ANALYSIS OF THE SUSTAINABLE MARKET ANALYSIS AND DEMAND FORECASTING: A GUIDE TO BUSINESS GROWTH IN THE ECO-FRIENDLY ERA

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## ABSTRACT

As the global emphasis on environmental responsibility grows, businesses are increasingly compelled to integrate sustainability into their strategies. This paper investigates the role of sustainable market analysis and demand forecasting in helping companies navigate the challenges and opportunities of the eco-conscious era. Key strategies include leveraging advanced data analytics, understanding consumer preferences, and adapting to dynamic market conditions through scenario planning. The study underscores the importance of aligning business goals with environmental objectives to foster long-term success in a rapidly evolving market landscape.

**Key words:** Sustainability, demand forecasting, eco-friendly business, consumer preferences, predictive analytics, green market trends.

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## Introduction

As the world becomes more conscious of environmental issues, businesses are increasingly focusing on sustainability. Not only is there growing consumer demand for eco-friendly products, but governments are also implementing stricter regulations around environmental impact. For companies aiming to stay competitive, understanding the sustainable market landscape and effectively forecasting demand for green products are essential steps. This article will delve into sustainable market analysis and demand forecasting, highlighting key approaches, tools, and strategies that modern businesses can use to thrive in this emerging field.

## Literature review

Sustainable market analysis involves studying demand, competition, and consumer trends within the market for sustainable products and services. By identifying market size, growth trends, and competitive dynamics, businesses can gauge potential opportunities and make strategic decisions about how to best serve environmentally conscious consumers. This analysis also helps businesses anticipate regulatory challenges and align with best practices in sustainability.

### Key Benefits of Sustainable Market Analysis

1. **Understanding Consumer Preferences:** As consumers increasingly prioritize ethical, eco-friendly products, understanding these preferences can guide businesses in tailoring their offerings to meet this demand.

2. **Navigating Regulations:** Environmental regulations are on the rise, and companies must ensure compliance to avoid penalties. Sustainable market analysis enables businesses to stay ahead of regulatory changes and identify regions where eco-friendly policies can work in their favor.

3. **Identifying Growth Opportunities:** Market analysis reveals untapped areas in sustainability, helping businesses identify new products or services that could drive growth. For instance, the increase in renewable energy sources opens up opportunities for companies in industries like electric vehicles and sustainable packaging.

### Steps to Conduct Sustainable Market Analysis

#### 1. Define Target Market and Objectives

Begin by pinpointing which aspects of sustainability resonate with your target audience. Your objectives might be to understand demand for a specific sustainable product, explore a new market, or assess consumer attitudes toward eco-friendly practices.

#### 2. Conduct Consumer Research

Using surveys, focus groups, and social media insights, gather information on consumer preferences and behaviors related to sustainability. Understanding what drives demand within your market will help in shaping both product design and marketing efforts

### 3. Analyze Competitors

Evaluate other companies offering sustainable products or services to identify what works well and what doesn't. Look at competitors' marketing strategies, pricing, customer feedback, and unique selling points (USPs) to get a clearer picture of where your business might stand out.

### 4. Assess Market Potential

Calculate market size and potential growth for sustainable products in your field. Consider factors such as growth rates, consumer trends, and potential barriers to entry, such as production costs or regulatory requirements, that could affect your approach.

### 5. Consider External Factors

Sustainable markets are heavily influenced by external factors like government policies, technological advancements, and cultural shifts. Keeping up with these influences, such as tax incentives for green products or breakthroughs in sustainable materials, helps businesses anticipate changes in demand and adjust strategies accordingly.

### Forecasting Demand for Sustainable Products

Demand forecasting for sustainable products requires accurately predicting future sales and understanding the variables that impact demand. While traditional methods like historical data analysis and econometric models still apply, they must be adapted to account for unique characteristics of sustainable markets, such as fluctuating consumer attitudes and evolving technologies.

## Analysis and results

### Techniques in Sustainable Demand Forecasting

1. **Time Series Analysis:** Reviewing historical sales data can help identify trends and patterns. In cases where sustainable products are newer, data from similar eco-friendly markets can be used as a reference.

2. **Consumer Surveys and Sentiment Analysis:** Consumer feedback offers valuable insights into current demand and future trends. Sentiment analysis, particularly on social media, reveals attitudes toward sustainability and brand perception, helping predict how demand might evolve.

3. **Scenario Planning:** Because the sustainable market is often unpredictable, scenario planning helps businesses prepare for various demand outcomes. Creating scenarios based on different potential conditions, such as regulatory changes or shifts in consumer preferences, allows businesses to be more agile.

4. **Machine Learning and Predictive Analytics:** Advanced machine learning algorithms can analyze large datasets to predict demand with high accuracy. Factors like changes in environmental policies, consumer sentiment, and competitive actions can be included, making machine learning particularly useful in a complex, sustainability-focused landscape.

5. **Benchmarking Against Industry Standards:** For newer sustainable products, historical data may be limited. Benchmarking against similar sustainable products or markets helps set realistic expectations and provides an initial estimate for demand forecasting.

### Challenges in Forecasting Demand for Sustainable Products

1. **Limited Historical Data:** Many sustainable products are new, so they lack the long-term data that can make traditional forecasting more reliable. Proxy data from similar markets or products can help fill in the gaps.

2. **Evolving Consumer Preferences:** Consumer attitudes toward sustainability are dynamic, and demand can shift based on new information, emerging trends, or changes in environmental awareness. Businesses must regularly update forecasts to account for these shifts.

3. **Regulatory Uncertainty:** Government regulations can quickly alter demand. For example, tax breaks on renewable energy could boost demand, while stricter environmental regulations could impact product development costs.

### Tools for Sustainable Market Analysis and Demand Forecasting

1. **Google Trends:** Tracks consumer interest in sustainability topics, showing how demand may rise or fall based on seasonal or cultural trends.

2. **Social Listening Tools:** Platforms like Brandwatch or Sprout Social help monitor conversations around sustainability, offering insights into consumer sentiment and emerging trends.

3. **Survey Software:** Tools such as SurveyMonkey and Qualtrics are essential for gathering direct feedback on consumer preferences for sustainable products.

4. **Predictive Analytics Platforms:** Solutions like SAS Forecasting, IBM SPSS, and SAP Analytics Cloud leverage machine learning to analyze patterns and predict demand for sustainable products.

5. **Environmental and Regulatory Databases:** Sources like the EPA (Environmental Protection Agency) or the EU Ecolabel database provide insights into regulatory trends, standards, and certifications that may affect demand.

#### Best Practices for Sustainable Market Analysis and Demand Forecasting

- **Stay Informed on Environmental Policies:** Regulations around sustainability are constantly changing. Staying informed helps businesses adapt their forecasts to new rules that may impact demand.

- **Engage with Consumers Regularly:** Sustainable markets are driven by evolving consumer values. Engaging with customers through surveys or social media helps companies keep up with shifting attitudes toward sustainability.

- **Leverage Advanced Data Analytics:** Predictive analytics and machine learning can provide a more nuanced understanding of sustainable demand, making forecasts more accurate and adaptable to changes in the market.

- **Adopt a Flexible Approach:** Sustainable markets can be unpredictable. Incorporating scenario planning and updating forecasts regularly ensures that businesses can adapt quickly to changes.

### Conclusion and Recommendations

In the ever-evolving eco-conscious market, businesses must recognize the critical role that sustainable market analysis and demand forecasting play in driving long-term growth and environmental impact reduction. As consumer preferences shift toward more eco-friendly products, companies are tasked with adapting their strategies to not only meet the demand for green products but to exceed it by staying ahead of emerging trends. The integration of sustainability into business strategies is no longer a mere choice but a necessity for companies that want to remain competitive in the global market. A key component of successful business strategy in the eco-friendly era is understanding consumer behavior and predicting future demand patterns. Sustainable market analysis provides valuable insights into the motivations behind consumer preferences for eco-friendly products. By thoroughly analyzing consumer trends, businesses can design and market products that align with customer values, fostering loyalty and brand recognition. Additionally, understanding what drives demand—be it environmental awareness, social responsibility, or economic factors—enables businesses to make informed decisions about product development and marketing strategies. However, the sustainable market is not without its challenges. Regulatory environments are constantly evolving, and businesses must remain flexible to accommodate changes in policies, incentives, and compliance requirements. Governments are increasingly implementing stricter regulations on carbon emissions, waste management, and resource utilization. Therefore, businesses that stay ahead of these regulatory shifts can leverage them as competitive advantages. Proactive alignment with sustainability regulations also ensures that companies avoid penalties and maintain their reputation in an increasingly environmentally conscious marketplace. Demand forecasting in sustainable markets is more complex than traditional forecasting methods due to the dynamic nature of consumer preferences and external factors like technological advancements and shifting governmental policies. The use of advanced tools such as machine learning and predictive analytics offers businesses a more nuanced understanding of how demand for sustainable products is likely to evolve. These tools allow for more accurate forecasting, enabling companies to anticipate market trends and adjust their strategies accordingly. Scenario planning also plays a crucial role in helping businesses prepare for various market conditions, ensuring they can respond to sudden shifts in demand or regulatory landscapes. The unpredictable nature of the sustainable market requires businesses to remain agile and adaptable. By preparing for multiple potential outcomes, companies can avoid being caught off guard by sudden market changes or economic disruptions. Sustainable market analysis and demand forecasting are not just tools for surviving in the eco-conscious era but for thriving in it. By leveraging advanced analytics, staying informed about consumer behavior, and adapting to regulatory changes, businesses can ensure they remain competitive while contributing positively to environmental sustainability. The growing demand for sustainable products presents vast opportunities for businesses that embrace these practices, allowing them to not only survive but to flourish in a world that increasingly values sustainability and responsible consumption.



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# THE IMPORTANCE OF THE RESOURCE POTENTIAL OF RURAL AREAS IN THE DEVELOPMENT OF THE AGRICULTURAL SECTOR OF THE COUNTRY'S ECONOMY

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## ABSTRACT

This article discusses the importance of the resource potential of rural areas in the development of the agrarian sector of the country's economy and the significant increase in the importance of the agricultural sector in the world economy in recent years, the study of land, water, and labor resources, which are the main factors of agricultural production, and their specific aspects within the framework of developed and developing countries. In the development of the agrarian sector of the economy, the resource potential of rural areas, their importance in the country's economy, and the effective use of rural resources to meet the demand for agricultural products of the rapidly growing population play an important role. In the agro-industrial complex, farms and peasant farms occupy the main place as agricultural production entities. The production of livestock products predominates in peasant farms, and peasant farms are leaders in the production of agricultural products. It is necessary to transfer livestock products from the informal to the formal form at the family level and expand the possibilities of fodder production. It is also necessary to establish special branches for the sale of fodder and other products resulting from the processing of agricultural products.

**Key words:** Resource, resource potential, human capital, digitalization, innovation centers, rural infrastructure, integration environment, agro-industrial complex, investment environment.

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## Introduction

It is impossible to imagine the life of society without various natural resources. The word "resource" comes from the French language and means "source of life." Natural resources are understood as all natural objects, conditions and processes that exist in nature and are not created by man, and are necessary for human life and economic activity.

The importance of the agricultural sector in the world economy has been increasing significantly in recent years. Therefore, it is of great importance to study the main factors of agricultural production - land, water, and labor resources, as well as their specific aspects - within the framework of developed and developing countries.

Agriculture is one of the main and oldest areas of material production, which plays an important role in supplying food to the population and providing industry with raw materials. Agriculture also includes a number of industries that process these products at the initial stage. About half of the economically active population, and in less developed countries, often more than 80-90%, work in agriculture. In developed countries, this figure is around 10%. The social problems and location of the population in rural areas are inextricably linked with agriculture.

In particular, Uzbekistan is located in a favorable geographical area of Central Asia, and its territory has long been suitable for the production of various agricultural products necessary for humanity. The reason for this is the rather favorable natural and climatic conditions. At the same time, agriculture is one of the main sectors of the economy of Uzbekistan, accounting for about 25% of gross domestic product and employing about 26% of the labor force.

## Literature review

Human capital is considered as one of the scientific foundations of development as a strategic resource for the development of agriculture. The issue of the development of the agro-industrial complex in rural areas was studied by such professors as Zverovoy G.P., Nazrunova N.G., Stavtseva A.N. According to S.I. Melnik, rural areas are a historically formed element of the network of settlements, uniting an organizational and functional complex of villages, farms, individual houses and other objects under the jurisdiction of village councils.

According to the definition of B.A. Kovtun and V.N. Papelo, villages are not only the spatial basis of production, but also the natural environment and the place of residence of people.

Therefore, the efficiency of using the territory depends on a person, his cultural and educational level, professional training, motivation, desire and ability to work and manage.

The research of these scientists raised issues related to the strategic development of agro-industrial production. Attention is also paid to such issues as the resource potential of villages, the specific characteristics of regional industry, the problems of organizing re-production in agriculture and increasing resource potential, as well as the development of sectors of the rural agro-industrial complex in the country's economy.

### **Analysis and results**

Agriculture plays an important role in the economy of Uzbekistan. According to the Presidential Statistics Agency, in 2023 the country's gross domestic product (GDP) grew by 6% to \$90.9 billion. Per capita, this figure is \$2.5 thousand. According to the results of this year, the share of agriculture, forestry and fisheries in GDP amounted to 24.3%, an increase of 4.1%.

The Resolution of the President of the Republic of Uzbekistan "On additional measures to further improve the activities of sectors for the integrated socio-economic development of regions" provides that in our country, consistent measures are being implemented to achieve the integrated socio-economic development of regions, radically improve the living conditions of the population, and achieve significant positive changes in the standard of living.

For the further development of agriculture, the Strategy "Development of Agriculture in 2020-2030" has been developed. This document sets out such goals as ensuring food security, efficient use of natural resources, creating favorable conditions for business, reducing state participation in the sector, increasing investment attractiveness, and introducing modern management systems. Special importance is also attached to the development of science, education, rural areas, and the formation of a reliable statistical system.

According to the strategy, it is planned to achieve the following results by 2030: increase annual exports of agri-food products to \$20 billion (from \$2.3 billion in 2018), increase labor productivity in agriculture to \$8,000 per worker per year (from \$3,900 currently), increase employment in the food and light industry by 20% (from the current 6%), increase the share of processed products in exports to 40% (from the current 25%), increase public spending on agricultural research to 1% (from the current 0.2%), cover 40% of the total area of irrigated land with water-saving technologies (from the current 5%), and increase the area of land intended for fodder crops to 15% of the total agricultural land (from the current 7%). Also, reducing the share of highly saline lands from 45% to 37% and eliminating food shortages are important goals of the strategy.

During 2022-2026, it is planned to establish agricultural knowledge and innovation centers in all regions of the country. These centers will provide more than 100 types of services, including soil improvement, plant disease control, and seed selection, on a "one-stop" basis. Investments are also being attracted to modernize infrastructure.

The government aims to double the volume of textile products by 2026, strengthen Uzbekistan's role in the value chain, and export raw cotton through processing. Since 90% of water resources are consumed in the agricultural sector, the state is providing subsidies for the introduction of water-saving technologies. The issue of saving water by increasing efficiency is also being considered.

As noted above, villages and their resource potential play an important role in the economy of Uzbekistan and are of great importance in the life of the country (Figure 1).

Agriculture is one of the most important sectors in the agro-industrial complex (AIC), which performs the function of supplying food products to the country's population and providing raw materials for the processing industry. Its main goal is to fully satisfy the food needs of the country's population.

Resource potential	Development directions
Labor resources	Increase the prestige of the agricultural profession among young people. Develop social infrastructure in villages, create a favorable image for living and working in rural areas. Solve the problem of low wages for agricultural workers and support rural labor resources in general. Strengthen ties with educational institutions that train professional personnel for the agricultural industry.
Technical and economic resources	Reducing the level of stratification in the development of the material and technical base of agricultural producers. Assistance in the technical and technological modernization of agricultural machinery and equipment, support for the development and introduction of innovative technologies. Application of resource-saving technologies. Assistance in the development of complex relations between agricultural enterprises and scientific organizations. Development of areas for the sale of agricultural products and the development of logistics and information systems of small and medium-sized agribusiness entities.
Financial resources and investments	Development of financial instruments and mechanisms for supporting agricultural enterprises, expansion of agricultural insurance system services. Creation of a unified system of innovative agricultural developments and technologies to attract investments in agribusiness.
Natural resources	Improving the legislative framework for land rights. State encouragement of scientific development and research, reducing the negative consequences of natural and climatic factors in the field. Improving practical measures aimed at reproducing land resources and increasing land productivity.

**Figure 1. Directions for developing the resource potential of the agricultural sector in rural areas**

The number of rural settlements in our republic and the infrastructure of rural areas are developing rapidly. About 75% of the population's demand for consumer goods is met by agricultural products. At the same time, agriculture is one of the leading sectors supplying raw materials to industry. More than 50% of the products grown in this sector are processed as raw materials. Agriculture is an important source of raw materials for light industry, food industry, feed production and other industries. This is, of course, due to the improvement of infrastructure in villages, the increase in the quality of life of the rural population, the connection of agricultural drivers of the economy with rural settlements and their increasing role, as well as factors such as the resource potential of villages, natural resource base, efficiency, productivity, costs and labor resources (Figure 2).

In the process of reforms in Uzbekistan, great importance is being attached to improving the infrastructure of villages in the regions and creating favorable conditions for the rural population. Measures such as improving living conditions for the rural population, carrying out modern construction and repair work, landscaping, and creating new jobs are being implemented.

Previously, rather than developing villages, attention was focused mainly on agriculture and increasing its productivity. This led to an emphasis on the construction of hydraulic structures and the extensive development of agriculture. However, other areas, such as expanding the capabilities of farmers, healthcare, education, environmental protection, and infrastructure development, were not given sufficient attention.

Today, the government's attention is focused on improving the education and healthcare system, supporting women and youth, improving water supply, assisting needy families in villages, and reducing poverty.

Through the integrated use of local resources, technologies, industries and human capital, an opportunity is created to form an economic integration environment that develops inter-industrial relations. In addition, conditions are created to strengthen economic cooperation between cities and villages. In general, it is difficult to achieve the effectiveness of economic reforms in the country without developing villages and qualitatively improving agriculture. Today, the share of agriculture and related industries in the country's economy is significantly higher.

The resource potential of the agricultural sector is an integral part of the agro-industrial complex and the development of rural areas.

<b>SET OF ORGANIZATIONAL AND ECONOMIC MEASURES</b>		
<b>Recommendations</b>	<b>Possible situations</b>	<b>Expected results</b>
<b>Sustainable development of rural areas</b>		
Bringing the living conditions of the population in rural areas closer to urban standards, developing social sectors, engineering infrastructure, recreation and everyday life with state support, and assisting in solving housing problems	As a result of improving the quality of life, the demographic mass and life expectancy increase.	As a result of modern construction and modernization work, social infrastructure (educational, medical, cultural and recreational facilities) in rural areas is emerging or developing.
<b>Improving the system for providing rural areas with highly qualified labor resources</b>		
Organize regular employee training and incentives	The goal of attracting agricultural producers is to stimulate the industry, and there are shortcomings in taking into account regional characteristics when developing a specific program to attract young specialists to the process.	To create conditions for high school students to undergo internships in rural production forces during the summer vacation period, thereby stimulating interest in the profession and forming a human resource pool.

**Figure 2 A set of organizational and economic measures aimed at expanding the reproduction of labor resources in rural areas**

The majority of Uzbekistan's population lives in rural areas. The high birth rate makes the problem of employment in rural areas an urgent issue. A significant part of the rural population is young people, which indicates that these regions have a large labor force potential and play an important role in the economy. Implementing radical changes in rural areas, developing agriculture and increasing production efficiency in it are the main drivers and sources of Uzbekistan's economy. The state's agrarian policy is a component of socio-economic policy aimed at the sustainable development of agriculture and rural areas.

**Analysis.** The sustainable development of the agro-industrial complex depends on many factors. Resource potential is of particular importance among these factors and is directly related to the availability of a qualified workforce to ensure the successful operation of industry enterprises. Agrarian policy includes state activities aimed at creating material, social, legal and economic conditions for the rural population. This policy covers such areas as the agricultural market, investment attraction, credit and financial mechanisms, scientific and technical and technological development, the tax system, improvement of the social environment, targeted and structural changes. The general goal of agrarian policy is determined by various political, economic, social, territorial, sectoral and environmental goals. The relative priority of these goals varies depending on the different stages of state development and natural and historical conditions.

The main goals of the state agrarian policy are expressed as follows:

increasing the competitiveness of agricultural products and commodity producers, ensuring high quality of food products;

ensuring sustainable development of rural areas, increasing employment of the rural population, raising the standard of living and wages of those working in agriculture;

restoring and protecting natural resources used in agricultural production;

increasing the income of producers of agricultural products and raw materials and



developing market infrastructure in this sector;

increasing the volume of investments in the agricultural sector and creating a favorable investment climate;

monitoring the market price index for agricultural products, raw materials and industrial products used by producers of agricultural goods and maintaining their parity.

After our country gained independence, one of the most important tasks was to quickly stabilize the economy. In this regard, the development of agriculture and increasing its efficiency, fully satisfying the population's needs for agricultural products, and fully ensuring the country's food security were identified as priority issues. The development of rural areas is considered, first of all, as a process of improving the economic well-being of the population living in these areas. In regions with a high share of total employment in agriculture, farming can be the main economic activity that determines the development of villages. Today, special attention is paid to rapidly increasing production and increasing employment by diversifying agricultural sectors. More labor resources are attracted to produce more products. At the same time, it is necessary to support initiatives to ensure employment in rural areas and develop villages. Infrastructure development can increase the competitiveness of the rural economy. Investments will expand the possibilities for processing agricultural products by establishing new manufacturing enterprises.

### **Conclusion and Recommendations**

Resource potential is understood as a set of all types of interconnected resources of the entrepreneurial structure. The rational use of these resources allows us to achieve maximum economic efficiency. In particular, the development of entrepreneurial activity in the agricultural sector is one of the priority tasks of our country. Agriculture is one of the most important sectors in the world economy. The following scientific proposals and recommendations have been developed for the sustainable development of small entrepreneurship in the agro-industrial complex: The development of small entrepreneurship in the agro-industrial complex should be carried out in two main directions: the production of agricultural products and the processing industry. Their successful development depends on the service sector, and it is advisable to establish infrastructure cooperation on the material base of agricultural producers and processing enterprises. It is necessary to create compact production enterprises equipped with modern equipment and advanced technologies in the field of agricultural product processing by attracting more domestic and foreign investments. It is necessary to expand the export opportunities of agricultural firms in the districts. This requires the development of specific measures to reorganize the activities of agricultural firms, bring the quality of manufactured products into line with the level of demand in international markets. It is necessary to eliminate imbalances between sectors and ensure balance in the agro-industrial complex. It is necessary to maintain the share of small businesses in agriculture at 60%, and to pay attention to increasing the share of small businesses in other sectors. In the agro-industrial complex, farms and peasant farms occupy the main place as agricultural producers. In peasant farms, livestock production predominates, while peasant farms are leaders in the production of peasant products. It is necessary to transfer livestock production from informal to formal forms at the family level and expand the opportunities for fodder production. It is also necessary to establish special branches for the sale of fodder and other products resulting from the processing of agricultural products.

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# THE POTENTIAL OF PILGRIMAGE TOURISM IN UZBEKISTAN: DEVELOPMENT OF A REGIONAL POLICY STRATEGY

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## ABSTRACT

The article considers pilgrimage tourism in Uzbekistan as an important sector contributing to the development of the economy and the preservation of cultural heritage. The existing religious and historical resources are analyzed, as well as recommendations for the development of a strategy for the regional policy of pilgrimage tourism are proposed. Special attention is paid to the creation of tourist infrastructure, the organization of routes and interaction with local communities. It is expected that the successful implementation of the proposed strategy will lead to an increase in the tourist flow and improve the quality of life of the local population.

**Key words:** Pilgrimage tourism, Uzbekistan, regional policy, religious heritage, tourist infrastructure.

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## Introduction

Pilgrimage tourism is a unique field that covers people's travels to holy places for the purpose of spiritual enrichment, religious practice and cultural exchange. In recent decades, this type of tourism has become increasingly popular all over the world, including the countries of Central Asia, where the rich cultural and religious heritage creates unique opportunities to attract tourists.

Uzbekistan, located at the crossroads of historical trade routes such as the Great Silk Road, has a significant spiritual heritage, including numerous mausoleums, mosques and madrasas that embody Islamic culture and history. Holy sites, such as the mausoleum of Imam al-Bukhari, can attract pilgrims from both neighboring countries and far abroad[1].

However, despite the existing potential, pilgrimage tourism in Uzbekistan faces a number of challenges, such as insufficient infrastructure, lack of coordinated marketing and insufficient cooperation between government agencies and the private sector. These problems require a comprehensive approach to developing a strategy aimed at developing pilgrimage tourism as one of the key areas in the country's tourism industry.

The article is devoted to the study of the current state of pilgrimage tourism in Uzbekistan and the formulation of recommendations for the development of an effective strategy of regional policy aimed at strengthening this sector[2].

Literature review. Pilgrimage tourism covers a wide range of cultural and religious practices, which makes it an important object of research in the field of tourism. According to various studies, pilgrimage tourism contributes not only to economic development, but also to social interaction between different groups of the population. Studies show that regions with a high level of pilgrimage activity demonstrate more stable economic indicators and better social infrastructure. For example, in countries with developed pilgrimage tourism, such as India and Saudi Arabia, there is an increase in tourism revenues and the creation of new jobs.

According to research conducted by the World Tourism Organization (UNWTO), pilgrimage tourism can become one of the fastest growing segments of the tourism market. It is important to note that pilgrims often spend more money on travel compared to regular tourists, which makes them an economically important group for local communities[3].

In addition, as V. V. Smirnov points out in his work, pilgrimage tourism also contributes to strengthening the identity and cultural identity of local communities. This, in turn, creates opportunities for cultural exchange and mutual understanding between different cultures and religions. Given these aspects, Uzbekistan, with its unique religious heritage, can significantly increase the volume of pilgrimage tourism if appropriate strategies are implemented.

## Literature review

Methods of qualitative and quantitative analysis were used to develop a strategy for the regional policy of pilgrimage tourism in Uzbekistan. A survey was conducted among pilgrims and tourists, as well as interviews with experts in the field of tourism and religion. An analysis of the

existing infrastructure available to pilgrims was also carried out and the needs of the target audience were assessed.

The questionnaires covered such aspects as motivation for trips, preferences in choosing routes, level of satisfaction with services, as well as wishes to improve conditions for pilgrims. Interviews with experts allowed us to collect high-quality data on existing barriers and opportunities for the development of pilgrimage tourism[4].

In addition, an analysis of successful pilgrimage tourism practices in other countries such as Turkey, Indonesia and Saudi Arabia was conducted. These countries have considerable experience in organizing pilgrimage routes and infrastructure, which can serve as a reference point for Uzbekistan.

The analysis revealed the main factors contributing to and hindering the development of pilgrimage tourism in Uzbekistan. Among the positive factors, there is a rich cultural heritage, a variety of religious sites and traditions, as well as a growing interest in spiritual practices from international tourists. The main obstacles include insufficient infrastructure, lack of marketing and insufficient cooperation between the various stakeholders.

Thus, the development of a pilgrimage tourism strategy in Uzbekistan should be based on in-depth research and take into account local conditions, the needs of pilgrims and the capabilities of local communities[5].

### **Analysis and results**

For the successful development of pilgrimage tourism in Uzbekistan, there are several key areas that require attention:

1. Creation of tourist infrastructure: it is necessary to develop infrastructure, including roads, means of transportation, accommodation and catering services, as well as information centers for pilgrims. Convenient access to holy sites will significantly increase the attractiveness of Uzbekistan as a destination for pilgrimage.

2. Development of tourist routes: the creation of specialized pilgrimage routes connecting major religious sites can attract more pilgrims. These routes can be either thematic (for example, dedicated to Islamic culture) or mixed, including elements of cultural tourism.

3. Cooperation with local communities: it is important to involve local communities in the development of pilgrimage tourism. This may include teaching locals the basics of hospitality, cultural sensitivity, and arranging services for pilgrims. Local residents can become not only guides, but also service providers, which will create new jobs.

4. Marketing and promotion: Uzbekistan should actively promote itself as a pilgrimage destination in the international arena. Participation in tourism exhibitions, the creation of advertising campaigns, as well as the use of online platforms to disseminate information about pilgrimage routes - all this will help draw attention to Uzbekistan as a center of pilgrimage.

5. Preservation of cultural heritage: it is important to preserve and restore religious sites so that they remain attractive to pilgrims. Investing in the preservation of cultural heritage will not only attract tourists, but also help strengthen the identity and identity of local communities[6].

### **Conclusion and Recommendations**

Pilgrimage tourism in Uzbekistan has significant potential, which can be realized through an integrated approach to the development of a regional policy strategy. Given the rich religious and cultural heritage of the country, it is necessary to create a tourist infrastructure adapted for pilgrims and organize attractive routes connecting the holy places. It is also important to develop the local economy by providing services to local residents and improving their skills in the field of hospitality.

The successful implementation of the pilgrimage tourism strategy in Uzbekistan will not only attract international tourists, but also strengthen social unity, improve the standard of living of the local population and preserve the country's unique cultural heritage. This will create a positive image of Uzbekistan in the international arena as a center of spirituality and culture, which is an important step for the sustainable development of tourism in the region.

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# GASTRONOMIC TOURISM AS A DRIVING FORCE FOR THE DEVELOPMENT OF THE ECONOMY IN UZBEKISTAN

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## ABSTRACT

This article examines the basics of the development of gastronomic tourism in the aspect of regional economy. It is worth noting that the tourism industry is becoming one of the locomotive industries that make a significant contribution to the economy of the Republic of Uzbekistan, and that the status of the strategic sector of the economy in our country is showing its first signs. Proper planning of the development of gastronomic tourism will increase the competitiveness of the region, reorient offers to meet tourist demand, resolve the problem of seasonality and maximize the positive impact of tourism on the image of the territory. Any national cuisine, which has absorbed the traditions and customs of the people representing it for centuries, is able not only to give an opportunity to try new and interesting dishes, but also to form its own idea of the country through taste buds. The increase in the number of culinary trips is accompanied by increased attention to food all over the world. Within the framework of this article, the author considers nutrition as a key part of culture, an important element of intangible heritage and one of the most important attractions for the consumer of tourist services. Were also studied factors influencing the development of gastronomic tourism and the effect of the development of gastronomic tourism on the economic and social sphere of the region.

**Key words:** Gastronomic tourism, tourism industry, national cuisine, nutrition, intangible heritage.

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## Introduction

The Republic of Uzbekistan has a huge potential both for the development of domestic tourism and for attracting foreign tourists. The vast territory of the country, a large number of nationalities, rich cultural and historical heritage, diverse, sometimes even untouched nature is an excellent basis for the development of the tourism sector of the economy of Uzbekistan [1].

One of the centers of the tourism industry of world significance is the city of Samarkand. According to the concept of sustainable development of the city of Samarkand as a world tourist center, it is necessary to create conditions for increasing tourist flows to the city. In this regard, a promising direction is the development of gastronomic tourism in the region, the place and role of which are due to the ethnic diversity of the peoples living here, as well as the global trend of increasing demand for gastronomic tours.

Gastronomic tourism is inextricably linked with the development of territories, is an integral part of the history, culture, economy of the region and its inhabitants [2]. Having natural potential and accumulating competitive advantages, many destinations can occupy a niche in the gastronomic tourism industry, promoting their regional identity and distinctive cultural heritage.

The potential of gastronomy as an object of research is difficult to underestimate. It has always been a part of the tourism industry, but it has long ceased to be considered only as a basic basic tourist service. To date, gastronomy is a factor determining domestic and inbound tourist flows. The growing interest in food habits, authentic products, cultural traditions and rituals associated with food has given rise to a new segment of the experience economy – gastronomic tourism [3].

Due to its rapid development in recent decades, tourism is a phenomenon of the XX century. It is difficult to overestimate the importance of tourism on the economy of countries and the world as a whole. According to the WTO, the contribution of tourism to the world economy is 10.9% of the global BB. The tourism sector contributes to socio-economic development by participating in the formation of countries' GDP, providing additional jobs, influencing economic sectors such as transport, communications, construction, services, agriculture, trade, improving the standard of living of the population [4].

### Literature review

A review of the literature shows that gastronomic tourism is a well-studied topic of study. Various authors, such as A.T. Baykamadova, S.A. Shaisultanova, L.R. Ziyazieva [5], I.S. Kashirinam[6], M.M. Utova, D.A. Nagoeva, T.D. Kuchukova [7], E.Yu. Gurov, A.P. Tikhonenko [8], explore the historical and cultural relationship of the development of the gastronomic tourism, as well as the individuality of the emergence of regional tourist products based on established national culinary traditions. Branding of the territory is also a powerful tool for the development of the region as a tourist destination. Modern approaches to the development of brand tourist destinations are considered in the works of S. A. Tumenov [9], E. K. Leonidova [10], A. B. Zherukova [11]. Some scientists study gastronomic tourism as one of the main methods of attracting attention to the tourist area [12]. However, there is a lack of research on the development of gastronomic tourism in post-Soviet countries, including the Republic of Uzbekistan, which has a rich ethnic cuisine. In the article by S.S. Rakhmonov, M.B. Donierov provides information about the gastronomic tourism of Uzbekistan, the main dishes of Uzbek cuisine and the regions of the country specializing in the preparation of a certain type of dishes. Thus, S. A. Tumenov explores the model of strategic brand management, which involves not only the formation of a tourist product and the use of marketing tools, but also an organizational philosophy responsible for cultural values [13], which, in our opinion, is the most rational strategy for the development of a regional brand. It should be noted that of particular scientific interest are the issues of gastronomic branding (as the main direction of the competitiveness of the tourist business at the present stage), which are disclosed in the works of such researchers as Yu. M. Lagusev, K. A. Balynin [14], Yu. G. Trabskaya, E. V. Chernova [15], I. V. Goncharova, D. S. Goncharov [16]. As a result of the analysis of the research source base, it can be concluded that the problem of the development of gastronomic tourism and the formation of a gastronomic product is of the greatest interest among other types of tourism. In addition, today we have the right to talk about gastronomic tourism as an independent, promising and rapidly developing tourist industry. The methodological basis of the work was the branding and positioning of gastronomic tourism at the regional level, methods of system analysis, formalization, classification, comparison, induction and deduction, methods of actualization, abstraction and concretization.

### Analysis and results

In recent years, the Government of the Republic of Uzbekistan has taken steps to develop gastronomic tourism, including creating a National Gastronomic Association and organizing various culinary events and festivals. Gastronomic tourism can make a significant contribution to the economic development of Uzbekistan. According to the World Tourism Organization, gastronomic tourism accounts for 25% of all tourism expenditures.

Over the period 2018-2022, the turnover of public catering in Uzbekistan increased by 86%, reaching \$826 million. The main reason for the increase in turnover is the gradual exit of public catering from the shadow sector, which is estimated at 30-40%. The Government of the Republic of Uzbekistan seeks to bring market participants to legal positions by introducing benefits and subsidies, especially after the Covid-19 epidemic [17].

Thus, according to the results of a survey among the current members of the organization (156 countries) conducted by the World Tourism Organization (UNWTO) on the importance of gastronomy, it was revealed that 88.2% of respondents consider gastronomy a strategic element in determining the brand and image of the region, 11.8% – an unimportant aspect [18]. About 96% of expert respondents positively assess the growth of the gastronomic travel industry in the next two years [19].

The World Association of Gastronomic Tourism (WFTO) has identified several key factors that positively and negatively affect the development of this type of tourism in the world [20].

### Influence on the development of gastronomic tourism

Table 1. [21]

Negative factors	Positive factors
1) standardization of local experience (loss of authenticity and uniqueness)	1) availability of information about gastronomy (awareness of consumers about food and drinks)

2) the difficulty of supporting small businesses	before the trip)
3) slowing economic growth	2) the interest of the current generation in gastronomy
4) oversaturation of food and drink offerings	3) availability of entertaining culinary programs on television, on the Internet and social networks

Among the most positive factors affecting gastronomic tourism, the association's experts note the consumer's free access to information about food traditions, dishes and products of the destination, the special interest of people deeply involved in digital technologies in food and drinks, the availability of cooking shows on various Internet platforms and television.

Also, among the negative factors, the focus on the main tourist object of gastronomic tourism – the local authentic culinary experience, which is unified and becoming standardized on a global scale, is leading. In addition, experts focus on the complexity of supporting small businesses, slowing economic growth and oversaturation of the market with food and drinks.

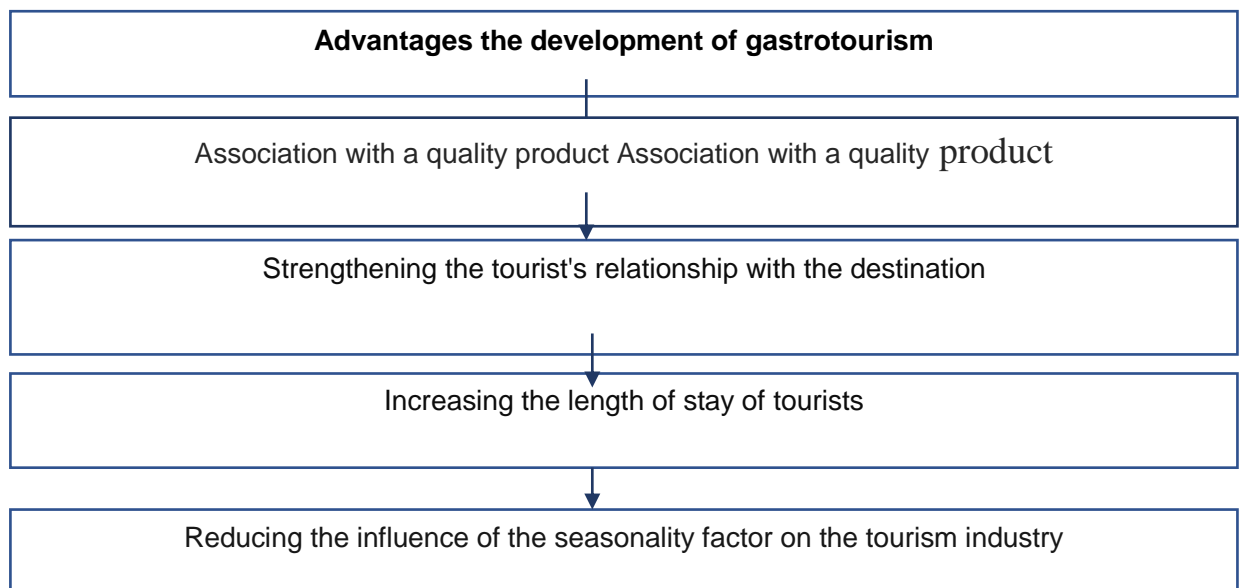
To use a gastronomic brand as a driving force for economic development, "it is important to encourage visitors to stop, spend money and stay longer"[22].

In addition, it is necessary to notify all entrepreneurs and people about the creation of a single body (the National Gastronomic Association), which unites all involved industry structures and ensures their interaction, which contributes to the promotion and development of new products of gastronomic tourism. Membership in such an organization can serve as an indicator of providing a quality product for consumers.

In addition to such obvious advantages of the development of gastronomic tourism and branding of the territory as employment of the population and income generation, regions can also receive the following advantages (Table 2).

**Advantages of the development of gastronomic tourism in the region**

Table 2[23].



Thus, due to the development of gastronomic tourism and branding of the territory, it is possible to create a strong association of the region with a high-quality authentic product, which, in the conditions of observing the producers of these products, including on farms and wineries, the atmosphere and natural landscapes creates motivation to visit the area and extend the stay.

It is obvious that the development of gastronomic tourism contributes to the social and economic recovery in the region. At the same time, there is an opportunity that can ensure the bright competitiveness of tourist destinations and enterprises, double the number of jobs, the quality of life of the local population, including by expanding the opportunities of local communities and stakeholders in planning and making decisions about the management and development of tourism.

**Conclusion and Recommendations**

In conclusion, gastronomic tourism can make a significant contribution to the economic development of Uzbekistan. The rich culinary heritage of the country is unique and can attract food lovers from all over the world. The conducted research gives grounds to state that gastronomic tourism is indeed a driver of economic and social development of the Republic of Uzbekistan. The study found that the development of gastronomic tourism is affected by such positive factors as the rapid dissemination of information about food and beverages in the region, the interest of the younger generation in gastronomy and the massive promotion of culinary programs. Solving the problems of the development of gastronomic tourism in Uzbekistan requires an integrated approach, including information work, educational events, certification of restaurants and the creation of the necessary infrastructure. Such measures will help to increase the interest of tourists in Uzbek cuisine and create favorable conditions for its improvement.

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# HIDDEN ECONOMIC DEVELOPMENT AND ENTREPRENEURSHIP IN A MARKET ECONOMY

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## ABSTRACT

Modern criminal systems are largely the product of the secret economy, which also keeps nations from changing politically or economically, allowing them to remain in crises and eventually establish themselves as market-driven states. Entrepreneurship is an important factor in the development of the national economy. The main condition for its formation, development and implementation consists of several important elements. Personal interest, as a motive that drives entrepreneurship, appears as an "invisible hand" that guides the activities of market economy entities. Therefore, the appropriation of the achieved results, the accumulation of income, and the accumulation of savings are manifested as an important condition for entrepreneurial activity.

**Key words:** Competition, factors, entrepreneurship, market, secret economy, CIS countries, invisible hand, natural demographic factors, economic factors, legal factors, management of finances, criminal economy, production, tax, market.

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## Introduction

The market, as a platform for entrepreneurial activity, essentially creates an opportunity to realize the functional nature of entrepreneurship. The more developed and mature market institutions are, the fewer obstacles an entrepreneur will encounter in his activities and the more he will be able to fully realize his potential. On the contrary, the underdevelopment of a market economy narrows the scope of opportunities, and distorts the direction of entrepreneurial activity by encouraging entrepreneurs to take advantage of the shortcomings of market relations and obtain additional income through illegal means. Competition is the main force that ensures market governance. In essence, competition is an economic tool for setting the boundaries of self-interest. A distinctive feature of a market economy is that the pursuit of economic freedom is often associated with restricting the freedom of others. Therefore, competition is a factor in creating extremely favorable conditions for entrepreneurship in order to achieve the best results in business. The basis of competition is to ensure the dispersion of economic power, to support the competitiveness of entrepreneurial activity, to prevent excessive concentration of economic power in the hands of one person, and to resist the tendency to monopolization. The role of the state in a market economy is very important. It should be noted that the state also poses a certain threat to the normal implementation of entrepreneurial activity. The most important problem is to choose alternative means and forms of state intervention and find the necessary areas of this intervention. In cases where market relations do not work, where there are market failures, state intervention becomes necessary. The asymmetry of information inherent in the market requires some form of state intervention, but this intervention is carried out in the form of regulatory management. In incompletely developed market relations, large-scale state intervention is required, and this intervention takes the form of management through taxes and subsidies. State intervention in the economy depends on many factors, in particular, economic order (the level of industrialization of the economy, the level of economic activity) and national identity (the traditional role of the state in society, social mentality). It is impossible to know for sure whether one or another factor should be accepted. State intervention in economic life is justified only if it serves to ensure economic efficiency. Therefore, state intervention should be limited in any case.

## Literature review

An entrepreneur is constantly influenced by various factors that affect various aspects of his activity. Entrepreneurial factors are the opportunities that determine the implementation of entrepreneurial functions. External factors of entrepreneurship are distinguished - those that determine the nature of the environment surrounding the enterprise and those that arise from the specifics of its internal structure. External factors include the following, which determine the specific

conditions of the entrepreneur's activity: Natural demographic factors - (climatic conditions and land quality, raw material base, number of population, their gender structure, etc.) - determine the specialization of enterprises in sectors and their location, level of expenses, and opportunities to use labor force. Socio-cultural factors - the spiritual and moral norms of the population, religious views, level of education - the formation of needs and similar factors, the uniqueness of the demand, the influence on the organization of entrepreneurship and its ethics, and the attitude towards entrepreneurship itself. it's a secret. Technological factors - (level of industrial development of the country, availability of scientific and technical development technologies, their use, etc.) - determine not only the nature and form of production, but also the methods of entrepreneurial activity.

Economic factors - the level of development of the market mechanism, the volume of aggregate demand, the level of competition, the stability of the monetary system, the income of the population and the nature of its distribution, the level of savings, tax policy, etc. - determine the conditions for the distribution of limited resources and the level of entrepreneurial activity. Structural factors - the development of the banking system and insurance, the development of supply and sales channels, the presence of market intermediaries (consulting, legal services, advertising, transport and other agencies), the development of communication and information provision - expand the possibilities of entrepreneurial activity, cause the intensity of commodity exchange operations and determine the level of their activity. Legal factors - the level of development of business law, the regulation of relations between economic agents, the legal protection of entrepreneurship, the guarantee of their activities - not only provide the basis for entrepreneurial activity, but also determine the level of its activity. Political factors - the stable functioning of political institutions, the nature of relations between society and the state, management methods and decision-making - determine the social orientation of entrepreneurship, its integration into society and its idea. Internal factors of entrepreneurship are reflected in: firstly, the development of property relations, which determines the level of basis for economic activity of market agents; the definition of clear rights of the owner of the property, which determines the implementation of economic operations, the development of various forms of property; democratization of property relations; secondly, there is a specific aspect of the structure of the internal departments and divisions of the enterprise, which affects the content and forms of the entrepreneur's implementation of his functions. Internal factors determining entrepreneurial activity include: • firstly, factors such as the development of property relations, the guarantee of private property, the presence of clearly defined rights of the owner of the property, developed forms of property that ensure the circulation and movement of capital (funds), and the democratization of property relations; • secondly, factors related to the uniqueness of the internal structure of economic units (organization, the uniqueness of interconnected structures, the form and nature of organizational management). With the development of the economic process, the influence and role of any factor changes. This is a natural phenomenon. If the influence of one factor increases, the influence of the other may disappear or weaken, and new factors may appear. The conditions of the transitional period radically change the role and significance of factors affecting entrepreneurship, as well as their interdependence. Therefore, it is necessary to distinguish two groups of entrepreneurial functions separately. One of them reflects the current functions of the entrepreneur in terms of adapting to the environmental conditions in which he operates and his ability to react to their changes. From this point of view, the entrepreneurial function is manifested as a form of management activity.

### **Analysis and results**

Management of finances and production, personnel, material assets and sales of products - these are important functions that an entrepreneur solves. In terms of form and essence, these tasks of entrepreneurship related to management have a number of specific features. Financial resource management, at first glance, seems to be associated only with the attraction and use of funds. In fact, the content of these functions is much deeper. The main function of financial resource management is to obtain maximum profit with minimal risk. In the process of performing this function, the entrepreneur, on the one hand, minimizes the cost of attracted financial resources, and on the other hand, tries to maximize the profit from them due to the effective use of investment funds. This, in turn, ensures the growth of the enterprise's assets and the emergence of a stable financial position. The function of material and technical support is carried out by minimizing their reserves. The most difficult aspect of implementing this function is the unpredictability of the market situation. Therefore, the entrepreneur must combine market and non-market forms of material and technical support in a coherent manner. Production management is largely related to its technical and technological aspects and is aimed at producing a large number of products with minimal costs.

Personnel management in the modern business system is inextricably linked with their selection and placement. On the one hand, the increasing importance of the human factor requires concern for improving the quality of labor resources and requires a completely new approach to assessing and motivating their work. On the other hand, the fundamental differentiation and division of entrepreneurial functions leads to an important problem, namely, attracting them to one direction, generalizing their activities. In market conditions, the issue of human resources management is of strategic importance, and an important function of an entrepreneur's activities is manifested as a factor determining his success. The second group of entrepreneurial functions is made up of functions that affect economic activity and cause certain consequences. From this point of view, one of the functions of entrepreneurship is to establish market equilibrium. In order to take advantage of the opportunity to make a profit, the entrepreneur increases the volume of supply at the expense of production. Equilibrium is achieved by transferring wealth from one market to another. On the other hand, the entrepreneur increases production by attracting additional resources, allowing them to be effectively placed, thereby creating stable conditions in the resource market. The transformation function of the entrepreneur. By directing the situation in the market to his advantage through innovative activity, the entrepreneur not only creates new wealth and technology, but also changes the environment in the market, creates new markets, new forms of competition. Thus, the entrepreneur, as an active subject of entrepreneurial activity, performs the transformation function. There is no contradiction between the entrepreneur's function of establishing market equilibrium, on the one hand, and disrupting this equilibrium, on the other. Because the function of entrepreneurial activity is aimed at establishing not a stable, but a changing equilibrium. Social functions. Entrepreneurial activity is also associated with the fulfillment of a number of social functions. Achieving significant results in the field of economic activity encourages the entrepreneur to solve such issues as changing and increasing the range of goods produced, giving them new consumer properties. As a result, consumers expand their choice of products, which allows them to improve their lifestyle. And the economical use of resources allows for the improvement of technology, environmental protection, and the solution of ecological problems. The structure of theft of state and non-state property has changed. The traditional forms of this offense have been enriched with new illegal actions, primarily related to the process of disposal and privatization of state property. Officials and networks have created a wide range of opportunities for the transfer of state property to representatives of the authorities, shadow businessmen, directors' corps and criminal structures in various ways and have acquired large amounts of property. The emergence of new economic structures is often associated with the legalization of shadow capital with the participation of legally formed economic structures. On the one hand, informal economic relations between firms, enterprises, entrepreneurs, and on the other hand, their relations with banks are often becoming criminal in nature. For example, commercial banks issue loans on preferential terms, in which the difference between the nominal (legal) and actual (secret) interest is distributed between the bank founders and the entrepreneur, the interest is not reflected in the reports, and taxes are not paid on this amount. Hiding entrepreneurial activity and income from taxes is becoming the most common type of informal, secret criminal economic relations. The legalization of secret types of business by legislation has not been very effective, since these measures have eliminated the possibility of obtaining large profits. This situation will continue to exist as long as the complex and extremely "rigid" system is maintained. It is practically impossible to legalize the income of entrepreneurs with a criminal background and criminal background: they do not change their habits, lifestyle, thinking, and old ways of doing business. Criminal cases in the behavior of business entities "infect" other law-abiding entrepreneurs, encouraging them to act in accordance with criminal norms. In such cases, it is necessary to act in special ways. First of all, it is advisable to take economic, or rather economic-legal, measures of influence. The structure of other forms of illegal business is also changing. Drug addiction is on the rise, gambling is gradually being revived, new forms of prostitution are emerging, collusion is on the rise, the appropriation of private property of citizens is becoming more active (for example, by eliminating the owner of privatized apartments and selling their documents). Previously unknown forms of criminal business have emerged, in particular, the increase in the taking of people hostage (and especially kidnapping) and demanding large sums of money for their release, kidnapping girls and paying them to brothels in the country and abroad, etc. The above-mentioned criminal enterprises are increasingly occupying a decisive place in the illegal economy from year to year. These crimes include currency and securities, counterfeiting, the creation of a fake joint-stock company, illegal banking operations, international fraud and a number of other crimes. Another important aspect of this issue is the widespread nature of the labor market and speculative business in it, which has reached a level that threatens the security of society. Year after year, many

industries and industries, escaping state control and not entering into economic relations with it as economic entities, are moving into clandestine activities, "shadow". Secret entrepreneurship is attracting millions of people to its ranks, seeking the interests of certain groups of the population, further enriching clandestine businessmen. The result of clandestine business can be seen in the increase in economic crimes in recent years. Representatives of shadowy financial capital in power, in corrupt positions, and in the criminal world have gained so much power in society that they have collected and continue to collect huge amounts of income from a significant portion of the population of the CIS countries under their wing.

### **Conclusion and Recommendations**

Facts, it can be seen that the main sector of reforms has changed: the idea of a socially oriented market economy has changed to a criminalized market, to the side of criminal economic relations. In such circumstances, despite the determined efforts of law enforcement agencies, the Tax Crimes Department is unable to adequately deal with this danger in society. Economic and, especially, tax-related crimes in the CIS and foreign countries are manifested as a social system, and the result can be achieved only by conducting a systematic struggle against the system. In this regard, the function of the implementation of the program to fight against economic crime and the secret economy, which threatens the security of the country, which is its material basis, is put forward. In the economy, under the influence of criminal structures, there are such qualitative changes that they indicate the transformation of the economic structure.

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# ENHANCING THE EFFICIENCY OF INVESTMENT ACTIVITIES IN INDUSTRIAL ENTERPRISES OF THE REPUBLIC OF UZBEKISTAN: A CASE STUDY OF JSC «O‘ZBEKISTON TEMIR YO‘LLARI»

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## ABSTRACT

Investment activity plays a crucial role in the sustainable development of industrial enterprises, particularly in transitional economies such as Uzbekistan. Ensuring the efficient allocation of investment resources directly impacts the competitiveness and long-term growth of enterprises. This study explores strategies for enhancing the efficiency of investment activities in industrial enterprises of the Republic of Uzbekistan, with a specific focus on JSC "O'zbekiston Temir Yo'llari" as a case study.

The research examines key factors influencing investment efficiency, including financial planning, risk assessment, and technological modernization. The study highlights the role of state policies and regulatory frameworks in shaping investment decisions and evaluates the impact of government incentives on industrial enterprises. Special attention is given to infrastructure investments in the railway sector, as they play a pivotal role in the overall economic development of the country.

By employing qualitative and quantitative analysis methods, this research identifies existing challenges and proposes practical solutions for optimizing investment efficiency. The findings suggest that improved financial management, digitalization, and strategic partnerships can significantly enhance investment outcomes. Moreover, the study underscores the importance of attracting foreign direct investment (FDI) and implementing innovative financing mechanisms to ensure sustainable growth.

The study contributes to the broader discussion on investment efficiency in industrial enterprises, offering valuable insights for policymakers, business leaders, and researchers. The recommendations provided can serve as a basis for future strategies aimed at improving the investment climate and fostering economic growth in Uzbekistan's industrial sector.

**Keywords:** investment efficiency, industrial enterprises, Uzbekistan, JSC "O'zbekiston Temir Yo'llari", financial management, infrastructure investment, foreign direct investment.

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## Introduction

Investment plays a pivotal role in the economic development of any country, especially in emerging markets transitioning toward a market economy. In Uzbekistan, attracting foreign investments and ensuring a stable position in the global market is of significant importance. According to a report by the United Nations Conference on Trade and Development (UNCTAD), global foreign direct investment (FDI) decreased by 2% in 2023, reaching \$1.3 trillion, while financial inflows to the least developed countries showed a slight increase. This trend reflects a weakening investment capacity worldwide, necessitating strategic efforts to enhance investment stability, expand free economic zones, and optimize resource utilization to create a favorable investment environment.

Modern global trends in railway transport development shape the investment attractiveness of industrial sectors, primarily in production and construction-related industries. Structural transformations in the economy are increasingly channeling financial flows into large-scale infrastructure projects, whose implementation holds strategic significance for both regional and national socio-economic growth. In this regard, targeted economic regulation of investment policies, particularly in railway infrastructure modernization, has become a key focus of scientific research.

Uzbekistan is actively fostering mutually beneficial foreign economic relations and leveraging the experience of developed countries to attract foreign capital continuously. President Shavkat Mirziyoyev has emphasized the importance of creating a modern and efficient transport system, stating that Uzbekistan is implementing fundamental reforms in the railway sector. Strategic projects,



such as the construction of the "China-Kyrgyzstan-Uzbekistan" and "Uzbekistan-Afghanistan-Pakistan" international railways, are expected to transform the geo-economic landscape of the region, positioning Central Asia as a global transit hub connecting the North and South, East and West. These developments will contribute to an improved investment climate, leading to increased FDI inflows and their effective utilization across various sectors.

The government of Uzbekistan has implemented numerous legislative measures to enhance investment efficiency. Presidential Decree No. PQ-3857 (July 16, 2018) focuses on improving the effectiveness of projects involving international financial institutions. The Law "On Investments and Investment Activities" (December 25, 2019) further strengthens the regulatory framework, while Resolution No. PQ-465 (December 30, 2022) outlines measures for infrastructure development from 2023 to 2025. Additionally, Resolution No. PQ-332 (July 25, 2022) improves procedures for evaluating investment and infrastructure projects, and Presidential Decree No. PF-3594 (April 11, 2005) promotes incentives for direct private foreign investment. These policy measures collectively contribute to enhancing investment opportunities and ensuring economic stability.

The research aligns with Uzbekistan's national scientific and technological development priorities, particularly in the context of economic modernization and infrastructure enhancement. It is conducted within the framework of the Tashkent State Technical University's research project No. A-2-59, which focuses on developing an innovative clustering approach in high-tech industrial sectors.

By integrating theoretical and methodological insights with empirical analysis, this study aims to develop a holistic investment strategy tailored to the needs of Uzbekistan's railway enterprises. The findings will provide practical recommendations for policymakers, business leaders, and stakeholders, contributing to the sustainable growth and modernization of the railway sector while strengthening Uzbekistan's position in the global investment landscape.

## METHODS

This study employs a comprehensive methodological framework to analyze the investment reserves, financial conditions, and development opportunities within the railway sector of Uzbekistan, with a specific focus on JSC "O'zbekiston Temir Yo'llari." A combination of qualitative and quantitative research methods is used to assess the current state of railway infrastructure, its role in the national economy, and investment opportunities for future growth. The research methodology is structured around three key analytical components:

**Analysis of the Current State of Uzbekistan's Railway Network and Its Economic Role.** To evaluate the operational and investment conditions of Uzbekistan's railway sector, this study applies descriptive and comparative analysis. Statistical data from government sources, the World Bank, and UNCTAD reports are used to assess the contribution of railway transport to GDP, trade, and employment. The study also utilizes time-series analysis to track historical investment trends in the railway sector. Additionally, SWOT analysis is employed to identify the strengths, weaknesses, opportunities, and threats affecting the railway infrastructure and its investment potential.

**Global Railway Infrastructure Development and Investment Strategies.** A comparative study of international railway infrastructure advancements is conducted to benchmark Uzbekistan's railway sector against global best practices. This involves case study analysis of leading railway systems, such as those in China, Germany, and the United States, to identify key investment strategies and technological innovations. The study examines Uzbekistan's position in the global railway network by assessing the significance of JSC "O'zbekiston Temir Yo'llari" in international trade and transit corridors. Correlation analysis is used to evaluate the impact of railway investments on economic growth indicators, such as trade volume, logistics efficiency, and industrial output.

**Financial and Economic Analysis of JSC "O'zbekiston Temir Yo'llari."** To assess the financial stability and investment efficiency of JSC "O'zbekiston Temir Yo'llari," this study employs financial ratio analysis. Key financial indicators, including return on investment (ROI), debt-to-equity ratio, and asset utilization rates, are analyzed to determine the company's investment capacity. Regression analysis is used to establish relationships between investment expenditures and financial performance metrics, providing insights into the efficiency of capital utilization. The study also incorporates risk assessment techniques, such as Monte Carlo simulations and sensitivity analysis, to evaluate the impact of external economic fluctuations on investment returns.

## RESULTS

The analysis of Uzbekistan's railway sector highlights its strategic role in national economic development, particularly in transport logistics, industrial connectivity, and international trade. The findings underscore the need for enhanced investment mechanisms, modernization of infrastructure,

and improved efficiency in financial resource allocation within JSC "O'zbekiston Temir Yo'llari."

**The Current State and Economic Significance of Uzbekistan's Railway Network.** The research confirms that railway transport remains a cornerstone of Uzbekistan's economic and logistical framework. However, limited availability of comprehensive industry data presents challenges in assessing its full impact. Available statistics primarily focus on railway length, electrification levels, and cargo volumes, while critical factors such as transport speed, station infrastructure, seasonal freight flow, and international trade connectivity remain underexplored.

Historical developments in Uzbekistan's railway infrastructure, such as the construction of the Navoiy–Uchquduq–Sultonuvaystog'–Nukus railway, the Amu Darya railway-automobile bridge, and the Hayraton–Mazar-i-Sharif railway line, have significantly expanded connectivity. Notably, the completion of the Angren-Pop electrified railway line in 2016, including the 123.2 km section through the Qamchiq Pass, has strengthened regional transit potential. The total length of Uzbekistan's railway network now stands at 7,395.1 km, with 5,239.3 km of main tracks and 3,528.1 km electrified.

**International Investment and Infrastructure Development.** The study reveals that Uzbekistan has successfully leveraged international partnerships to finance railway expansion. Major investors include:

- Asian Development Bank (ADB) – Partnering since 1998 on railway rehabilitation projects, with ongoing support for the electrification of the Pop-Namangan-Andijan railway section.
- China Eximbank – Financing locomotive acquisitions since 2010 and supporting large-scale projects such as the Tashkent above-ground metro and modernization of the Sharg'unko'mir coal enterprise.
- World Bank – Funding the electrification of the Angren-Pop railway and the modernization of the Pop-Kokand-Andijan section.

These investments have improved operational efficiency and enhanced Uzbekistan's role as a critical transit hub between Europe and Asia. Uzbekistan's membership in the TRASECA project, supported by the European Union, further facilitates international transport corridor development.

**Financial and Operational Performance of JSC "O'zbekiston Temir Yo'llari".** The financial and economic analysis of JSC "O'zbekiston Temir Yo'llari" indicates significant advancements in railway modernization but also highlights persistent investment challenges. The company has prioritized locomotive upgrades, implementing a technical maintenance and repair system across eight locomotive depots. In 2022, 87 locomotive sections underwent capital repairs, with 78 more scheduled for 2023. Additionally, under the 2019 PIU-05 contract, 22 freight electric locomotives and 8 passenger locomotives were introduced into operation.

Despite these improvements, financial constraints continue to pose risks. The study identifies key investment challenges, including:

- Inconsistent funding sources, leading to delays in infrastructure expansion.
- Underdeveloped private sector participation, limiting investment diversification.
- High capital intensity of railway projects, necessitating innovative financing mechanisms.

**Investment Climate and Strategic Recommendations.** The research confirms that investment trends in the railway sector align with broader economic priorities in Uzbekistan. However, the deepening investment crisis, marked by declining financial inflows and inefficient capital allocation, poses significant risks. The lack of structured investment management systems further exacerbates these challenges.

To address these issues, the study proposes the following strategic measures:

- Expanding Public-Private Partnerships (PPPs) to attract private sector capital for railway projects.
- Optimizing investment management systems to improve financial planning and risk mitigation.
- Enhancing digitalization efforts to streamline railway operations and increase efficiency.
- Strengthening regulatory frameworks to create a more favorable investment climate.

The findings of this research highlight both achievements and challenges within Uzbekistan's railway sector. While JSC "O'zbekiston Temir Yo'llari" has made notable progress in infrastructure expansion and financial partnerships, persistent investment inefficiencies must be addressed to ensure long-term sustainability. The study underscores the importance of continued modernization, strategic investment policies, and integration with global transport networks to reinforce Uzbekistan's position as a vital logistics hub in Central Asia.

## ANALYSIS

The analysis of investment activities in Uzbekistan's railway sector, with a particular focus on JSC "O'zbekiston Temir Yo'llari," highlights the intricate relationship between infrastructure development, financial resource distribution, and economic progress. A thorough evaluation of the sector's current state, global investment patterns, and financial efficiency underscores both its achievements and the challenges it continues to face.

Railway transport plays a crucial role in Uzbekistan's economic and trade framework, serving as a key element in domestic and international freight movement. The total railway network extends across a vast area, with a significant portion dedicated to electrified tracks. Despite this extensive infrastructure, the absence of detailed data on train speed, station accessibility, seasonal fluctuations in freight transportation, and the effectiveness of investment strategies complicates a comprehensive assessment of its economic impact.

The historical development of Uzbekistan's railway system demonstrates how major infrastructure projects have strengthened regional connectivity. Large-scale initiatives such as the Angren-Pop electrified railway line and the Navoiy-Uchquduq-Sultonuvaystog'-Nukus railway have enhanced transport efficiency, yet the full economic benefits of these projects remain unrealized due to shortcomings in investment management and financial planning.

Foreign investment has played a significant role in modernizing Uzbekistan's railway sector. Collaborative efforts with international financial institutions have facilitated the implementation of major infrastructure projects, further reinforcing the country's position as a regional transit hub. However, sustaining foreign capital inflows remains a challenge, as railway development demands substantial long-term investments. The regulatory environment does not yet offer sufficient incentives for private sector involvement, while geopolitical factors and trade relations influence the effectiveness of railway corridors in cross-border transportation.

The financial performance of JSC "O'zbekiston Temir Yo'llari" reflects substantial progress in modernization initiatives, but issues related to capital management persist. Efforts to upgrade locomotives have advanced, with numerous units undergoing refurbishment, yet financial constraints and inefficiencies in capital utilization continue to hinder growth. A strong dependence on government funding and international loans limits financial flexibility, while prolonged project timelines often result from budgetary restrictions and complex technical requirements. Rising operational and maintenance costs further emphasize the need for more effective financial planning.

Investment challenges in the railway sector include the slow adoption of advanced technologies, inadequate risk assessment mechanisms, and infrastructural limitations that restrict freight and passenger transport efficiency. Addressing these concerns requires a more strategic approach, with a focus on fostering public-private partnerships, integrating digital solutions to enhance operational performance, diversifying investment channels to improve financial stability, and refining regulatory frameworks to attract additional investors.

The investment climate in Uzbekistan's railway sector presents a mix of potential and difficulties. Infrastructure expansion and foreign investment inflows have contributed to the industry's growth, yet financial inefficiencies, regulatory constraints, and outdated operational practices remain obstacles to long-term sustainability. A more structured investment strategy that incorporates stronger partnerships, comprehensive financial planning, and technological innovation is essential for ensuring continued competitiveness and economic resilience in the global railway sector.

## DISCUSSION

The efficiency of investment activities in industrial enterprises, particularly in Uzbekistan's railway sector, is a critical factor in ensuring sustainable economic growth and modernization. The analysis of JSC "O'zbekiston Temir Yo'llari" highlights both the strengths and challenges associated with investment management in this sector. The effectiveness of investments depends not only on financial resource allocation but also on infrastructure development, government policies, and the strategic integration of modern technologies.

The study shows that Uzbekistan's railway sector has undergone significant transformation due to large-scale infrastructure projects and foreign investments. Key developments such as the electrification of railway lines and modernization of locomotive fleets have improved operational efficiency. However, despite these advancements, investment inefficiencies remain a major obstacle. The overreliance on government funding and international loans restricts financial flexibility, limiting the scope for further expansion and technological upgrades. Delays in project implementation due to budgetary constraints and complex regulatory requirements further slow

down the effectiveness of investment activities.

Another important factor influencing investment efficiency is the regulatory and institutional framework. While Uzbekistan has implemented reforms to improve the investment climate, challenges persist in attracting private sector involvement. The absence of structured risk management frameworks and limited incentives for private investors reduce the potential for diversified investment sources. Global best practices suggest that successful railway enterprises benefit from public-private partnerships (PPPs), innovative financing mechanisms, and digitalization. Implementing AI-driven predictive maintenance, automated scheduling systems, and blockchain-based investment tracking can significantly enhance financial management and operational performance.

Furthermore, the geopolitical landscape and trade agreements also play a role in shaping investment outcomes. The strategic location of Uzbekistan as a transit hub between Europe and Asia presents vast opportunities for expanding railway infrastructure. However, the effectiveness of these investments is contingent upon regional cooperation and integration into international trade corridors. Enhancing trade agreements and fostering cross-border collaborations can strengthen the financial viability of Uzbekistan's railway sector.

The findings indicate that the long-term sustainability of investment activities in JSC "O'zbekiston Temir Yo'llari" will require a shift from traditional financing models toward a more integrated and strategic investment approach. Future policies should focus on improving investment transparency, reducing bureaucratic barriers, and implementing regulatory reforms that encourage foreign direct investment (FDI) and private sector engagement. Additionally, fostering an innovation-driven approach through the adoption of digital technologies and sustainable energy solutions will be crucial for increasing efficiency and reducing operational costs.

## CONCLUSION

The study of investment activities in Uzbekistan's industrial sector, with a focus on JSC "O'zbekiston Temir Yo'llari," reveals both progress and persistent challenges in optimizing investment efficiency. While the country has made notable advancements in infrastructure development and investment attraction, financial constraints, regulatory inefficiencies, and limited private sector participation continue to hinder long-term growth.

Investment efficiency in the railway sector depends on several key factors, including financial stability, strategic planning, and technological integration. The reliance on government funding and international loans has supported infrastructure development but has also created financial bottlenecks that limit further expansion. The lack of comprehensive risk management frameworks and investment diversification strategies further exacerbates inefficiencies in capital utilization.

To enhance the efficiency of investment activities, Uzbekistan must adopt a multi-dimensional approach that integrates public-private partnerships, digital transformation, and innovative financial mechanisms. Encouraging private sector engagement, optimizing investment policies, and leveraging international best practices will improve financial sustainability and operational efficiency. The development of a smart railway system through AI-based maintenance, automated logistics, and sustainable energy initiatives will play a crucial role in modernizing the railway sector.

In the broader context, the strategic location of Uzbekistan as a central transit hub presents significant opportunities for expanding trade and investment. Strengthening regional partnerships and fostering cross-border infrastructure projects can further enhance the country's position in global transportation networks. By implementing a comprehensive investment strategy that addresses financial, regulatory, and technological challenges, Uzbekistan can ensure long-term economic growth and industrial development in its railway sector.

Ultimately, the future of investment efficiency in JSC "O'zbekiston Temir Yo'llari" will depend on the country's ability to create a more competitive, investor-friendly environment while integrating innovative solutions that drive efficiency and sustainability. With the right policy framework and strategic investments, Uzbekistan's railway sector can evolve into a modern, high-performing industrial system that contributes significantly to national and regional economic growth.

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# THE SITUATIONAL APPROACH IN THE ANALYSIS OF THE MONETARY SPHERE AND KEY DIRECTIONS OF MONETARY POLICY

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## ABSTRACT

The study explores the state's monetary policy as a system of interconnected measures implemented by the Central Bank to regulate overall economic demand. This regulation is achieved through a strategic impact on credit conditions and money circulation. Monetary policy serves as a crucial tool for ensuring economic stability, promoting sustainable growth, and mitigating financial risks.

The effectiveness of monetary policy depends on various factors, including macroeconomic conditions, financial market dynamics, and global economic trends. The Central Bank utilizes different instruments to influence the money supply, interest rates, and lending activity. By adjusting these parameters, it aims to control inflation, stabilize currency values, and maintain favorable conditions for economic development.

A situational approach to analyzing the monetary sphere allows for a more flexible assessment of economic processes, considering both internal and external factors. This method helps identify key trends, assess potential risks, and adjust policy measures accordingly. It also takes into account the interaction between monetary policy and fiscal policy, ensuring a balanced approach to economic management.

In modern economies, the role of monetary policy extends beyond national borders, as global financial integration necessitates coordinated efforts among central banks. External shocks, capital flows, and exchange rate fluctuations significantly impact domestic monetary conditions, requiring adaptive strategies.

Thus, a comprehensive and situation-based analysis of monetary policy provides valuable insights for optimizing regulatory measures, enhancing economic resilience, and fostering long-term financial stability.

**Keywords:** Banking System of the Republic of Uzbekistan, Monetary Policy, Central Bank, Capital, Growth, Assets.

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## Introduction

In Uzbekistan, the current monetary policy is designed to control inflation, support sustainable economic growth, and maintain a stable exchange rate at an economically justified level. Additionally, it aims to foster the development of industries focused on exports and import substitution while enhancing the country's foreign exchange reserves. Achieving these objectives requires a multifaceted approach. Effective state regulation of the monetary sector depends on the government's ability, through the Central Bank, to influence the operations of private financial institutions, which serve as the backbone of the entire monetary system. This regulation encompasses several interconnected directions.

Globally, banking systems operate under a framework where a central issuing bank exercises control over commercial banks, ensuring compliance with economic standards and imposing sanctions on violations. In Uzbekistan, to safeguard financial stability and protect the interests of depositors and creditors, banks are required to adhere to the economic norms established by the Central Bank. The regulatory framework also includes strict measures to counteract financial crimes, as outlined in Article 64 of the Law "On the Central Bank of the Republic of Uzbekistan." This legislation mandates that the Central Bank, alongside authorized state bodies,

enforces internal control regulations to prevent money laundering, terrorism financing, and the proliferation of weapons of mass destruction.

Uzbekistan's banking sector is undergoing significant reforms and is currently in an active phase of development, particularly with the planned privatization of state-owned banks. By 2025, the government intends to reduce its share in the banking sector from the existing 82% to 40%, aligning with the broader financial reform strategy for 2020-2025.

As of March 2024, Uzbekistan's banking system comprised 36 commercial banks with diverse ownership structures. Among them, 10 were fully state-owned, 15 had partial state participation, and 11 were privately owned, including seven with foreign capital. Despite ongoing reforms, state-owned banks continue to dominate, holding 65% of the sector's capital and 67% of total assets. In preparation for privatization, two state-owned banks were privatized between 2022 and 2023, while the remaining institutions are working to enhance corporate governance with the assistance of international financial organizations.

Given the evolving financial landscape, economic uncertainties increase the risk of insolvency and bankruptcy among banking institutions. Recognizing these risks, the Central Bank of Uzbekistan has intensified efforts to strengthen banking supervision, ensuring that financial institutions operate under strict regulatory oversight.

The Central Bank has established regulations governing commercial banks, including provisions for remote monitoring of their financial health. These regulations require banks to maintain adequate capital reserves and liquidity, create provisions for doubtful and non-performing assets based on classification, and diversify their asset portfolios to mitigate risks.

Additionally, commercial banks are subject to specific regulatory conditions concerning their investments, asset acquisitions, and participation in the capital of other legal entities. To safeguard financial stability, banks are prohibited from:

- Distributing capital if doing so reduces their capital below the required minimum;
- Granting loans secured by their own securities in the form of shares;
- Repurchasing their own shares without prior authorization from the Central Bank.

These regulatory measures reflect Uzbekistan's commitment to fostering a stable and competitive banking sector, reducing government intervention, and promoting private sector participation in financial markets.

## ANALYSIS AND DISCUSSION OF RESULTS

As stipulated in the Law of the Republic of Uzbekistan "On Banks and Banking Activity," the minimum charter capital requirement for commercial banks has undergone significant changes to strengthen the banking sector. Effective September 1, 2023, the minimum charter capital was set at 200 billion soums. This threshold was raised to 350 billion soums as of April 1, 2024, and is scheduled to increase further to 500 billion soums starting January 1, 2025 [1]. These progressive adjustments reflect the government's commitment to enhancing the stability, resilience, and competitiveness of the banking system.

Table 1. Capital Adequacy of the Banking Sector

	Indicator Name	01.05.2023		01.05.2024	
		billion soums	share in %	billion soums	share in %
1.	<b>Tier 1 Capital</b>	<b>75 720</b>	<b>84,9%</b>	<b>94 713</b>	<b>84,2%</b>
	<i>Core Capital</i>	75 682	84,9%	94 658	84,1%
	<i>Additional Capital</i>	38	0,04%	55	0,05%
2.	<b>Tier 2 Capital</b>	<b>13 433</b>	<b>15,1%</b>	<b>17 820</b>	<b>15,8%</b>
	<b>Total Regulatory Capital</b>	<b>89 153</b>	<b>100%</b>	<b>112 532</b>	<b>100%</b>
	<i>Capital Adequacy Ratio</i>	17,2%		17,2%	
	<i>Tier 1 Capital Adequacy Ratio</i>	14,6%		14,5%	

The charter capital of a bank in Uzbekistan is formed in the national currency and consists of funds contributed by the bank's founders and shareholders or government securities. However, there are specific exceptions where alternative forms of capitalization are permitted. These include cases where a bank's shares are issued to creditors and paid by offsetting claims on the bank's monetary obligations, the conversion of securities into bank shares, or the exchange of issued shares of one type for another within the same bank.

To ensure financial stability and prevent excessive risk exposure, the use of funds obtained through credit, collateral, or any other encumbered obligations for the formation of a bank's charter capital is strictly prohibited. This regulation aims to strengthen the financial resilience of banking institutions and safeguard the interests of depositors and investors.

As of January 1, 2024, Uzbekistan's banking sector comprised 35 commercial banks, including 10 state-owned banks and nine with foreign participation. The financial infrastructure also included 696 commercial bank branches, 1,816 banking service centers (encompassing service offices and mini-banks established by commercial banks), and 3,723 24-hour self-service points equipped with ATMs and information kiosks. Additionally, seven foreign banks maintained representative offices in the country, reflecting the growing international presence in the Uzbek financial sector.

A notable development in the banking industry is the rise of digital banking models. Three banks—Anorbank, TBC Bank, and Uzum Bank—operate entirely online, offering digital banking services without the need for physical branches. This shift towards digitalization aligns with global financial trends and enhances accessibility for clients, promoting greater financial inclusion and efficiency in the banking sector.

Table 2. Institutional Structure of the Financial Sector

	Quantity	2021	2022	2023
1.	Commercial Banks, including:	33	32	35
	<i>Banks with state participation</i>	12	12	10
	<i>Other Banks</i>	21	20	25
2.	Non-Banking Credit Organizations, including:	144	167	169
	<i>Microfinance Organizations</i>	70	85	84
	<i>Pawnshops</i>	73	81	84
	<i>Mortgage Refinancing Organizations</i>	1	1	1
	<b>Total Credit Organizations</b>	<b>177</b>	<b>199</b>	<b>204</b>

In October 2022, the Central Bank of Uzbekistan revoked the licenses of Hi-Tech Bank and Turkiston Bank due to multiple regulatory violations. Subsequently, in December 2022 and the first half of 2023, four new banks—Smart Bank, Apex Bank, Hayot Bank, and Yangi Bank—were granted licenses, positioning themselves as digital credit organizations. These newly licensed institutions reflect the country's ongoing shift toward digital banking and the modernization of financial services.

On March 14, 2024, the Board of the Central Bank decided to maintain the key interest rate at 14%, citing persistent economic uncertainty in balancing supply and demand, as well as concerns over inflationary expectations. This decision aims to ensure stable monetary conditions necessary for reducing inflation to the target level of 5%. While inflation has declined since the beginning of the year, reaching 8.3% in February, recent trends indicate an acceleration in service sector inflation. This surge is attributed to increased consumer demand and adjustments in certain regulated prices. Furthermore, inflation expectations among both the public and businesses remain high and largely unchanged.

By the end of 2024, inflation is projected to range between 8% and 9%, though uncertainties remain regarding the impact of potential changes in regulated prices on overall inflationary trends. The Central Bank's cautious approach reflects its commitment to stabilizing prices while mitigating risks associated with external and internal economic fluctuations.

Table 3. Aggregated Balance

№	Aggregated Balance	2021		2022		2023	
		trillion soums	billion USD	trillion soums	billion USD	trillion soums	billion USD
1.	<b>Assets</b>	<b>444,9</b>	<b>41,1</b>	<b>556,7</b>	<b>49,6</b>	<b>652,2</b>	<b>52,9</b>
	Liquid Assets	10,7	1,0	19,3	1,7	20,2	1,6
	Funds in Credit Institutions	69,9	6,4	91,7	8,2	86,5	7,0
	Investments and Other Securities	19,6	1,8	31,5	2,8	32,5	2,6
	Loans to Customers	316,4	29,2	378,9	33,8	457,8	37,1

	Fixed Assets	11,0	1,0	14,2	1,3	19,9	1,6
	Other Assets	17,3	1,7	21,1	1,8	35,3	3,0
2.	<b>Liabilities</b>	<b>444,9</b>	<b>41,1</b>	<b>556,7</b>	<b>49,6</b>	<b>652,2</b>	<b>52,9</b>
	Customer Funds	156,2	14,4	216,7	19,3	241,7	19,6
	Funds from Financial Institutions	192,4	17,8	229,0	20,4	270,3	21,9
	Issued Securities	10,6	1,0	10,9	1,0	13,2	1,1
	Subordinated Debt Obligations	4,2	0,4	6,6	0,6	9,7	0,8
	Other Liabilities	10,6	1,0	13,9	1,2	20,2	1,6
	Capital	70,9	6,5	79,6	7,1	97,1	7,9

As of January 1, 2024, the primary funding sources for Uzbekistan's banking sector remain client deposits and financial institution funds, which account for 37% and 41% of total liabilities, respectively. Within client deposits, the majority consists of account balances held by legal entities, making up 62% of liabilities. However, retail deposits have shown a steady upward trend, increasing their share from 27% to 38% over 2022–2023, despite relatively stable interest rates on household savings.

Interest rates on corporate client deposits have experienced notable growth, rising from 15.1% to 17.9% over the past two years, reflecting changing market conditions and competition for liquidity. Meanwhile, the share of foreign currency deposits has decreased significantly, falling from 39% in 2022 to 30% in 2023, indicating a shift toward deposits in the national currency.

Since January 1, 2022, bank capital has remained stable, constituting approximately 15% of total liabilities. As of January 1, 2024, the capital adequacy ratio stood at 17.5%, well above the regulatory minimum of 13%, while the Tier 1 capital adequacy ratio was 14.1%, surpassing the required minimum of 10%. These figures indicate a strong capital position within the banking sector.

To enhance financial stability, the Central Bank of Uzbekistan mandated an increase in minimum charter capital for commercial banks to 350 billion soums (approximately \$28 million) as of April 1, 2024. As of that date, four banks had yet to meet this requirement, down from eight in March 2024. The banks still working toward compliance include Yangi Bank, Garant Bank, Poytaxt Bank, and Saderatbank. Yangi Bank and Garant Bank are currently taking active steps to meet the new capital requirements, while Poytaxt Bank is undergoing preparations for privatization, with capital expansion being one of the key prerequisites for attracting potential investors. These regulatory measures are aimed at strengthening the banking sector's resilience and ensuring sustainable growth in Uzbekistan's financial system.

Table 4. Aggregated Income Statement

№	Показатели	2021		2022		2023	
		trillion soums	billion USD	trillion soums	billion USD	trillion soums	billion USD
1.	Net Interest Income	16 595	1 531	24 162	2 152	28 996	2 350
2.	Net Non-Interest Income	12 307	1 136	21 370	1 904	28 781	2 333
3.	Provision for Possible Credit Losses	12 221	1 128	13 863	1 235	18 413	1 492
4.	Provision for Possible Non-Credit Losses	333	31	4 213	375	4 645	376
5.	Operating Expenses	10 998	1 015	14 877	1 325	19 563	1 586
6.	Income Tax	1 465	135	2 587	230	2 775	225
7.	Profit Adjustment	0	0	1	0	0	0
8.	<b>Net Profit</b>	<b>3 885</b>	<b>359</b>	<b>9 993</b>	<b>890</b>	<b>12 380</b>	<b>1 003</b>

**Profitability and Growth Trends.** In 2023, Uzbekistan's banking system reported a net profit of 12.4 trillion soums (\$1 billion USD), marking a 24% increase compared to 2022. The primary driver of this financial growth was a 35% rise in net non-interest income, which nearly equaled net interest income. However, an increase in provisions for potential credit risks by 33% had a restraining effect on overall sector performance.

Key profitability indicators also showed improvement. The return on assets (ROA) increased to 2.6% (compared to 2.5% in 2022), while the return on equity (ROE) rose to 14% (up from 13% in

2022). The net interest margin remained unchanged at 4.9%, indicating stability in the sector's lending and deposit profitability.

**Loan Portfolio Dynamics and Credit Risk Management.** As of January 1, 2024, the industrial sector (mainly manufacturing) historically received the largest share of bank loans, accounting for 30% of the total loan portfolio. However, since 2022, there has been a noticeable shift towards retail lending, which has expanded from 21% to 32% over two years, surpassing industrial sector lending.

The Central Bank of Uzbekistan views the rapid increase in household debt as a potential risk to financial stability. To mitigate this, macroprudential regulatory measures have been implemented to slow the expansion of retail lending. These measures, along with other factors, have contributed to a more pronounced increase in personal loan interest rates—rising from 20.8% to 25.2% (2022–2023)—compared to the more moderate rise in rates for corporate loans.

Additionally, the share of foreign currency loans in the total portfolio has declined, from 50% in 2022 to 45% in 2024, reflecting efforts to reduce exposure to currency fluctuations.

**Non-Performing Loans and Banking Risks.** In 2023, the total volume of non-performing loans (NPLs) in the banking sector increased by 18%, reaching 16.6 trillion soums (\$1.3 billion USD) as of January 1, 2024. This trend was primarily driven by asset quality deterioration in two banks:

- Business Development Bank, which underwent restructuring in Q3 2023
- Ipoteka Bank, which was privatized in Q2 2023.

Both institutions experienced a more than twofold increase in NPLs. However, the strong overall growth in the loan portfolio helped maintain the NPL ratio at 3.5%.

Loan loss provisioning levels remain relatively low at 3%, while reserves for non-performing loans declined from 47% to 37% in 2023. Additionally, large credit risks increased slightly (+3%), though their concentration within the total loan portfolio decreased from 38% to 32% due to portfolio diversification.

**International Credit Ratings and Market Confidence.** International rating agencies have largely maintained a stable outlook on Uzbekistan's banking system, acknowledging its resilience despite ongoing economic challenges:

- Moody's (April 2020): Assessed Uzbekistan's banking sector as stable, noting its high resilience to the COVID-19 crisis compared to other CIS nations.
- Moody's (January 2023): Upgraded Uzbekistan's sovereign credit rating from B1 to Ba3, citing the government's strong commitment to economic reforms and progress through consecutive financial crises.
- Fitch Ratings (March 2024): Acknowledged the shift towards a market-oriented banking system, but emphasized that deeper structural weaknesses could slow further progress.
- S&P (October 2021): Noted that while Uzbekistan's bank ratings remain low by global standards, the outlook for most institutions is stable or positive.

Since 2005, Uzbekistan has operated its own credit rating agency, Ahbor-Reyting, which collaborates with international agencies across Asia, Europe, the USA, and CIS countries. However, certain financial institutions, including the Iranian "Eron Soderot Bank" and five newly registered banks (post-2020), do not hold credit ratings.

**The Need for Balanced Economic and Financial Policies.** To maintain financial stability and support sustainable economic growth, it is essential for the Uzbek government to:

1. Maintain a moderate tax burden, ensuring that household income remains sufficient to prevent excessive reliance on debt.
2. Foster private sector growth, creating favorable lending conditions while avoiding excessive risk exposure.
3. Prevent unsustainable lending models, particularly those resembling financial pyramids, which often result in wealth accumulation for early investors at the expense of later participants.

By implementing these measures, Uzbekistan can strengthen its banking sector, enhance credit accessibility, and minimize financial risks, ensuring a stable economic future.

## CONCLUSION

The situational approach in analyzing the monetary sphere and key directions of monetary policy provides a dynamic framework for understanding the evolving economic landscape. By assessing real-time economic conditions and adapting regulatory strategies accordingly, central banks can effectively manage inflation, interest rates, and money supply, ensuring stability in



financial markets.

In Uzbekistan, monetary policy plays a crucial role in fostering macroeconomic stability, supporting sustainable economic growth, and ensuring a balanced approach between supply and demand. The Central Bank of Uzbekistan actively utilizes various policy instruments, including interest rate adjustments, exchange rate management, and credit regulation, to maintain financial stability. Recent reforms in the banking sector, including the gradual privatization of state-owned banks, strengthening of capital adequacy requirements, and promotion of digital banking, highlight the government's commitment to modernizing the financial system.

However, the effectiveness of monetary policy depends on external and internal factors, including global economic trends, inflationary pressures, and financial market risks. The rapid expansion of retail lending, coupled with rising household debt, presents challenges that require macroprudential oversight to mitigate potential financial instability. Additionally, efforts to diversify funding sources, reduce foreign currency exposure, and improve asset quality are essential for ensuring long-term economic resilience.

Looking ahead, a flexible and adaptive monetary policy framework will be critical in navigating economic uncertainties while fostering inclusive growth and financial sector development. By integrating situational analysis into decision-making, policymakers can respond effectively to economic fluctuations, ensuring that Uzbekistan's monetary and banking systems continue to evolve in a stable and sustainable manner.

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## ADVANCED FOREIGN EXPERIENCE OF HUMAN RESOURCES EVALUATION

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### ABSTRACT

The article examines advanced foreign experience of human resource evaluation. Key strategies for conducting a successful human resource assessment are covered. Examples of the main functions of human resources assessment (planning of personnel needs, selection and evaluation of personnel, development of personnel development program) are studied. Also, scientific and practical proposals and recommendations for improving the organizational and economic mechanism of human resource assessment in state bodies and agencies have been developed.

**Keywords.** Human resources, competence assessment, assessment criteria, assessment indicators, assessment principles, human capital of state organizations and bodies.

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### Introduction

In modern organizations, by evaluating the potential of human resources, involving them in work activities is a factor of achieving socio-economic efficiency. Studying modern methods of evaluating human resources based on the experience of advanced countries, turning them into human capital through the development of physiological, psychological and intellectual potential of human resources is of great importance in the socio-economic development of state bodies.

In today's modern management, the evaluation of human resources is important in the implementation of strategic goals in the construction of the state and society. After all, power and people, politicians, officials and citizens, no matter what country and historical period, in a state of strong dialectical unity, have a harmonious relationship with the assessment of human resources in management. At the same time, the nature of statehood, the socio-economic structure of society, the priority of values and traditions, the level of political culture of people directly affect the quality and importance of interactions with personnel.

The President of the Republic of Uzbekistan Sh. Mirziyoyev said, "The future of the country, the success of all fields and projects depends on educated, modern-thinking people who are masters of their field. Therefore, in our country, we will pay special attention to the development of the education sector and human capital"<sup>19</sup> he said, referring to conducting fundamental research in this field.

Valuation of human resources arises from the necessity of how to achieve goals and objectives through minimum cost in order to maximize profit in the organization. By assessing the potential of human resources in state bodies and offices, the future strategic goals and tasks of the organization will be changed. Based on the assessment of human resources, it is possible to implement the correct approach to their appointment, training and promotion. Effective implementation of the human resources evaluation system allows to determine the motivations influencing the employees of the organization.

**Literature review and research methods.** Foreign experience in evaluating human resources includes various aspects, from the concept of human capital developed in the USA in the 80s of the last century to modern methods of evaluating work performance.

An important element of evaluating the effectiveness of human resources is the approach that investing in a person, his education and development will ultimately benefit the organization and ensure that the organization achieves economic growth<sup>20</sup>.

As a result of the large amount of public investment directed to the education system in developed countries such as the USA, Canada, Germany, France, China, Japan and South Korea, favorable conditions were created for the training of highly qualified labor resources. At the same

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<sup>19</sup> O'zbekiston Respublikasi Prezident Shavkat Mirziyoyevning 2022 yil 4 mart kuni oliy o'quv yurtlari talabalari bandligini ta'minlashning ustuvor vazifalarga bag'ishlangan videoselektor yig'ilishidagi nutqi.  
[//https://president.uz/uz/lists/view/5032](https://president.uz/uz/lists/view/5032)

<sup>20</sup> Управление человеческими ресурсами. Учебник / В.И. Лихацкий. - М.: Издательство ГИЭФПТ, 2020. - 482 с.

time, developing countries face problems in training labor resources, which is one of the reasons for their technical and economic backwardness.

There are also studies on the evaluation of employee performance as a tool for human resource management in the case of large US companies and their subsidiaries<sup>21</sup>. These studies emphasize the importance of creating an evaluation system that helps to manage human resources more effectively.

American scientists D.Ulrich and D.Lake in their research considered "the introduction of the human resource evaluation system as a source of opportunities for the organization's self-learning and realization of new opportunities." In fact, the need to improve the knowledge, skills and qualifications of employees by evaluating the effectiveness of human resources imposes a number of tasks on state bodies. That is, in order to raise human resources to the level of capital, it is necessary to regularly improve the knowledge and skills of employees.

Indian economists K.K. Prakhald and G. Hemel emphasize that the competitive advantages of the organization are connected with the formation of basic competencies in the employees of the enterprise, therefore, they put forward the idea that it is necessary to improve their knowledge based on the continuous assessment of human resources in the organization<sup>22</sup>.

Another Indian scientists A.K. Gupta and A. Singhel described the human resource management strategy that can affect the innovative potential of the enterprise. It consists of four main points: creating effective teams through human resource planning; solving complex problems in the process of individual and collective effective actions; implementation of innovative goals using the incentive system; building career growth through educational programs and training<sup>23</sup>.

According to the experience of Japan's human resource evaluation, the requirements of acmeology that allow creating an optimal model of the labor process in state organizations are analyzed, and a model of innovative development of personnel potential is introduced. This is the result of Japan achieving one of the highest indicators in the world in terms of labor productivity, the high quality of innovative products and the world leadership in the production of high-tech products.

Foreign experience in human resource evaluation is very diverse and includes different practices and models in different countries. For example, in the United Kingdom, the assessment of human resources is characterized by paying special attention to the development of the skills and motivation of employees. In the UK, performance measurement systems that include both quantitative and qualitative measures are highly valued. Special attention is paid to the development of leadership qualities and management skills.

Key strategies for conducting a successful HR assessment include:

- assessing the needs of your people.
- comprehensive assessment of the potential of the existing team.
- developing a career model for new hires.
- development of strategies for regular filling of deficiencies in human resources<sup>24</sup>.

Another important aspect is to create an opportunity for employees to constantly develop professional and managerial skills and to be aware of the latest trends in their field, online education based on the principle of Lifelong learning. effective use of platforms is desirable.

China's human resource evaluation experience has developed significantly over the years and has been reflected in the rapid economic development of the country. Traditional performance appraisals, competency assessments, key performance indicators (KPIs), employee engagement surveys, digital competency assessments, talent development, and human resource assessments are key aspects of China's approach to human resource assessment. It is possible to see the strategic coordination of the practice with the goals of the organization<sup>25</sup>.

Academician Q.Kh. Abdurahmanov conducted research on the human factor and its effective use in Uzbekistan. K.I. Muratov, V.A. Imomov dealt with the problems of effective use of the labor

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<sup>21</sup> Аксенова О.А. Оценка результатов деятельности работников как инструмент управления человеческими ресурсами: зарубежный опыт // УЭКС. 2016. №11 (93). URL: <https://cyberleninka.ru/article/n/otsenka-rezultatov-deyatelnosti-rabotnikov-kak-instrument-upravleniya-chelovecheskimi-resursami-zarubezhnyy-opyt>.

<sup>22</sup> Алешина, Е.А. Инновационные взгляды на управление человеческим ресурсами в сфере здравоохранения / Е.А. Алешина // Вестник Российского университета кооперации. – 2017. – № 2(28). – С.8–11.

<sup>23</sup> Gupta A.K., Singhal A. Managing Human Resources for Innovation and Creativity // ResearchTechnology Management. 2013. Vol. 36. P. 41–48.

<sup>24</sup> 5 ключевых стратегий успешного планирования и управления человеческими ресурсами // <https://ahaslides.com/ru/blog/human-resource-planning/>

<sup>25</sup> HR Challenges in China // <https://www.eusmecentre.org.cn/publications/hr-challenges-in-china/>

potential of the Republic of Uzbekistan.<sup>26</sup>

Young scientists from Uzbekistan, M. Sharipov and N. Koshanova, state that there are currently many methods of assessing the value of human capital, and that its assessment is carried out at different economic levels.:

- micro-level – individual human capital and human capital at the level of enterprises and firms;
- meso-level – human capital of certain regions and large corporations;
- macro-level – total human capital at the scale of the national economy (society).;
- mega-level – global, globally integrated human capital<sup>27</sup>.

From the above points, it can be concluded that the effective use of innovative methods (artificial intelligence) in improving the human resources evaluation system serves to increase the potential of the organization.

**Research results.** State bodies and offices have different models for evaluating human resources, and the only principle that summarizes them is to evaluate employees by determining their work efficiency, professional skills, and attitude to work. A number of approaches to evaluating the effectiveness of human resources are being promoted. In particular, based on advanced foreign experience, it can be noted that the main functions of human resources assessment are as follows:

- **staffing needs planning - this includes determining the organization's future workforce requirements.**

- **selection of employees - the process of choosing the most suitable candidates for the job.**

- **development of an employee development program - aimed at improving the professional skills of employees and ensuring their career development.**

In addition, factors such as labor promotion and the formation of personnel reserves are also important in the assessment of employees. Many scientific works and researches are being conducted in this regard in Uzbekistan. In particular, the State Service Development Agency has implemented a number of works on the implementation of the system of evaluation (KPI, EMSK) in the state civil service during 2023:

a) In 208 districts (cities), the activity of deputy mayors was evaluated on the basis of 44 indicators every six months, and the activities of sector leaders were evaluated on the basis of 7 indicators every quarter, and their rating was formed;

b) The electronic platform "samaradorlik.uz" was launched to digitize the evaluation of the performance of district (city) deputy mayors, sector heads and civil servants;

d) A survey was conducted among more than 123,000 respondents in more than 9,400 neighborhoods in order to determine the level of satisfaction of the population with the activities of the hokimia and sectors in the social sphere;

e) In cooperation with the UAE, the program "Assessment of the effectiveness of the activities of state bodies of Uzbekistan" was implemented, and 17 ministries and more than 70 ministry employees were evaluated in 11 nominations<sup>28</sup>.

Based on the experience of Uzbekistan and abroad in the evaluation of human resources, it can be concluded that it is important to determine the evaluation criteria and indicators based on the strategic goals and tasks of the state bodies, and to take into account the internal and external factors affecting the organization's activities. In this case, it is important to evaluate human resources according to the following competencies in order for them to manifest themselves at the level of human capital:

Competency assessment - refers to the assessment of the professional professionalism of human resources, their existing "hard skills" ("hard skills") and "soft skills" ("soft skills");

Assessment of professional level, i.e. assessment of staff's professional experience and awareness of industry changes and updates.

Today, on the basis of Uzbekistan and advanced foreign experience, it can be concluded that the methods of evaluating human resources are divided into two groups:

- a method based on a formalized approach (for example, a questionnaire and a test);
- methods based on an informal approach to employee learning (interview, group discussion, observation)

<sup>26</sup> Akbarov A., Shakirova N. Kadrlar salohiyatini innovatsion rivojlantirish modeli (Yaponiya tajribasi misolida) // "Iqtisodiyot va innovatsion texnologiyalar" ilmiy elektron jurnali. № 2, mart-aprel, 2019 yil

<sup>27</sup> M.Sharipov, N.Koshanova. Inson kapitali mohiyati, uning davlat va jamiyat taraqqiyotidagi ahamiyati // Academic research in educational sciences volume 2 | issue 4 | 2021 / www.ares.uz

<sup>28</sup> Davlat xizmatini rivojlantirish agentligi tomonidan 2023 yil davomida amalga oshirilgan ishlar to'g'risida MA'LUMOT // <https://argos.uz/media/opendata>

The need to increase the objectivity of the assessment led to the creation of a combined (generalized) group method assessment, taking into account the value of both group methods, as well as using computer technology<sup>29</sup>.

If the first group of methods naturally includes the technology of human resources assessment, the second one requires additional information on personnel and the preliminary result of the qualitative examination.

**Discussion results.** Taking into account the repetitive nature of the evaluation process and the need for a sufficiently large amount of information and their strategic development, and within the framework of employee evaluation of complex operations, computer database is used. Thus, today the main modern tool in human resource assessment technology is digital technology. Such digital technologies ensure that the following are carried out on the basis of the objective evaluation of human resources:

- attestation of human resources (suitability of the professional skills of the employee to the position);
- qualification examination (conducted to meet the level of qualification requirements of employees);
- the current assessment of the person (to determine the share of awarding for the work performed, to compile the objective characteristics of the employee with a specified level, directed towards the goal of improving the qualification);
- personnel monitoring (for the analysis of changes in the dynamics of the quality of employees, for planning the development of their scenarios, for managing the quality of personnel potential).

The introduction of two important forms of assessment in the state and mutual service - attestation and the state specialty exam. Their technologies are important for managing individuals.

Competent technology of the exam, as a rule, is related to the use of test technology.

Different forms and levels of tested knowledge are expressed in the methodology of test technology, aimed at formalizing different forms of test tasks, and the activity of thinking stimuli represents controlled knowledge.

The following test form is used, including modern test methodology, qualified examination technology:

- 1) selecting one convincing one from the list of options;
- 2) select several plausible ones from the given options;
- 3) arrangement of answers (facts, news, events);
- 4) adaptation assignment (terms, concepts, processes - conditions of their production);
- 5) structure (left part of the text or scheme);
- 6) the task of combining types (from complex previous forms);
- 7) freely structured answers.

In general, an important feature of modern technologies of human resources assessment and instructional-methodical materials, in particular, human resources provides an opportunity to compile various reports for all subjects. In reality, the content and structure of information on personnel in the evaluation of human resources differ from the head of the organization to the human resources specialist, and from the employee to the specialist. Therefore, it is necessary to evaluate the human resources in the preparation of address reports for all interested parties. Systematic and correct organization of human resources in a technological manner ensures the fulfillment of appropriate tasks within the framework of informatization in the management of human resources. It should be noted that the composition and content of the specific information about personnel from its formation, i.e. obtaining the result of the evaluation, and then the methods are determined, through which information can be obtained accordingly. The chain of these methods determines the sequence of the technology. The information about the received information is sufficient and the necessary sequence in its implementation allows to determine the content and structure of the initial information of personnel.

**Conclusion.** The system of indicators, criteria and scales presented for evaluating the objective tasks of an employee of a particular organization can be changed by an expert who evaluates taking into account the characteristics. The main place in the technology is given to the process of collecting and summarizing certain system indicators, criteria and scales of evaluation by the evaluator expert. The choice of the evaluator depends on the level of accuracy and objectivity of the evaluation. In order to ensure a true assessment of human resources, it is appropriate to attract

<sup>29</sup> Турчинов А.И. Профессионализация и кадровая политика: проблемы развития теории и практики. 2014. С. 187-193.



an employee who has information about the professional skills and abilities of this employee through direct supervisors and other mutual cooperation. It can also be his partner, working within this organization or project participant. The necessary information can be added to the technology of human resources assessment in the process of employee qualification, public measures and the like.

In the technology of evaluation of human resources, the main attention is focused on self-evaluation of the employee within the framework of professional activity. Self-checking and correcting in every way, taking into account the goals and tasks of the organization, ensures that the employee regularly improves his skills. Expanding the field of opportunity in human resources assessment is important for revealing the hidden potential and abilities of each employee, and this, on the one hand, raises the status of the organization, and on the other hand, it is of great importance in the personnel service.

Conclusion The improvement of the organizational and economic mechanism of evaluation of human resources in state bodies and offices is of great importance and requires the following requirements to be fulfilled:

- analysis of the existing normative legal framework for evaluating the efficiency of human resources (employees), assessment of the degree of dependence of the efficiency of organizational activity on the competences formed by employees;
- assessment of the level of influence of competencies (methodological, personal-social and strategic-organizational) on the performance of civil servants;
- determination of important organizational and economic factors that serve to form the evaluation system of human resources (employees);
- based on the categories of human resources (employees), develop indicators for evaluating their activity and potential;
- on the basis of evaluation of human resources (employees) activities, it is necessary to develop proposals for improving the mechanisms of increasing efficiency and to introduce a system of presenting these proposals to interested organizations.

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# DIRECTIONS FOR IMPROVING THE QUALITY OF EDUCATION IN HIGHER EDUCATION INSTITUTIONS OF KASHKADARYA REGION

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## ABSTRACT

The article examines the problems of managing the training of qualified specialists (bachelors and masters) in higher education institutions and provides recommendations for their prevention. The article presents the results of a survey of enterprise managers; a study of the quality of personnel training in the field of higher education; a model for improving the quality of higher education management, recommendations for managers and graduates of higher education institutions; the main issues of state policy in the field of higher education in Russia and Uzbekistan.

**Keywords:** quality of education, highly qualified specialists, management, state, employment

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## Introduction

Currently, much attention is paid worldwide to the management of training highly qualified competitive personnel for higher education institutions in Uzbekistan. The Times Higher Education magazine published rankings of the best universities in the world for 2014–2015. The results show that the top three universities have remained unchanged: the California Institute of Technology, Harvard, and Oxford. Lomonosov Moscow State University ranks 196th. Moscow State University, Novosibirsk State University, and Moscow Engineering Physics Institute are among the top 100 universities in the world in the field of natural science. Moscow State University is also among the top 100 in the field of engineering and technology.

The President of the Republic of Uzbekistan Sh.M. Mirziyoev emphasized: “Today, according to the UN, expenditures directed to education in the State Budget of our country amount to more than 35 percent. It is no coincidence that according to the results of the study on the level of human capital development conducted in 2021 by the World Intellectual Property Organization and one of the leading international business schools, INSEAD, Uzbekistan took 53rd place among 141 countries in the world, and in terms of the level of development of the education system, including the share of funds allocated for educational purposes, the organizers of the study placed our country in 5th place in the world” [2].

This means that in the management of the training of highly qualified competitive personnel, the ratings of higher education institutions, the integration of science, higher education and production and, most importantly, the quality of higher education are of great importance [1]. Ensuring the quality of higher education is a huge effort of all participants in continuous education.

The following requirements are set for highly qualified university graduates: to have a good knowledge of the technical features of their specialty and profession, to be responsible, disciplined and sociable, focused on the future, to understand and perform assigned tasks taking into account clearly established standards, to be able to manage personnel, etc [6].

In order to compare theoretical assumptions with practical results, that is, in order to determine the demand for professional qualities of highly qualified personnel in the labor market, we conducted a survey of managers (specialists) of five enterprises of the Kashkadarya region of the Republic of Uzbekistan. The results of the survey show that in addition to knowledge, skills and abilities in the specialty, other competencies are also required to perform the tasks of job descriptions, in particular, the ability to effectively use working time, express one's thoughts competently, conduct analysis, work clearly in a stressful situation, quickly master new information, compile reports, work on a computer and on the Internet, motivate other people to work, etc. A graduate (employee) who possesses the above qualities is considered competitive, flexible, highly qualified personnel. This does not mean that a university graduate will not need knowledge in the specialty in many cases, but this knowledge is not enough for the graduate to work effectively independently.

## METHODS

In the course of training competitive highly qualified bachelors and masters in educational institutions the following problems arise, the accelerated solution of which is obvious and urgent: shortage of highly qualified professors and teaching staff with a degree; insufficient development of mechanisms for the formation and implementation of state educational standards in some areas of the bachelor's degree and master's specialties; insufficient provision of high-quality, scientific and

technical, educational and methodological and periodical literature; discrepancy between the material, technical and information base of educational institutions and research institutions and the requirements of the present day; untimely and insufficient orientation of science towards changes and updates in the socio-economic sphere; discrepancy between the quality of the educational process and the qualification requirements of the present day, imposed on university graduates in many departments of organizations, enterprises and institutions; deterioration of the material situation and decrease in the social status of scientific and scientific-pedagogical personnel with a degree in comparison with other categories of specialists; poor organization of the marketing service in the higher education system, leading to quantitative and qualitative disproportions between the supply in the labor market and the demand for graduates in modern bachelor's degree programs and master's degree specialties; insufficient justification and multivariance of the mechanism for financing the higher education system, optimizing training costs and developing financial and credit instruments, returning state expenses on personnel training, etc.

Many specialists around the world are working on preventing the above-mentioned problems. These problems, in particular, are related to the quality of training and the quality of education. In this regard, K.M. Almakuchukov writes: "The criteria for assessing the quality of education in universities are the following parameters: the level of qualification of the teaching staff; the educational and methodological process; the state of the material and technical base; the intellectual potential of students. The criteria for assessing the quality of education in universities are the following parameters: demand for graduates; career; assessment from the point of view of employers; the relationship "university - production"; the absence / presence of complaints" [4]. Sh.M. Mirziyoev believes that the country "needs fundamentally new assessments of the quality of education". He stated that the quality of education should be assessed "based on the criteria presented by society, the economy, employers, and the labor market" [3]. To ensure the quality of higher education, we recommend a model for improving the quality of higher education (see Fig.). The model shows that there are four main goals for managing the quality of higher education.

To achieve these goals, five stages must be completed. The first stage includes: managing the planning of the quality of higher education, the second stage includes ensuring that the curricula comply with production requirements, the third stage includes quality control, the fourth stage includes improving the quality management process, and the final stage includes assessing the effectiveness of the quality management of higher education, its organizational, substantive, personnel, and methodological aspects, and summing up the results.

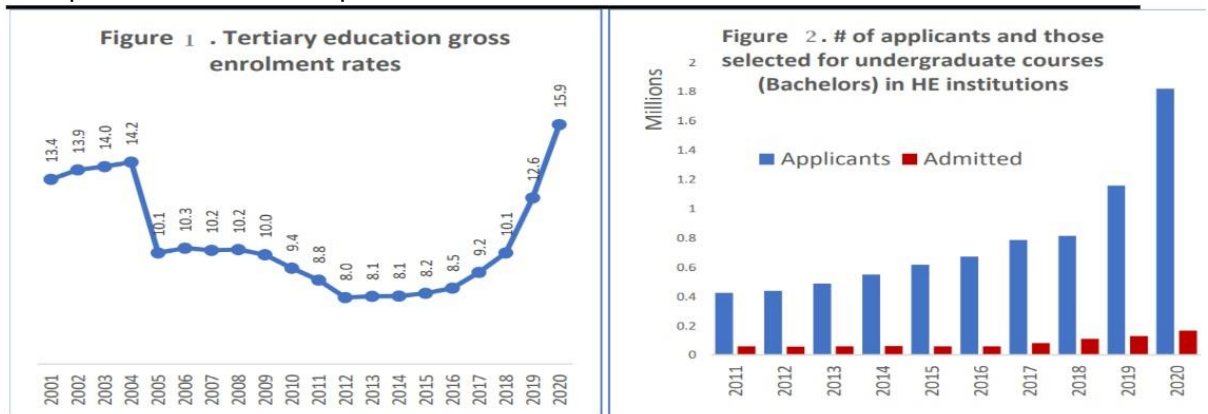
Highly qualified personnel – university graduates – must be educated, highly cultured, responsible and hardworking people. From an economic point of view, the accumulation of knowledge by people is wealth that predetermines the development of the economy, the scientific, cultural and social progress of society. The famous American economist T. Stonier believes that "in the post-industrial economy, knowledge has replaced the traditional triad of land, labor and capital and has become the most important basis of modern productive systems" [6, p. 24]. E. Toffler continues: "In the past, land, labor and capital were the key elements of production. Tomorrow – and in many industries this tomorrow has already arrived – information will become the main component" [7, p. 29]. T.F. Chernous writes: "Accordingly, if in an agrarian society the main limiting factor for production was land, and in an industrial society – capital, then in an information society such a factor becomes knowledge". In accordance with the adopted government resolution, it is planned to allocate over 277 billion soums for the implementation of the Program for the modernization of the material and technical base of higher educational institutions and the radical improvement of the quality of training of specialists, designed for 2011-2016.

## RESULTS

A special fund was created last year to accumulate funds and ensure financing of the measures outlined in the Program, at the expense of which in 2011 the events planned for the year were financed in the amount of over 39 billion soums [8]. We would like to particularly note the growing volumes of foreign technical assistance directed towards the development of education, which amounted to over \$500 million over the past period. First of all, this is assistance from the Asian Development Bank – about \$290 million, the government of South Korea – over \$110 million, the World Bank – \$33 million, the OPEC Fund, the Saudi Fund, the Islamic Development Bank – \$42 million, the German government through the KFB bank – about \$20 million, and other donors – over \$100 million.

When considering equity issues in higher education, it is important to examine the data related to gender and regional disparities in enrollment. The enrollment of girls in higher education remains

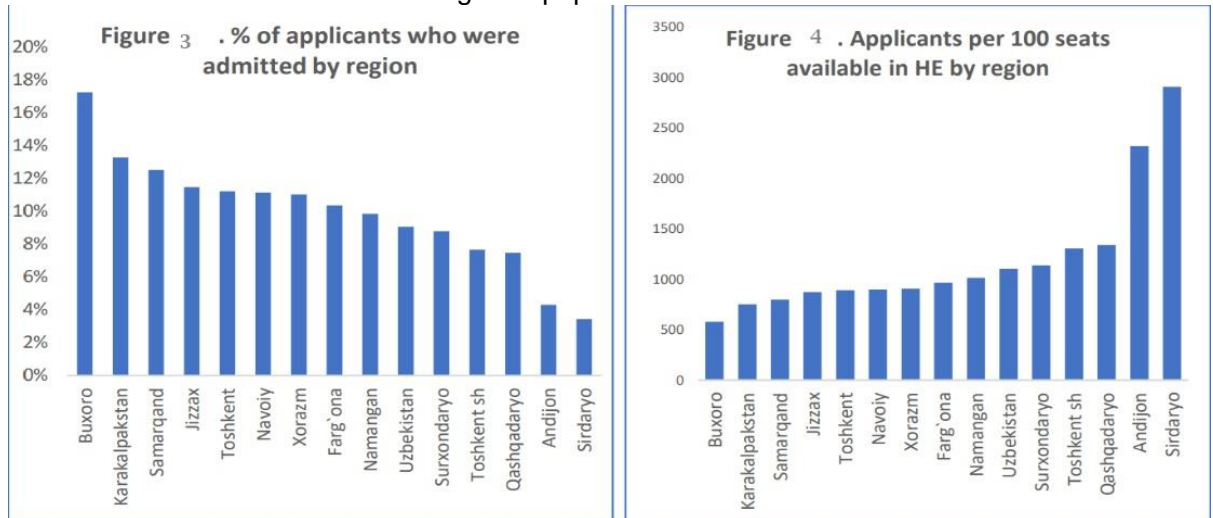
lower than that of boys, with boys/men accounting for 55 percent of all students in 2021. This is a decline from 64 percent in 2011. However, the share of women in higher education has increased from 36 percent in 2011 to 55 percent in 2021.



**Figure-1. Analyzing the regional distribution of enrollments in higher education [5]**

When analyzing the regional distribution of enrollments in higher education (HE) in Uzbekistan, significant diversity becomes apparent. Tashkent city, despite comprising less than 6 percent of the country's 18-19-year-old population, accounted for approximately 35 percent of HE applicants and 30 percent of those who were admitted to Bachelor's courses in universities in 2021. Conversely, Kashkadarya, which 11 percent of the relevant population, only had 5.5 percent of the total HE applicants and represents 4.6 percent of those admitted to HEIs.

In comparison to their population shares in higher education, young individuals from Samarkhand, Ferghana, Andijan, Namangan, Surkhandarya, and Tashkent region (excluding Kashkadarya) were underrepresented among both applicants and those admitted. Conversely, a higher proportion of young people from Bukhara, Khorezm, Karakalpakstan, Jizzakh, and Navoiy were admitted to HEIs when considering their population shares.



**Figure-1. Creating additional opportunities for students in all regions in Uzbekistan [5]**

Over the past decade, the number of national higher education institutions (HEIs) in Uzbekistan has more than doubled, reaching a current total of 152. This figure includes 27 branches of foreign higher education institutions and 18 non-state national institutions. In 2018, 10 HEIs transitioned to a self-financing mode.

**DISCUSSION**

According to statistics provided by the Ministry of Higher and Secondary Specialized Education (MOHSSE), significant developments have occurred in terms of course offerings and student capacity. Between 2018 and 2021, 268 new courses were introduced at the Bachelor's level, creating additional opportunities for students. Moreover, the number of available seats in existing courses increased by 10 percent by 2021, resulting in more admissions. To improve the infrastructure of HEIs, renovation work has been consistently carried out. In 2019, renovation activities were undertaken in 60 HEIs, followed by 37 HEIs in 2020, and 85 HEIs in 2021. The Cabinet of Ministers' resolution (#241, March 27, 2018) focuses on enhancing the licensing



procedure for non-state educational services, with the aim of promoting greater involvement of the private sector in higher education. The President's Decree (UP-5847, October 2021), which approves the development concept of the Republic of Uzbekistan's higher education system until 2030, sets a target of having 35 non-state higher education institutions (HEIs) and 45 HEIs offering foreign programs by 2030. Furthermore, the President's Decree (UP 6108, November 2020) on Measures to Develop the Spheres of Education, Upbringing, and Science emphasizes the establishment of at least one non-state HEI in each region, including through public-private partnerships (PPPs). This initiative aims to create a competitive environment in higher education and expand its accessibility.

The availability of a National Qualification Framework (NQF) for higher education is a significant development. The NQF, established by the Council for the Development of Professional Skills and Knowledge, was introduced on May 15, 2020 (PD-4939, December 31, 2020). Additionally, a Network Qualifications Framework, governed by the Network Council on Professional Qualifications and Knowledge, was implemented on the same date (287 CMR, May 15, 2020, PD-4, December 31, 2020).

Higher education institutions should contribute to ensuring the prestige of the knowledge (abilities, skills) being developed and the demand for graduates in all areas of bachelor's and master's degrees. Based on this, universities should become a school of creative thinking, allowing graduates to quickly and accurately solve non-standard problems.

Currently, the following tasks are set before the heads of the higher education system and higher education institutions: creating prerequisites for the stable functioning of an educational institution in the extreme financial conditions of a transitional market economy; maintaining and strengthening the image and position of an educational institution responsible for reproducing the educational, professional, intellectual and moral potential of the region and the country as a whole; justification and development of organizational and economic conditions that contribute to the preservation and development of the image of the university as a center of culture, morality, science and education.

In the context of a new stage in the development of society, it is necessary to develop the national idea, which is a source of inspiration and strength for us in achieving our lofty goals. We need to strengthen national self-consciousness, study the ancient and rich history of our Motherland in more depth, intensify research work in this direction, and support the activities of humanitarian scientists in every possible way. In M. Chernikh opinion, "...the evaluation of the past must be objective, most importantly, free from any ideological dogma" [9].

It should be noted that the study of the personnel training system is based on the following methodological factors: quantitative and qualitative integration between business and educational training; qualitative improvement of the workforce associated with the implementation of the National Program for Personnel Training; factors influencing general educational processes and the training of entrepreneurs, etc [10].

## CONCLUSION

The real condition for improving the educational system is considered to be the development of a concept of the economics of education in the context of market relations. A higher educational institution, being a mirror reflection of the economic and socio-political problems of the development of the state and society, is also considered a generating mechanism for the system of obtaining and disseminating modern technologies, knowledge and ideas, a system of training, reproduction, advanced training and retraining of highly qualified personnel - graduates of higher educational institutions.

Higher educational institutions, depending on the specific object of study of social relations, need to be studied as a subject of the state, civil society, region and specific sector of the country's economy, as a complex reproductive, intellectual system representing its specificity and individuality. Taking into account the advanced experience of foreign countries, Russia and the Republic of Uzbekistan need to develop higher qualification programs adapted to the specifics of the socio-economic and demographic situation of a specific object.

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## ISSUES OF MANAGEMENT OF FIXED ASSETS OF ENTERPRISES IN THE CONTEXT OF ECONOMIC INTEGRATION

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### ABSTRACT

The article considers the issues of management of fixed assets of enterprises in the context of economic integration, as well as the features of the structural composition of fixed assets of enterprises. The structural composition and management of fixed assets at the enterprise are reflected. The coordination of management of fixed assets, contributing to the development of the economy of industrial enterprises of Uzbekistan in the sewing industry, are reflected, proposed and assessed.

**Keywords:** management, improvement, fixed assets, investments, structure, technology, renewal, return on assets, efficiency, proposals, result.

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### Introduction

The world order is undergoing a profound transformation. Disruptions in the supply chains of goods and services, a decline in international trade, a reduction in investment flows and an increase in the number of climate disasters clearly demonstrate how unstable and fragile the situation is.

As the President of our country Sh.M. Mirziyoyev noted: "We will soon introduce completely new approaches to the system of industrial zones"

By 2030, we have set ourselves the goal of doubling the income of our population and joining the ranks of countries with above-average incomes.[1].

We will consistently continue the processes of deep transformation of the economy, the creation of a favorable investment and business environment, high added value in industry.

Investors with their most advanced technologies and experience, new proposals and approaches only push us forward. [1].

### Research Object.

The assets of an enterprise are property resources that it owns and uses in production activities, to generate profit and develop business. They may not have a tangible form, be presented in the form of cash in a current account or in the form of some object. Enterprises have the right to use assets that the enterprise has leased and uses to generate profit. [2]. They may or may not belong to the enterprise by right of ownership, but they bring it income.

Asset management is relevant for any enterprise. At the same time, assets must meet the following requirements:

1. Participate directly or indirectly in the main activity of the enterprise and generate profit.
2. Have a cost estimate.
3. Belong to the enterprise by right of ownership (in the case of leased assets - by right of use).
4. Enterprises can exercise control and management of assets.

The object of research of the scientific article is the management of the main assets of enterprises.

### Theoretical and methodological foundations of the topic of the article.

Specific ways of transition to a socially oriented market economy in the Republic of Uzbekistan, developed by the President of our country Sh.M. Mirziyoyev, and scientific works on the economics of the enterprise. The basis for this were the decisions taken on the development and construction of a multi-sector economy, as well as scientific works carried out by foreign and domestic scientists. [3]

The following methods were used in the article: economic and statistical analysis, comparison, etc.

### Level of study of the topic.

Asset management issues, including the main production assets and equipment, have always received much attention in the economic literature. Research in this area was carried out by foreign scientists J.Klark, L.Valras, I.Fishyer, McConnell, Brue. Russian scientists: V.Ya. Gorfinkel, prof. V.A. Shvandar, O.I. Baskakova, L.F. Seiko, A.D. Sheremet, T.K. Rutkauskas, G.V. Shadrina, as well as scientists from domestic Uzbekistan Khotamov, Sh. Mustafakulov, M. Isakov, A. Abduvaliev, G. Tarakhtieva, N.Kh. Gulyamova, K.S. Ibragimova and others.

Large enterprises with a network of branches and representative offices, as a rule, manage assets through a specially created structural division.

Medium and small businesses do not have the production capacity to organize a separate asset management body. It is acceptable for them to assign management functions to the accounting department, which, in turn, can distribute control over certain types of assets to other divisions. [4].

Enterprise resources are different: they are distinguished by form, scope of application, turnover, as well as sources of their receipt and value formation. There are several classifications of assets based on their importance for the enterprise.

Assets are divided into two groups according to how they are reflected in the balance sheet - current and non-current. Current assets are not used in production for more than one year or one operating cycle, if it exceeds a calendar year. During one cycle, they are completely processed. They are considered the most liquid and are presented in the form of materials, stocks. This also includes monetary assets. [5].

Non-current assets are used for a long period, transferring their value to the cost of production in parts, gradually. These are fixed assets in the form of buildings, equipment, transport, and intangible assets.

Tangible assets have a material form, they can be touched and measured. For example, manufactured finished goods, office or warehouse space. [6].

Intangible assets are presented in the form of the results of intellectual work, other developments, computer programs, logos, etc., that is, these are intangible assets

Financial assets are monetary assets and their equivalents, which are actually a means of payment. [7].

In economics, it is customary to divide enterprise assets into 4 groups by degree of liquidity.

Absolutely liquid - money in current and foreign currency accounts, cash in hand. First of all, they act as a means of settlement with counterparties.

Highly liquid - those that are converted into monetary assets without losing their market value and in the shortest possible time - up to 1 month. For example, short-term financial investments, short-term accounts receivable.

Liquid - with a circulation period of up to 6 months. They can be cashed out quickly enough to be able to pay off your obligations, but there is a risk of losing their value (depreciation).

Illiquid (or low-liquid) assets - have a long sale period. They are represented by the fixed assets and intangible assets of the enterprise. [8].

### **Analysis and results**

Asset management is a system of methods and principles for managing the property of an enterprise, as well as the process of making management decisions regarding such assets.

The main strategic goal is to increase the value of the enterprise's assets and increase the value of the business as a whole. To do this, it is necessary to implement a number of second-level goals:

1. Maintaining a balance of assets by liquidity. A sufficient level of solvency is achieved by combining assets of different liquidity. For example, having a large volume of highly liquid assets (cash assets in the cash register) does not bring additional profit; they also lose value due to inflation. However, they ensure a high level of solvency of the enterprise.

2. Ensuring profitability. Using assets in the most effective and profitable areas of activity increases their profitability. If the type of activity does not generate income, or its level is not high enough, it is necessary to take measures to improve the situation, or liquidate it. Assets should be used where they bring benefits to the enterprise. If they are used in unprofitable activities, their profitability will be low.

3. Ensuring the necessity and sufficiency of assets for carrying out production activities. To operate, an enterprise needs a workshop, equipment, raw materials and supplies, as well as cash assets to pay for priority expenses. Lack of property and funds does not allow for production in the planned volumes. If equity capital is not enough, it is worth considering finding and attracting additional, borrowed sources of capital to form assets.

4. Optimizing the use of assets. We are talking about working in three directions:

- ensuring the production cycle by managing asset flows;
- ensuring the required number of assets to ensure continuous operations;
- minimizing defects and losses of raw materials and waste based on the results and during production. [9].

It is necessary to optimize the structure of assets - when determining the optimal ratio of their various types, an assessment of the liquidity of the enterprise is given, ways to increase it and

improve economic activity are determined. The process includes three stages:

1. The composition of non-current assets is analyzed. The part of active assets most used in operating activities and passive assets is determined.

2. The optimal ratio of active and passive non-current assets is calculated. At this stage, it is wrong to assume that passive non-current assets need to be minimized. They include buildings, structures, expensive equipment, without which an effective and uninterrupted production cycle is impossible.

3. Optimization of current assets. We also maintain a balance between highly liquid cash assets, accounts receivable and the availability of raw materials and materials in warehouses. It is necessary to take into account the features of the main type of economic activity, production cycle factors, as well as the liquidity of various types of current assets. [10].

In order to properly organize the process of asset management and their optimization, it is necessary to take into account the following factors:

1. The set of assets of the enterprise is formed taking into account its development strategy, possible prospects, economic characteristics of the market, as well as the regional segment.

2. The set of assets is formed in such a way as to ensure the production of finished products, while taking into account compliance with the structure of the enterprise. In the course of activity, the composition of assets should undergo some changes, adapting to the range of products manufactured.

3. Reasonable choice of assets. Assets must be acquired taking into account the maximum possible benefit from their use. The balance of price and expected benefits is the main principle of choosing an asset for acquisition.

4. Balance in the composition of assets, based on liquidity. To do this, you need to analyze the existing property, make a list of assets that should ensure the achievement of key performance indicators in the future. And strive to bring the actual availability of assets to the planned one. The assets of any enterprise should include both highly liquid assets (money in accounts) in order to pay off its obligations in a timely manner, and low-liquid assets (for example, fixed assets in the form of buildings, equipment) that ensure the production cycle.

5. Interchangeability. It is necessary to form a set of assets taking into account their possible interchangeability. This is the only way to ensure continuity of production. [11].

It is possible to evaluate the efficiency of using the assets available to the enterprise in three directions.

Horizontal analysis. The change in the value of assets is assessed over several periods, the growth rate of asset value by type. The source of data is the accounting registers by accounts. The analysis allows you to identify the directions and reasons for the change in the value of assets. The results are used to predict further changes and in strategic planning of key indicators.

Vertical analysis. The structure of assets is analyzed in order to calculate the specific weight of each type in the entire set. It is carried out for the enterprise as a whole, by structural divisions.

The results of the vertical analysis are used to:

- assess the efficiency of asset use based on types of activities;
- assess the efficiency of asset use by the enterprise;
- analyze asset turnover, as well as determine key performance indicators.

Comparative analysis. It is used to compare enterprise data with industry averages, as well as with industry values. The results provide an idea of the competitiveness of the enterprise and identify reserves for increasing the groups of necessary assets.

Based on data on the composition and value of the enterprise's assets, financial indicators are calculated. For example: asset return ratios, turnover ratios. To assess the efficiency of asset management, economists use asset turnover ratios. They act as indicators of the business activity of the enterprise. The initial data for the calculation are information on the organization's revenue for the period, as well as on the average annual value of assets of the enterprise as a whole or by individual types. Information on revenue is taken from the financial performance report, and on the value of assets - from the balance sheet. [12].

It is customary to judge the profitability of an enterprise by profitability indicators. In general, the return on assets is calculated as the ratio of net profit to the average annual value of assets as a whole, or for individual types. The results show what profit each ruble invested in the assets of the enterprise brings.

In the case of fixed assets, this is the return on assets - an indicator that determines the volume of revenue per unit of fixed assets of the enterprise. Also, the capital intensity - characterizes the cost of fixed assets per monetary unit of the released product. The efficiency of using fixed assets

expresses the return on assets. The capital-labor ratio, accordingly, reflects the share of fixed costs per employee. [13].

Similarly, for intangible assets: the return on intangible assets is the volume of revenue per unit of intangible assets of the organization; the capacity of intangible assets shows the cost of intangible assets per monetary unit of the products manufactured by the enterprise; and the profitability of intangible assets is an indicator expressing the degree of efficiency of intangible assets use.

It is non-current assets that are able to describe the property situation of the organization in more detail. The condition and use of non-current assets has a direct impact on the results of the enterprise. Only a thorough analysis of these assets can lead to reasonable conclusions.

Thus, after the analysis of non-current assets, based on the identified results, the management of non-current assets involves taking measures to improve the efficiency of non-current assets use.

Since, most often, the largest share in non-current assets is made up of fixed assets, then directions are proposed to improve the efficiency of fixed assets use.

There are two main directions for improving the use of fixed assets: extensive and intensive.

The extensive direction consists in increasing the operating time of the means of labor for a specified period (month, quarter, year), as well as in increasing the amount of equipment. "The more actively the existing non-current assets are used over time, the greater the return on assets. "Increasing the operating time of equipment, machines, and vehicles by reducing downtime and increasing the shift coefficient is a significant factor in the intensification of all types of activity" [14].

The extensive way of increasing the return on assets is especially important for those sectors of economic activity in which the share of the passive part of fixed assets is relatively high, such as trade and procurement. An increase in the operating time in these sectors can be achieved by reducing the time of inventories of goods and materials, optimizing the work of stores, procurement points, and catering organizations during the day, eliminating downtime, reducing losses of working time, compressing the terms of repair work, etc. "

The intensive direction consists in increasing the load of labor resources per unit of time. It is associated with improving the use of material and labor resources, increasing labor productivity, and reducing capital intensity".

To improve the efficiency of fixed asset management in the implementation of financial management, enterprises can develop and implement the following measures to improve the efficiency of fixed assets:

- increase the amount of finished goods produced;
- increase the selling price of finished goods;
- reduce the cost of actual production
- of the given products by improving the system of supplying production with raw materials and supplies;
- increase the operating time of the equipment, eliminating downtime and reducing the number of changeovers";
- carry out scheduled preventive and major repairs efficiently and in a timely manner;
- optimize the loading of equipment and production areas;
- increase the amount of high-quality and high-performance equipment, as well as their assimilation;
- eliminate idle equipment;
- lease out temporarily empty production areas, temporarily unused equipment;
- reduce the amount of excess low-efficiency equipment;
- eliminate idle equipment;
- ensure the creation of more favorable working conditions;
- increase the shift coefficient of the enterprise, if there is economic feasibility in this;
- improve the qualification level of service personnel;
- develop measures for material and moral incentives for workers engaged in production, etc.

In the context of digitalization of financial services, the following areas of development of non-current assets of enterprises may also be promising:

- "further clarification of the key characteristics inherent in non-current assets of the digital economy, expansion of their conceptual apparatus, in particular, formulation of a precise definition;
- monitoring the processes of formation of such assets (results of research and development), for prompt inclusion in the list of new objects with the corresponding features;
- improving the status of a new type of intangible assets, which are based on resources that are not legally protected results of intellectual activity or assets of individualization from the point of view of accounting" [15].



As for the economic efficiency of using intangible assets, it is a determining indicator when making management decisions to bring an organization out of a crisis. Positive results in the process of bringing an organization out of a crisis and producing competitive products can be due to an improvement in the level of use of intangible assets of the enterprise. The most effective intangible assets are most often reflected in technological and design developments.

Today, it is necessary to constantly implement measures to improve the management of fixed assets of enterprises in the context of integration, ensure uninterrupted production, improve the quality and range of products by updating and improving the fixed assets of the enterprise.

In modern conditions, industrial enterprises ensure a continuous and effective process of production and sales of products through the effective use of fixed assets, through such measures as increasing volumes, expanding and modernizing production. Determining ways to effectively use fixed assets by enterprises and increasing production capacity is one of the most important economic tasks in a competitive economy. [16].

Equipment required in the clothing industry: sewing machine, overlock, shuttle, cutting machine, fabric cutting machine; household iron; steam generator; cutting scissors; button machine; tables and shelves, mannequins; other expenses - threads, sewing scissors, chalk, etc.

The analyzed enterprise is engaged in the production of garments. Upon request, high-speed sewing machine brand JK-A4 F for sewing women's suits. High-speed flat-stitch computerized silent sewing machine fully automatic (new design). Single-needle sewing machine with flat platform, lower conveyor and built-in servo motor.

Advantages:

9 built-in designs, the ability to program stitches and save them in the machine's memory, stitch programming accuracy up to 0.1 mm

Automatic functions:

Thread cutter, needle positioner, bar, presser foot lifter, built-in servo motor control unit and presser foot lifter electromagnet. Low energy consumption, high productivity

Application: For sanding light and medium materials.

The machine has the following features:

- stitch length up to 5 mm,
- foot lift 5-13 mm,
- maximum sewing speed 5000 rpm,

This industrial sewing machine is equipped with an automatic lubrication system.

Designed for sewing products from various fabrics and materials. We offer equipment installation. The introduction of this equipment will increase the volume and quality of manufactured products. It will also increase the production of finished products.

Equipment cost 505 US dollars = 6.3125 million sum.

If we buy 10 sewing machines,  $6.3125 * 10 = 63.125$

1. CALCULATION of capital expenditures

1.1. Transportation costs make up 7% of the equipment cost:

$$1.1. C_{tr} = 63.125 * 7\% = 4.419$$

Transportation costs related to the cost of equipment amounted to 4.419 million sum

1.2. The cost of spare parts is 5% of the equipment cost:

$$1.2. C_{sp} = 63.125 * 5\% = 3.15625$$

1.3. The cost of installation is 8% of the equipment cost:

$$1.3. \text{For example, } C_{install} = 63.125 * 8 / 100 = 5.05$$

1.4. We calculate all capital costs for equipment installation

$$1.4. C_{cap\ total} = 63.125 + 4.419 + 3.156 + 5.05 = 75.75$$

2. Calculation of production volume and current costs

Let's calculate the volume of the product after starting the equipment:

2.1 Women's skirt:

$$Q_{Tsm} = 265 * 8 * 50 / 100 = 1060 \text{ pcs.}$$

2.2. toy

$$Q_{Ts} = 265 * 8 * 10 / 100 = 212 \text{ pcs.}$$

Let's enter all calculations into the table

Table No.1

## Determination of the volume of manufactured marketable products

Product type	Wholesale price, thousand sum	Before the event		After the event		Deviation +,-
		volume	million sum	volume	million sum	million sum
Women's skirt	150	0	0	1060	159	159
toy	35	0	0	212	7,42	7,42
total			0	1272	166,42	166,42

## 2.3. Calculation of current expenses

2.3.1. We calculate depreciation charges related to the installation of equipment. Depreciation is 15% of the cost of the equipment:

$$A_o = OF * A_n / 100 = 75.75 * 15/100 = 10.996 \text{ million soums}$$

FA - cost of introduced fixed assets

A<sub>n</sub> - depreciation rate

2.3.2. calculation of additional costs for electricity. 1 kW of electricity costs 1,500 soums. Equipment capacity 2.2 kW/h

$$C_{e/e} = T_d * T_{cm} * T_{e/e} * M_o / 1000 * 1000 = 300 * 8 * 1500 * 2.2 / 1000 * 1000 = 7.2 \text{ million soums}$$

Here: T<sub>d</sub> - working days per year

B<sub>p</sub> - working hours

T<sub>e</sub> - cost of 1 kW of electricity

M<sub>o</sub> - capacity of installed equipment

2.3.3. Installation of new equipment requires hiring one worker per shift.

If we assume that the enterprise operates in 1 shift, then it is necessary to hire one worker. In 2023, the average salary of one worker was 11,864,219.2 thousand soums per year.

$$P_{z.pl} = 42720 * 1 / 1000 = 42.72 \text{ million soums}$$

2.3.4. Calculation of additional expenses for the Unified Social Payment. Social security contributions make up to 25% of the wage fund.

$$R.s = 42.72 * 15 / 100 = 6.408 \text{ million sum}$$

Calculation of general operating costs

$$C_{ogo} = 11.365 + 7.9 + 42.72 + 6.408 = 68.4105 \text{ million sum}$$

Calculation of additional income

$$C_{ad} = 166.42 - 68.41 = 98.01 \text{ million. sum}$$

3. Calculation of the economic efficiency of capital investments:

$$E_e = F_k / K = 98.01 / 75.75 = 101.64\%$$

Calculation of the payback period of capital expenditures:

$$P.p = K / F_k = 75.75 / 98.01 = 0.77 \text{ years}$$

This means that the company will recoup its capital expenditures through profit in 0.77 years or 9.24 months.

We present all the results in the table below. [17].

Table No .2

Technical and economic indicators of OFS LLC in Bukhara before and after the event

№	Indicators	Unit of measurement	2023 year	After the event	Deviation +,-
1.	Commodity products	million sum		9412,113	166,42
	In comparable prices		9245,69		
	At current prices	million sum	9301,50	9467,922	166,42
2.	Production volume in physical terms	thing			
	Including men's suits	thing	55551		
	Women's suits	thing	55400		
	jackets	thing	8700		
	blazers	thing	4890		
	pants	thing	9650		
	Women's skirts	thing		1060	1060
3.	Average headcount of IPP	Human	111	111	
	Including workers	Human	90	100	10
4.	Mahsulot sotishdan sof tushum	million sum	8 304,91	8451,36	146,450
5	IPP wage fund	million sum	4741,92	4784,64	42,72
6	Labor productivity	тысяча.сум	83,3	94,12	10,827
7	Average annual salary	million sum	42,72	85,44	42,72
8	Costs of production and sales of products	million sum	6 511,051	6 579,462	68,4105
9	Costs per 1 sum of marketable products	tiyin	70	69,5	-0,51
10	Balance profit	million sum	1607,83	1705,84	98,010
11	Average annual cost of production assets	million sum	200,578	276,328	75,75
12	Capital investments	million sum		75,75	
13	Payback period	year		0,77	

Fixed assets are of fundamental and important importance in the activities of all business entities (enterprises, organizations, firms, institutions, etc.). In conclusion, it should be noted that it is impossible to imagine any activity, i.e. the production process, the process of providing services, without fixed assets. [18].

### Conclusion

In conclusion, the following main conclusions can be made on this article.

A significant feature for production can be the investment attractiveness of the intangible assets of the enterprise, which determines the degree of investment risk and their liquidity. Therefore, it is important to invest assets in them.

Non-current assets are assets that represent a type of property of the organization, which must be used in the activities of the organization, and which must generate income for the enterprise for more than 12 months. [19].

They occupy a significant share in the structure of the balance sheet of the organization, and also provide a characteristic of the property status, business and investment activity of the organization, which means their condition and high-quality management of them is an important indicator on which the results of the organization's activities and its financial condition depend. Therefore, high-quality management of non-current assets is one of the most important problems of enterprises. [20].

The study revealed that if an organization has problems with non-current asset management, these problems can be solved by using measures to improve the efficiency of non-current asset management that are related to fixed assets. [9]. They can be divided into extensive and intensive, they were discussed in more detail above. Also, these measures related to intangible assets can significantly affect the state of non-current assets, which in turn affect the operation of the enterprise and its results. [11].

Thus, non-current assets are one of the foundations of the enterprise's activities. Therefore, it is necessary to carry out ongoing management of non-current assets to maintain uninterrupted and

efficient operation of the enterprise. [13]. The proposed approach to improving the management of non-current assets can help to increase solvency and financial stability and, in general, ensure the efficiency of the organization. [15].

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# IMPROVING THE CLASSIFICATION BASIS OF COSTS IN NON-GOVERNMENT EDUCATIONAL ORGANIZATIONS OF THE REPUBLIC OF UZBEKISTAN

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## ABSTRACT

In the article, the recognition of costs in the accounting of non-state educational organizations, the procedures mentioned in international and national standards, the descriptions and definitions given by scientists, author's definitions, as well as the classification of costs and incomes into groups by the activity of non-state educational organizations, and the classification of costs as an object of accounting classification issues have taken place.

**Key words:** non-governmental educational organizations, educational services, cost accounting, income accounting, educational process, main activity, additional activity, non-main activity, other activity, financial reporting.

## Introduction.

Article 50 of the Constitution of the Republic of Uzbekistan states that "Everyone has the right to education. The state continuous education system, its various types and forms ensure the development of state and non-state educational organizations. Pre-school education and upbringing, general secondary education is under state control"<sup>30</sup>. Such norms established in our Constitution, adopted in order to ensure the well-being of the Republic of Uzbekistan, indicate that the development of educational services in our country, including the activities of non-governmental educational organizations, is set by the state as a priority task and direction.

In order to solve these long-term tasks set out in the Constitution, in particular, to privatize non-governmental organizations, strengthen their activities, create conditions for the development of the disciplinary activity of non-governmental organizations, the President of the Republic of Uzbekistan adopted a Resolution on "Advanced measures for the separation of state participation in the economy". Such results, which are happening today in the Republic of Uzbekistan, mark the place and position of NGOs in the national economy.

Today, international experience shows that the development of the activity and organization of educational services in the Republic of Uzbekistan is directly dependent on the presence of non-governmental educational organizations. In this regard, in the Decree of the President of the Republic of Uzbekistan No. PF-158 of September 11, 2023 on the implementation of the Strategy of Uzbekistan to 2030, a number of tasks were assigned to increase the share of private enterprises in the economy, to develop their entrepreneurial activity, to increase the share of the non-state sector in the economy to 85 percent, and to reduce the number of state-owned enterprises to 2.3 thousand by 6 times<sup>31</sup>. The results of this kind of practice in our national economy show that the importance given to the activities of NGOs, including NGOs that are the main components of the economy, is increasing day by day.

Strengthening the activities of non-governmental educational organizations by any means, putting them on the right track, organizing the procedures for receiving educational services from non-governmental organizations in accounting, organizing the accounting of expenses and revenues in private non-governmental educational organizations in accordance with international practices, accessing these results in financial accounting is one of the most important tasks of today.

In the course of this research work, while leaving the duties mentioned in the bill, scientific research was carried out on the qualitative and quantitative parameters of the expenditures and revenues that are important in processes such as the establishment of accounting accounts in non-governmental educational organizations, including the legal accounting of expenses and revenues, as well as the accounting and reporting of objects of accounting accounts.

In addition, in the course of our scientific research, we have studied the characteristics of

<sup>30</sup> Constitution of the Republic of Uzbekistan. May 01, 2023.

<sup>31</sup> Decree of the President of the Republic of Uzbekistan "On the strategy of Uzbekistan - 2030". September 11, 2023. PF-158.



expenses and revenues as objects of accounting accounting, best practices, international standards of financial reporting, definitions and descriptions of revenues of enterprises and organizations in national normative and legal documents, as well as the results of the research.

### Literature review.

The concept of financial accounting is based on the definition, description and classification of revenues and expenses, which are developed in accordance with the existing international practices. In addition to the definition of the aggregate as the object of calculation of the item of expenditures, it is also described as the depreciation of assets, or the accumulation of liabilities, that leads to a depreciation of private capital that is not dependent on the distribution of the claim rights relative to private capital.<sup>32</sup>

Article 7 of the Law on Accounting of the Republic of Uzbekistan recognizes as objects of accounting accounting transactions involving the movement of such objects as income, expenses, as well as profits and losses.<sup>33</sup>

For the preparation and presentation of financial statements, conceptually, both definitions of the categories of "expenses" have been provided, and these definitions have been analyzed: "Expenses include expenses related to the administration of property, processing, processing of products, provision of services, and losses"<sup>34</sup>.

In enterprises and organizations, it is necessary to keep accounting records in accordance with the costs and revenues, in this regard, No. 1 "Accounting policy and financial reporting" in NAS states that "The compatibility of revenues and expenses during the reporting period reflects the expenses that are the basis of the revenues received during the reporting period."<sup>35</sup>, it is quoted as.

No. 24 "Accounting of Debt Expenses" NAS provides a definition of another type of expenses found in the activities of enterprises and organizations: "Debt expenses - interest and other expenses incurred by the business entity due to borrowing funds."<sup>36</sup>

In addition, cost accounting in non-governmental educational organizations is regulated in accordance with the regulatory legal acts developed in our country, including the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan "On approval of the Regulation on the composition of costs for the production and sale of products (works, services) and the procedure for forming financial results"<sup>37</sup> on accounting for organizational costs.

Scientists of our country have conducted scientific research on improving cost accounting in various fields, and there are different approaches to the category of "cost". In this research work, the definitions and descriptions given in the scientific research works of foreign and domestic scientists in this area were studied:

One of the scientists of our country, T.S. Malikov, emphasizes that "the concept of "costs of the enterprise" differs from the concept of "costs of the enterprise", which are directly related to financial categories and, first of all, to the cost of the product. Therefore, the following definition of the costs of the enterprise can be given, reflecting its essence: the monetary value of resources used to obtain profit or achieve other goals of the enterprise is called the costs of the enterprise"<sup>38</sup>.

B.F. Boronov explains as follows: "Production costs are understood as the costs incurred in the main production departments of products and constituting the cost of each product manufactured in these departments."<sup>39</sup>

D.S. Tashnazarova, in her scientific research work, explains that "Costs are the monetary expression of the value of all resources spent to achieve the intended goals (production of products, purchase of goods, provision of services, performance of work, implementation of projects)."<sup>40</sup>

<sup>32</sup> Conceptual foundations of financial accounting.

<sup>33</sup> The Law of the Republic of Uzbekistan on the interpretation of the accounting account of accounting, 13 April 2016, No UQR-404.

<sup>34</sup> A conceptual framework for preparing and presenting financial statements. The Ministry of Justice of the Republic of Uzbekistan registered from Tomani on August 14, 1998.

<sup>35</sup> No. 1 BHMS "Accounting policy and financial reporting" // by AV on 14.08.1998. Registered with number 474.

<sup>36</sup> No. 24 BHMS "Accounting of expenses on loans" // by AV on 18.08.2009. Registered in 1996.

<sup>37</sup> The Decision of the Cabinet of Ministers of the Republic of Uzbekistan "On approval of the Regulation on the structure of costs of production and sale of products (works, services) and the procedure for forming financial results". February 5, 1999. No. 54.

<sup>38</sup> Malikov T.S. Lecture text.

<sup>39</sup> Boronov B.F. Improvement of the methodology of calculation of oil products. -T.: TMI, dissertation written for the degree of Doctor of Economic Sciences (DSc), 2023, 244 p.

<sup>40</sup> Ташназарова Д.С. Корхоналарда маҳсулот таннархи ҳисобини такомиллаштириш. –Т.: ТДИУ, иқтисодиёт фанлари фалсафа доктори (PhD) илмий даражасини олиш учун ёзилган диссертация, 2023, 129 б.

**Research methodology.** In research conducted on the classification of expenses and income as objects of accounting in non-governmental educational organizations and their improvement in accordance with international and national standards, such research methods as scientific abstraction, economic analysis, monographic observation, comparison, induction and deduction were used.

**Analysis and results.** In this research work, the international standards of financial reporting and the national standards developed in our country for the accounting of income and expenses in non-governmental educational organizations, the general description and rules of expenses and income contained in these standards were covered in the form of a table (Table 1):

**Table 1**

**Description of the rules developed in national and international standards regarding costs and revenues<sup>41</sup>**

Standard number and title	Description and rules provided in the standard
<b>International Financial Reporting Standards</b>	
<b>IAS No. 1 “Presentation of Financial Statements”</b>	This standard describes the presentation of income and expenses in financial statements, in particular in the statement of profit or loss and other comprehensive income, in accordance with International Financial Reporting Standards.
<b>IAS No. 12 “Income Taxes”</b>	This international standard defines and defines income tax income and income tax expense.
<b>IAS No. 16 “Property, plant and equipment”</b>	This international standard develops rules for the accounting of expenses incurred in the acquisition, construction, and construction of fixed assets of an enterprise.
<b>IAS No. 20 “Accounting for and Disclosure of Government Grants and Government Assistance”</b>	This standard describes the rules for the recognition of grants in income.
<b>IAS 23 “Borrowing Costs”</b>	The International Standard provides guidance on the origination of expenses as a result of the emergence of debt obligations and their reflection in accounting and reporting.
<b>IAS 36 “Impairment of Assets”</b>	This standard provides for the costs of derecognition of an enterprise’s assets, the description and definition of these costs, as well as impairment losses.
<b>IAS 38 “Intangible Assets”</b>	In the standard, rules were developed on the processes of accounting for the expenses incurred on the purchase, development, and construction of intangible assets of the enterprise.
<b>IFRS 15 “Revenue from Contracts with Customers”</b>	This standard provides rules for the income received by business entities as a result of settlements with customers.
<b>IFRS 16 “Leases”</b>	The standard establishes the procedure for reflecting in accounting and reporting the expenses and income incurred by enterprises and organizations as a result of leasing activities.
<b>National Accounting Standards</b>	
<b>No. 1 “Accounting Policies and Financial Reporting” IASB</b>	This standard sets out the procedure for reflecting the expenses and income of enterprises and organizations in the forms of financial statements, as well as the issues of disclosure of information on expenses and income in the notes, calculations, explanations and accounting policies.
<b>No. 2 “Income from the main economic activity” IASB</b>	IASB This standard sets out the general procedures for recognizing, assessing and reflecting the income of enterprises and organizations in the main types of activities in financial statements.
<b>No. 3 “Statement of</b>	The standard sets out the rules for disclosing in the form

<sup>41</sup> Author development based on research.

<b>financial results” IASB</b>	of financial statements the indicators of expenses and income that are considered elements of the statement of financial results.
<b>IAS 4 “Inventory and tangible assets”</b>	This standard describes the procedures for accounting for income received as a result of the disposal of inventory and related expenses at enterprises and organizations.
<b>IAS 5 “Fixed assets”</b>	This standard describes the procedures for accounting for income received as a result of the disposal of fixed assets and related expenses.
<b>IAS 6 “Lease accounting”</b>	This standard describes the rules for accounting for income received as a result of transactions carried out under a lease agreement and related expenses.
<b>IAS 7 “Intangible assets”</b>	This standard describes the procedures for accounting for income and expenses received by organizations as a result of the disposal of intangible assets.
<b>IAS 8 “Consolidated financial statements and accounting for investments in subsidiaries”</b>	This standard describes the procedure for reflecting the expenses and income of enterprises and organizations in the forms of financial statements.
<b>IAS 10 “Accounting for Government Subsidies and Disclosure of Government Assistance”</b>	This standard sets out the rules for accounting for subsidies included in income and develops rules for reflecting this income in the statement of financial performance.
<b>IAS 11 “Expenses for scientific research and development”</b>	The standard sets out the rules for reflecting research and development expenses by organizations in the statement of financial performance or in the balance sheet by valuing these expenses as assets.
<b>IAS 12 “Accounting for financial investments”</b>	The standard sets out the rules for recording income and expenses received as a result of operations carried out on financial investments.
<b>No. 17 "Contract for capital construction" NAS</b>	This standard specifies the rules for the recognition of costs and income under construction contract contracts, the accounting and financial reporting of income and expenses arising from construction works.
<b>No. 21 "Financial and economic activity accounting reporting plan of business entities and instructions for its application" NAS</b>	Rules on the coverage of expenses and income in the accounting accounts of enterprises, the description, composition, and content of these transit accounts in accounting are reflected in accounting based on this standard.
<b>NAS No. 23 "Formulation of financial statements during the implementation of reorganization"</b>	This standard contains the rules for reflecting expenses and incomes arising as a result of enterprise reorganization processes in financial statements.
<b>No. 24 "Accounting of expenses on debts" NAS</b>	The instructions on the origin of expenses as a result of the emergence of debt obligations in enterprises and their reflection in accounts and reports are covered in this standard.

The above-mentioned rules and definitions developed within the framework of international financial reporting standards and national accounting standards are important in accounting for expenses and income in non-governmental educational organizations, and in reflecting their indicators in financial reporting forms. The definitions and definitions of the concepts of income and expenses given by scientists above are of great importance. However, based on the specific characteristics of the activities of providing educational services in non-governmental educational organizations, the definition of income and expenses as an object of accounting has not been developed in our scientific and educational literature to date. Therefore, in the course of these studies, we considered it necessary to develop an author's definition of the concepts of income and expenses based on the characteristics of the activities of non-governmental educational organizations:

**Income in non-state educational organizations** is the income received as a result of the main and additional activities carried out in accordance with the state educational standards and curricula, as well as non-main and other activities carried out in accordance with the established procedure.

**In non-state educational organizations**, the cost is the resources spent as a result of the main and additional activities carried out in accordance with the state educational standards and curricula, as well as non-main and other activities carried out in accordance with the established procedure.

We believe that the author's definitions of the concept of income and expenses for the provision of educational services in non-governmental educational organizations as accounting objects will contribute to the correct accounting of expenses and income in non-governmental educational organizations, their systematic reflection in financial and management reports, and will contribute to the theoretical and practical improvement of accounting. In addition, the inclusion of these author's definitions in regulatory legal documents developed in our country, including the Law of the Republic of Uzbekistan "On Education", will serve to further enrich the content and essence of these documents.

In the course of our research, the results of research conducted by scientists on the classification criteria for income and expenses as accounting objects were studied.

In particular, one of our country's scientists, M.B. Kalonov, classified income into the groups "Income related to activities" and "Other income and revenues", and expenses into the groups "Expenses related to activities" and "Other expenses and losses".<sup>42</sup>

B. Boronov recommended the classification of the main types of income in oil and gas industry enterprises by dividing them into three groups: income from the sale of main products, income from the sale of related products, and income from the sale of auxiliary products.<sup>43</sup>

Z.B. Eshpulatova, on the other hand, put forward the idea of reflecting the income of the enterprise in accounting and reporting by dividing it into groups of income related to its usual activities and income not related to its usual activities.<sup>44</sup>

D.S. Tashnazarova also believes that it is advisable to keep accounting records by dividing expenses into two groups when calculating the cost of products at enterprises. These include expenses related to their usual activities and a group of expenses not related to their usual activities.<sup>45</sup>

There is consensus on the classification bases for income and expenses developed by the above-mentioned scientists of our country.

Research has shown that, taking into account the specific characteristics of the activities of non-governmental educational organizations, classification bases for expenses and income have not been developed according to their various criteria. Today, such problems in accounting pose urgent tasks such as determining the classification bases for expenses and income in non-governmental educational organizations and introducing them in the practice of enterprises.

Based on the results of the above research, it should be said that the development of classification bases for expenses and income in non-governmental educational organizations is directly related to the activities of these organizations, and first of all, in this research work, classification groups for the activities of non-governmental educational organizations were developed.

In our research work, we classified the activities of non-governmental educational organizations into four groups. These processes are revealed by the following figure:

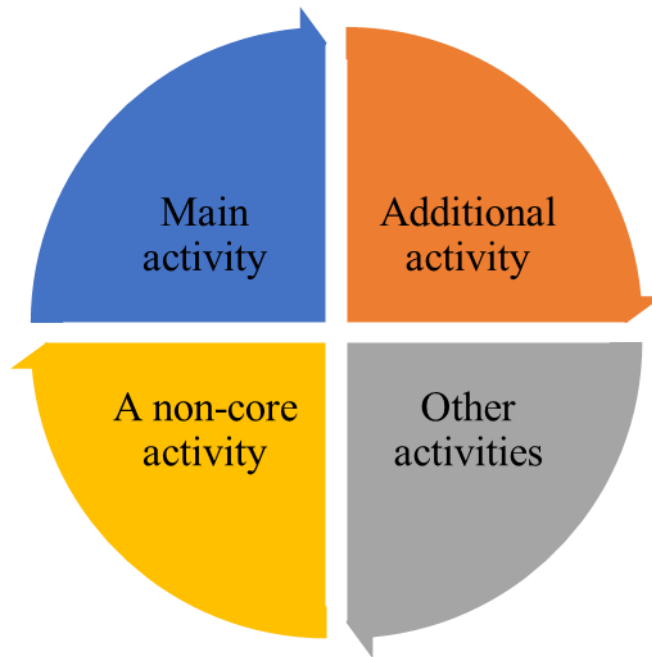
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<sup>42</sup> Kalonov M.B. Improving the methodology of accounting and analysis of income and expenses in enterprises (in the case of motor transport enterprises). Doctor of Economics (DSc) Dissertation Abstract. -T.: 2019. Page 28.

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<sup>45</sup> Tashnazarova D.S. Improving product cost accounting at enterprises. -T.: TDIU, dissertation for the degree of Doctor of Philosophy (PhD) in Economics, 2023, 129 p.



**Figure 1. Activities of non-governmental educational organizations<sup>46</sup>**

As can be seen from the data in the figure, the activities of non-governmental educational organizations include main activities, additional activities, non-core activities and other types of activities. The division of the activities of non-governmental educational organizations into four groups recommended by us reflects the specific features of accounting in these sector organizations. In particular, such a classification of the activities of non-governmental educational organizations will help to properly organize the activities of educational services, separately record expenses and income for this activity, monitor expenses and income, reduce the cost of educational services through proper management of expenses, and analyze the profit indicators of enterprises through proper accounting of income. In addition, we believe that reflecting the indicators of the activities of non-governmental educational organizations in reports developed for financial and management purposes in the manner recommended by us will serve to a certain extent to satisfy the needs of external and internal information users for information on the expenses and income of non-governmental educational organizations.

In our research work, based on the research results presented above, we studied the impact of expenses in non-governmental educational organizations on the types of activities of these organizations and developed the basis of classification in the form of the table below:

**Table 2**

**Classification of expenses as an object of accounting in non-state educational organizations<sup>47</sup>**

Classification marks	Classification groups	Composition of classification groups
<b>According to the types of activities</b>	Expenses on the main activity	Expenditures for the provision of preschool education and training services
		Expenditures for the provision of general education services
	Additional activity costs	Expenditures for the provision of preschool education and training services

<sup>46</sup> Author development based on research.

<sup>47</sup> Author development based on research.



		Costs of school preparation services	
	Expenses on non-core activities	Expenses for educational services (circles) provided outside the school program Costs of educational building (sports and spiritual halls) rental services	
	Expenses on other activities	Period expenses Expenses on financial activities Other expenses	
<b>According to the costing activity</b>	Expenditure on cost activities	Expenses on the main activity Additional activity costs Expenses on non-core activities	
	Expenditure on non-cost activities	Expenses on other activities	
<b>According to the method of entry into the cost object</b>	Direct costs	Material costs Labor costs Other direct costs	
		Indirect costs	Material costs Labor costs Other indirect costs
<b>According to the effect of direct costs on the types of activities</b>	Expenditure on activities that are affected by direct costs	Expenses on the main activity Additional activity costs Expenses on non-core activities	
	Expenditures on activities that are not affected by direct costs	Expenses on other activities	
<b>According to the effect of indirect costs on types of activities</b>	Expenditure on activities that are affected by indirect costs	Expenses on the main activity Additional activity costs	
	Expenditures on activities that are not affected by indirect costs	Expenses on non-core activities Expenses on other activities	

We believe that the above-mentioned classification bases of the expenses of non-governmental educational organizations as an object of accounting, developed by us, will serve to improve accounting from a theoretical and practical point of view.

As a result of the research, a classification was developed according to the tasks of employees in the activities of non-governmental educational organizations and the significance of their salaries in the cost structure:

**Table 3**

**Classification of the tasks of employees in the activities of non-governmental educational organizations and the importance of their salary in the structure of expenses<sup>48</sup>**

Classification indicators	Classification groups	Types of classification groups	Classification groups include
According to the duties of the employees	Employees engaged in the main activity	Employees engaged in providing pre-school education and training services	*teacher; *educator; *nanny.
		Employees engaged in the provision of general education services	*teacher; *senior teacher; *primary class

<sup>48</sup> Author development based on research.

			coach; *higher class coach; *teacher; *tutor; *educator.
	Employees engaged in additional activities	Employees engaged in providing pre-school education and training services	*teacher; *educator; *nanny. *class coach;
		Employees engaged in providing school preparation services	*teacher; *educator; *nanny.
	Employees engaged in non-core activities	Employees engaged in educational services (circles) provided outside the school program	*supervisor; *teacher;
		Employees engaged in the rental of the educational building (sports and spiritual halls).	*tutor. *supervisor.
	Employees engaged in other activities	Employees employed in mass production	*supplier; *supervisor; *nurse; *psychologist; *safety engineer; *electricity; *head chef; *cook's assistant; *kitchen worker; *confectionery; *kitchen cleaner; *dishwasher; *guard; *janitor.
		Employees engaged in other activities	*head of the organization; *deputy leader; *chief accountant; *accountant; *cashier; *marketer; *business manager.
<b>According to the impact of employee wages on the cost of services</b>	Staff salaries, which are directly added to the cost of educational services	Salary of employees engaged in the main activity	*teacher; *senior teacher; *classroom instructor; *elementary school instructor; *senior school instructor; *teacher; *tutor; *educator; *nanny; *supervisor.

		Salary of employees engaged in additional activities	*teacher; *senior teacher; *class instructor; *teacher; *tutor; *educator; *nanny.
	Staff salaries, which are indirectly added to the cost of educational services	Wages of employees employed in general production	*head chef; *cook's assistant; *kitchen worker; *confectionery; * kitchen cleaner; *dishwasher; *guard; *janitor; *financially responsible person; *supplier; *supervisor; *nurse; *psychologist; *safety engineer; * electricity.
	Staff wages not included in the cost of educational services	Salaries of employees employed in the sales department	*marketer; *business manager.
Salaries of employees employed in the administrative department		*head of the organization; *deputy leader; *chief accountant; *accountant; *cashier.	

From the data of this table, it is possible to see the influence of the costs of employee salaries on the cost of educational services in the activities of non-governmental educational organizations, and the tasks performed by these employees at different levels of the organization are of great importance.

**Conclusions and suggestions.**

From the results of the study, we can conclude that the classification bases recommended by us as an object of accounting for expenses in non-governmental educational organizations, we believe, will serve in the recognition of expenses in accounting, their assessment, and systematic reflection in financial and management reporting forms in non-governmental educational organizations providing educational services.

As a result of the research conducted, we came to the conclusion that the activities of non-governmental educational organizations have their own characteristics. In particular, non-governmental educational organizations simultaneously carry out the main activities of providing several types of educational services that are close to each other. For example, a non-governmental educational organization providing general education services, as a result of expanding and modernizing its activities, may also provide preschool educational services or preschool educational and upbringing services after this education. All this can be considered the result of the socio-

economic reforms carried out in our country, the wide opportunities and conditions opened by the state for the development of the activities of non-governmental educational organizations.

Today, non-governmental educational organizations, along with the provision of educational services, which are considered their main and additional activities, also receive income from other activities. For example, after the completion of the process of providing educational services or in parallel, the organization's sports and spiritual halls can be rented to other legal entities and individuals and receive income from this activity. They can also organize educational, sports and spiritual-enlightenment circles in various areas and disciplines for students to complete homework, re-learn subjects, or for other purposes. Non-governmental educational organizations receive additional income as a result of organizing such activities.

The income received as a result of the activities of non-governmental educational organizations above, of course, requires expenses. During our research, the expenses of non-governmental educational organizations were also classified according to the types of income of the organization. In our opinion, when accounting for expenses in non-governmental educational organizations, it is advisable to divide them into four groups and keep separate accounting records of expenses according to these classification criteria.

We believe that these results achieved by us will contribute to the scientific and theoretical improvement of accounting, as well as to the practical implementation of correct accounting of income and expenses in non-governmental educational organizations, and their accurate and systematic reflection in accounting and financial reporting.

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## DIRECTIONS FOR THE DEVELOPMENT OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP IN THE KASHKADARYA REGION

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### ABSTRACT

The article examines the trends in the evolutionary development of small business and private entrepreneurship. The directions of theoretical analysis of scientists in the category of entrepreneurship are indicated. The assessment of the conditions created for entrepreneurship and the indicators of organizational and economic development are analyzed. The mechanism for ensuring economic and financial balance of entrepreneurship in regions and regions is studied.

**Keywords:** investments, small business, foreign trade turnover, export, import, joint ventures, entrepreneurship, Kashkadarya region.

### Introduction

In Kashkadarya region, investments attracted to the economy in 2021 amounted to 189,924.3 billion soums, increasing by 124 times compared to 2002, by 7.7 times compared to 2012 and by 1.5 times compared to 2018. As a result, foreign economic activity has somewhat intensified. In particular, a positive balance of foreign trade turnover has been ensured. In particular, the share of small businesses and private entrepreneurship in Kashkadarya's foreign trade turnover amounted to 29.4 percent in 2021 and has more than doubled in five years. Also, as a result of investments, the volume of production in small businesses and private entrepreneurship has increased, and its share in the gross domestic product has increased by 10 percent over the next five years.

The task of activating investment processes is to form appropriate regulatory instruments, without which the natural movement towards the development of market relations cannot be realized. Investment policy will bring the expected results only if it is in line with the development of the national economy, industries and regions. Creating favorable organizational and legal conditions for investors to bet on the development of regions is an extremely pressing issue today. However, it must be said that in January-December 2021, the share of investments in the economy of small businesses and private entrepreneurship in the Kashkadarya region amounted to 12 percent of the total investment, and we see that it has decreased by 2.1 percent compared to 2015.

This means that the financial and economic base of business entities is low. But we see that the share of small businesses and private entrepreneurship in the gross regional product has increased by 12.7 percent over the next five years. The volume of exports and imports has also increased. This showed that the volume of large industrial enterprises and foreign investment is increasing [1].

With the participation of foreign investment, it is possible to implement structural changes in the economy and modernize it, start producing competitive products based on the re-equipment of small businesses with modern equipment. All this consists of a scientific in-depth study of the problems of attracting domestic investment sources and foreign investment in the economy of our country and the development of measures to solve them, as well as determining the main directions. At the present stage, the most important task in Uzbekistan is to combine the policy of economic stabilization with the policy of economic growth, which requires increased investment activity. The solution to this issue will allow us to overcome financial and economic difficulties, carry out a large-scale structural restructuring of the country's economy, solve the problem of creating a favorable production environment in primary management structures, and ensure an increase in the standard of living of the population.

In recent years, a number of large production complexes have been financed from the state budget. In particular, in a market economy, the state financed production necessary for our national economy. With the expansion of privatization and the development of the private sector, investments from the state budget will decrease.

In such cases, in countries transitioning to a market economy, including Uzbekistan, projects in the fields of medicine, science, culture, education and other social spheres are financed from the state budget, and this is appropriate. An example of this are medical institutions, educational institutions, housing construction, etc., which have recently been built and put into operation on a large scale in our country. In particular, in 2021, investments made in the capital of the Kashkadarya region amounted to 15321.1 billion dollars. soums and increased 3 times compared to 2015. Investments aimed at non-production amounted to 30 percent of the total investment and doubled



compared to 2015. In the Kashkadarya region, about 70% of investments are attracted to the production and service network.

The above source of funds can be used both for the modernization or technical and technological renewal of large industrial enterprises, and for increasing the working capital of small enterprises. Currently, subsidies and other means of assistance are allocated by the state for financial support of many enterprises.

Based on the support policy pursued by the state, the provision of tax benefits to enterprises, especially foreign investment or other types of small and medium-sized enterprises that have just started operating, is of particular importance. Enterprises do not pay taxes during this preferential period and direct these amounts to expanding their production.

The task of activating investment processes consists in the formation of appropriate regulatory instruments, without which the natural movement towards the development of market relations cannot be realized. Investment policy will bring the expected results only if it is in harmony with the development of the national economy, industries and regions. The creation of favorable organizational and legal conditions for investors to bet on the development of regions is an extremely urgent task today.

As a result of far-sighted policy, foreign economic activity has somewhat intensified. In particular, a positive balance of foreign trade turnover has been ensured. In particular, the share of small businesses and private entrepreneurship in the foreign trade turnover of Kashkadarya in 2022 amounted to 28.4 percent, and has more than doubled over the past year.

We see that in January-December 2022, the share of investments in the economy of small businesses and private entrepreneurs of the Kashkadarya region amounted to 11.3 percent of the total investment, which is relatively less than in 2019. But we see that over the next four years, the share of small businesses and private entrepreneurship in the gross regional product increased by 12.7 percent. The volume of exports and imports also increased. This showed that the volume of large industrial enterprises and foreign investments is increasing [3].

Table 1

The share of small business and private entrepreneurship in the sectors of the economy of the Kashkadarya region

Indicators	2019	2020	2021	2022	Change 2019 vs 2018
The share of small business in the gross regional product	51,6	54,1	65,1	64,3	12,7
Investigations	14,1	16,8	11,6	11,3	-2,8
Foreign trade turnover	11,1	30,9	25,7	28,4	17,3
Export	17,4	41,5	32,7	37,2	19,8
Import	7,3	22,3	18,9	23,6	16,3

In addition, enterprises must acquire additional funds by selling or renting fixed assets and other unnecessary property. Bank loans are of particular importance in financing investment projects from various sources. Considering this, much attention is paid to the development of the banking system in our country.

In the economy of developed countries, public funds are a necessary source of financing investment projects. The development of the stock market in developed and developing countries serves as the basis for directing public funds to direct investment.

As the stock market is formed in the region, citizens are saving their free funds in commercial banks, and these funds are directed to short-term loans. It should be said that the number of enterprises with foreign investments in our region in 2021 reached 192 units and increased by 4.2 times compared to 2015. The number of enterprises with foreign capital in the Kashkadarya region increased in 2021 compared to 2015 in agriculture (9 times), industry (3.2 times), construction (10 times), construction (3.8 times), transport and storage (4 times) [2].

The task of activating investment processes in the development of entrepreneurship is to form appropriate regulatory instruments, without which the natural movement towards the development of entrepreneurship cannot be realized. Investment policy will bring the expected results only if it is in harmony with the development of the national economy, industry and entrepreneurship in the

regions. The creation of favorable organizational and legal conditions for investors to bet on regional development is an extremely pressing issue today.

At this stage, when analyzing and implementing investment processes, it is necessary to focus on investment areas that are the basis for future economic development.

In our opinion, investments should be understood as a multifaceted activity, which means spending available financial resources on business entities that will create material and financial benefits in the future. Based on this, we can say that the multifaceted activities of commercial banks and the state related to territorial investments, entrepreneurs' own funds, and the population's funds should be used for objects that create material and financial benefits.

The directions for attracting investment to business entities in the regions are as follows:

- distribution of foreign investment;
- attractive opportunities for foreign businessmen;
- projects and cooperation;
- the need to improve the mechanism;
- increase in financial flow.

Based on the above-mentioned directions, the principles of implementing regional investment policy should include the following:

- support the deepening of economic reforms, the formation of a multi-level economy in the regions, including small businesses, the formation of national and regional markets for goods, labor and capital, as well as the formation of institutional and market infrastructure;
- reduce the huge differences in the process of socio-economic development of regions, create conditions in them that strengthen their own economic foundations for a gradual increase in the well-being of the population.

In the evolutionary development of the market economy, entrepreneurship has ensured a balance of economic relations between consumers and production entities. The limit of state intervention in the activities of economic entities should be regulated by legislation, the level of taxation and the system of benefits introduced for small businesses, which allows interacting with economic partners on the basis of mutual interest.

The need to increase the role of competition in the socio-economic development of the republic is an objective and natural process. Competition expands the level of economic freedom of producers and consumers, increases aggregate demand, and enhances the tendency for capital to self-expansion. In a market economy, it is necessary to preserve the function of regulating the small and private entrepreneurship sector of the state. This will be achieved, first of all, through their legislative support, recognition of the significant role of small enterprises in restoring the scientific, technical and economic potential of the country, creating a favorable investment climate, the main condition of which is to prevent interference in the activities of small businesses and the corresponding tax policy.

The volume and dynamics of investments attracted to the economy as a result of the active investment policy pursued in the Republic of Uzbekistan are presented. In Kashkadarya region, investments attracted to the economy in 2021 amounted to 189,924.3 billion soums, increasing by 124 times compared to 2002, by 7.7 times compared to 2012, and by 1.5 times compared to 2018. As a result, foreign economic activity has somewhat intensified. In particular, a positive balance of foreign trade turnover has been ensured. In particular, the share of small businesses and private entrepreneurship in Kashkadarya's foreign trade turnover amounted to 29.4 percent in 2020 and has more than doubled in five years. Also, as a result of investments, the volume of production in small businesses and private entrepreneurship has increased, and its share in the gross domestic product has increased by 10 percent over the next five years.

The task of activating investment processes is to form appropriate regulatory instruments, without which the natural movement towards the development of market relations cannot be realized. Investment policy will bring the expected results only if it is in line with the development of the national economy, industries and regions. Creating favorable organizational and legal conditions for investors to bet on the development of regions is an extremely pressing issue today.

In recent years, a number of large industrial complexes have been financed from the state

budget. In particular, in a market economy, the state financed production necessary for our national economy.

### Conclusion

With the expansion of privatization and the development of the private sector, investments from the state budget will decrease. In such cases, in countries transitioning to a market economy, including Uzbekistan, projects in the fields of medicine, science, culture, education and other social spheres are financed from the state budget, and this is advisable. An example of this are medical institutions, educational institutions, housing construction, etc., which have recently been built and put into operation on a large scale in our country. In particular, in 2021, investments in the capital of the Kashkadarya region will amount to 15321.1 billion dollars. sums and increased threefold compared to 2018. Investments aimed at non-production accounted for 30 percent of the total investment and doubled compared to 2018. In the Kashkadarya region, about 70% of investments were attracted to the production and service network.

The above source of funds can be used both for the modernization or technical and technological renewal of large industrial enterprises, and for increasing the working capital of small enterprises. Currently, subsidies and other assistance funds are allocated by the state for financial support of many enterprises.

Based on the support policy pursued by the state, the provision of tax benefits to enterprises, especially foreign investment or other types of small and medium-sized enterprises that have just started operating, is of particular importance. Enterprises do not pay taxes during this preferential period and direct these amounts to expanding their production.

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## SOCIO-ECONOMIC ESSENCE OF FORMING FREE ECONOMIC AND FREE TOURIST ZONES IN THE REGIONS

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### ABSTRACT

This article analyzes the socio-economic significance of establishing free economic zones and free tourist zones in Uzbekistan. Free zones play a vital role in promoting economic development, attracting domestic and foreign investments, introducing innovative technologies, and creating new jobs. The article also outlines existing challenges and proposes solutions to address them. The importance of establishing special tourist zones for tourism development, the benefits and incentives provided in these zones, as well as prospects for implementing energy-efficient technologies, are discussed.

**Keywords:** Free economic zones, free tourist zones, investment, innovation, job creation, tourism, energy efficiency, infrastructure, Uzbekistan.

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### Introduction

In our republic, the role of free economic zones is important in ensuring complex and effective use of production and resource potential of regions, development of transport, engineering-communication and social infrastructure, wide application of the most effective technologies in the production process.

For this reason, in our country, great attention is paid to the effective use of local raw materials and production resources, to the production of competitive products in free economic zones. It should also be noted that new benefits and preferences are given to foreign investors in order to create new capabilities for deep processing of mineral raw materials by enterprises in free economic zones in our country, which ensure the production of competitive products that are in high demand in the foreign market. It is permissible. In particular, in addition to the application of tax and customs benefits and preferences for a period of 3 to 10 years, depending on the volume of investments made to enterprises operating in free economic zones, all conveniences and conditions are created for enterprises there.

Strengthening macroeconomic stability in the five priority directions of the development of the Republic of Uzbekistan in 2017-2021, actively attracting foreign, first of all, direct foreign investments to economic sectors and regions, creating favorable conditions for the development of private entrepreneurship in the base of state-owned privatized objects, region, many tasks have been set for the complex socio-economic development of districts and cities.

### Methods

In our country, the work on increasing the efficiency of free economic zones, technoparks and small industrial zones and establishing new ones is of great importance. Today, the following free economic zone is operating in our country. "Navoiy", "Angren", "Jizzakh", "Urgut", "Gijduvan", "Koqan" and "Hazorasp" 62 projects with a total value of 486 million dollars were implemented in free economic zones, more than 4,600 jobs were created. 7 new free economic zones such as "Nukus-pharm", "Zomin-pharm", "Kosonsoy-pharm", "Syrdaryo-pharm", "Boysun-pharm", "Bostonliq-pharm", "Parkent-pharm" specializing in the field of pharmaceuticals consistent work is being done on its development. According to the President's order, a foreign currency credit line of 100 million dollars was opened at the expense of the Fund of Reconstruction and Development of Uzbekistan to accelerate the implementation of investment projects in free economic zones, to purchase high-tech equipment from abroad. Directorates have been established in small industrial zones. In order to avoid problems in obtaining credit and using banking services, a certain commercial bank is connected to each zone. Based on market requirements and study of import nomenclature, a list of proposals and promising projects for entrepreneurs has been formed. Subjects working in the small

industrial zone are exempted from all taxes for 2 years. Small industrial zones were created on the basis of these buildings in order to encourage the creation of new enterprises and the effective use of idle or inefficient production buildings. There are 96 small industrial zones in our country. To date, 1,021 projects with a total value of 535 billion soums have been implemented in these zones, and more than 9,600 jobs have been created. Decree of the President of the Republic of Uzbekistan dated February 7, 2017 No. 4947 "On the strategy of actions for the further development of the Republic of Uzbekistan". According to the official website of the State Statistics Committee of the Republic of Uzbekistan, within the framework of projects, light industry, chemicals, food products, electrical engineering products, modern construction materials, furniture and other finished products are produced not only in the domestic market, but also in the foreign market. In addition, it is planned to create 11,000 new jobs as a result of the implementation of 248 projects.<sup>49</sup> At the same time, as a result of insufficient use of the potential of free economic zones, the volume of production of competitive, exportable and import-substituting products by its participants is still low, their share in the gross domestic product, supply of the domestic market with consumer goods and finishing products, expansion of export potential in the country and foreign exchange earnings. its share in increasing the amount remains low. Also, the quality of the portfolio of some investment projects does not meet the requirements, with the participation of leading foreign companies in the territory of the free economic zone. The work of organizing modern enterprises is carried out slowly, industrial and cooperative relations between economic entities established in the territory of the free economic zone are insufficient, and there is no necessary logistics system. Taking this into account, in the free economic zones in our country, the establishment of modern enterprises that ensure the production of competitive products with high added value based on the deep processing of local mineral resources, the comprehensive and effective use of the production and resource potential of the republic's regions, and the creation of new jobs on this basis and to increase the income of the population, as an important factor in attracting foreign direct investment, it is appropriate to implement the following measures:

- free economic timely supply of enterprises located in zones and small industrial zones with all necessary engineering and communication networks and infrastructure;
- establishing close cooperation relations between the participants of the free economic zone (FEZ) with the wide use of cluster approaches;
- starting training of highly qualified specialists in higher and secondary specialized vocational educational institutions, taking into account the transfer of production operations at industrial enterprises and infrastructure facilities located in the territory of the free economic zone;
- to prevent unjustified prolongation of the process of registering free economic zone participants, allocating land plots to them, approving investment projects, connecting enterprises to external engineering infrastructure, helping entrepreneurs to sell their products in domestic and foreign markets.

Therefore, free economic zones are considered to be specially designated areas with clearly defined administrative boundaries and separate legal procedures, created to attract local and foreign capital, advanced technology and management experience for rapid socio-economic development of the country. Creating free economic zones in currently developing countries and thereby trying to reduce the price of imported products, is considered as the only way to get the country out of the crisis by creating new jobs. According to information, more than 3.5 thousand free economic zones have been established in the world today, and they are located in about 140 countries. Today, about 70 million people work in free economic zones in the world. Their annual trade turnover is 500 billion. more than a dollar. If we take into account that 60% of the population of Uzbekistan is made up of young people (under 30 years old), we can see how serious this situation is.

### Results

Free economic zones are being established in our country, as well as free tourist zones in tourism, which is one of the most profitable sectors of the economy.

Today, tourism is one of the important factors of sustainable development. This industry provides an opportunity to raise the standard of living of the population, create additional jobs and strengthen international relations. Therefore, in our country, measures aimed at more effective use of the potential of this network are being established and implemented.

In a number of documents adopted by our President in this direction, a number of tasks have been expressed in terms of more complete and effective use of the great tourism potential of the regions, creation of national tourism products and their promotion in the world markets.

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<sup>49</sup>[stat.uz](http://stat.uz)



In brief, our government has set several conditions for the establishment of free tourist zones. The criteria for the placement of investment projects and the requirements for the business plans of their initiators were approved. They are the decision of the Cabinet of Ministers No. 365 dated 15.05.2018<sup>50</sup> is also shown. In order to become a participant of the Free Tourist Zone (FTZ) and implement one's project there, one must meet 11 mandatory criteria. It should be noted here that part of the demands are directed to the social side. For example, it is necessary to create new jobs. In this, their number is determined by the administrative council, a 10% quota is set for those in need according to the lists of the Council of the Federation of Trade Unions. Also, the initiator of the project should pay attention to the content of his business project. In addition to the above, the following are important when deciding on the location of the project in the FTZ:

Investments are made from the founders' own funds and from the loans obtained by them without providing the state guarantee of Uzbekistan. Financial ability of the investor, availability of technical and technological base. Expediency of the implementation of the investment project (convenient location of the investment project, number of jobs to be created, impact on infrastructure changes in the region and in general, use of working forces, availability of necessary infrastructure). The presence of a management system in the investment project that meets international standards. Information about the availability of modern energy-saving systems and technologies, with a list of equipment and technological lines. Preference will be given to projects that are intended to attract foreign direct investment, meet the standards of the world's leading hotel chains and catering chains, and also involve our compatriots as employees.

Business entities that are participants of FTZ will use all privileges and preferences provided for participants of free economic zones.

### **Discussion**

Today, the following Free Tourist Zones have been established in our country.

On the basis of the decision of the President of the Republic of Uzbekistan "On measures for the rapid development of tourism opportunities in Bukhara city and Bukhara region in 2017-2019", it is planned to create a free tourist zone in Bukhara with an area of not less than 10 hectares called "Eternal Bukhara".<sup>51</sup>

No. 450 of the Cabinet of Ministers of the Republic of Uzbekistan dated June 30, 2017 on measures for rapid development of the tourism potential of Samarkand city and Samarkand region in 2017-2019 to the decision according to Samarkand region in the city of Samarkand. A decision was made to establish a tourism zone "Samarkand city".<sup>52</sup>

Based on the order of the President of the Republic of Uzbekistan dated December 5, 2017 No. pf-5273 on the establishment of the "Chorvok" free tourist zone, the 3rd tourist zone in the republic was also established.<sup>53</sup>

Construction of modern hotel complexes, cultural-healthcare, trade-entertainment and other objects of tourist importance, as well as modern engineering infrastructure facilities will be organized in the territory of the free tourist zone.

### **Conclusion**

The following are the main tasks and activities of the free tourist zone:

In the free tourist zone, modern tourism infrastructure objects (hotel complexes, cultural and health care, trade-entertainment and other objects of tourist importance) are provided for the implementation of projects on the creation of special functional and seasonal recreational recreation zones, providing the necessary conditions for providing services to tourists. Attracting investments of local investors; Organization of special tourist routes, taking into account the ecological possibilities of the territory;

Ensuring the cheapness of vehicles, introducing new types of transport (train, electric train, bus) in the region, including alternative energy sources, expanding passenger transport routes, organizing its non-stop movement, developing relevant transport infrastructure;

Creating additional conditions for the safety of tourists, including by equipping tourist infrastructure facilities with video surveillance systems, organizing warning systems, introducing a single database on tourists coming to the region, and a system for emergency assistance;

Providing separate customs and tax regimes for business entities and investors (including foreign investors) implementing projects and operating in the territory of the free tourist zone;

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<sup>50</sup> Resolution No. 365 of the Cabinet of Ministers dated 15.05.2018

<sup>51</sup> Resolution No. 825 of the Cabinet of Ministers dated 14.10.2017

<sup>52</sup> Resolution No. 450 of the Cabinet of Ministers dated June 30, 2017

<sup>53</sup> Decree of the President of the Republic of Uzbekistan No. PF-5273 of December 5, 2017

Implementation of projects to create a unique ecological system based on the trial introduction of new modern energy-saving systems and technologies, using alternative and renewable sources of energy.

A free tourist zone is a free economic zone;

Free tourist zone and business entities registered as participants of free tourist zone shall be subject to the provisions of legislation on free economic zones, including all privileges and preferences provided for free economic zones and their participants; The term of operation of the free tourist zone is 30 years with the possibility of extension.

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# THE ROLE OF RICE FARMING IN ENSURING FOOD SECURITY AND THE NEED FOR ITS COOPERATIVE DEVELOPMENT

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## ABSTRACT

The article contains the results of research on the cultivation of rice, one of the most consumed crops in the world, which is the main agricultural product in ensuring food security. It also presents the importance of rice cultivation, the level of provision of the population with medical standards, the experience of foreign scientists in the development of this sector, and the results of reforms implemented in our country. Based on these studies, it is argued that the introduction of cooperative relations in the development of rice cultivation is of great importance.

**Keywords.** Food security, rice farming, cooperative relations, agricultural cooperatives, public procurement, agriculture, and farming.

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## Introduction

According to studies by the Food and Agriculture Organization of the United Nations (FAO), in developing and economically backward countries, it can be seen that the population's ability to eat well is still limited and a number of problems in the agricultural sector remain unresolved <sup>1</sup>. In this regard, in order to provide the population with food products at the expense of domestic capabilities and solve the problems of security related to it at the national level, it is important to increase the quantity and quality of agricultural production, and to effectively use agricultural resources based on the development of organizational and structural mechanisms and cooperative relations in the conditions of market competition.

Because the main food crops grown to meet the needs of the population and raw materials for industrial enterprises fall precisely on the agricultural sector. Although the reforms carried out on a global scale to ensure food security have borne fruit since the early 2000s, the global economic crisis that began in the world in 2008 and the Covid-19 pandemic that began in 2020 have further complicated the problem of providing the population with quality food. In addition, there is a trend of decreasing crop yields and increasing production costs under the influence of global climate change.

In meeting the population's food needs, legumes and cereals, especially wheat and rice, play an important role. Because rice is considered the main food crop worldwide, it is also one of the most widely grown agricultural products. A significant part of it is grown in Asian countries, and the per capita consumption volume is also relatively high in this region. Statistical data indicate that 87 percent of the world's rice is produced in 11 Asian countries. At the same time, 35 percent of the rice exported to the world market falls on Asian countries <sup>2</sup>.

The current level of rice consumption in our country is less than 70% of the medical norm. However, the fact that our domestic rice production was 64.5% of the norm in 2021, and in 2018, when there was little rainfall and therefore water shortages, the level of providing the population with domestic rice production was 45.1% due to the small area of rice planted and low productivity, makes this topic even more urgent.

## Materials and methods

Several foreign scholars have conducted research on the development of the sector through forms and relations of cooperation in rice farming, and as a result of their research, they have drawn different conclusions. In particular, according to P. Washiro and S. Sesebo, "a cooperative in rice

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<sup>1</sup><https://www.fao.com>

<sup>2</sup><https://www.statista.com>

farming is a way to achieve sustainable income in rice cultivation and sales, and a method for jointly solving many economic, social and environmental problems.” According to economist <sup>3</sup>J.N. Lubwana , who studied the importance and contribution of cooperatives specializing in rice farming to the development of rural areas , “rice farming cooperatives provide producers with the opportunity to enter markets, secure reliable resources, and work together effectively in marketing, processing, and sales <sup>4</sup>. ”

According to experts from the United Nations FAO, developing cooperative relations in rice farming will strengthen the fundamental foundations for reducing poverty in rural areas and increasing the culture of participation of economic entities in economic, social and environmental protection <sup>5</sup>.

Although foreign scientists have given sufficient conclusions about the positive effect of cooperative relations in rice cultivation on the development of the field, the economic scientists of our country have not sufficiently researched cooperative relations in the development of rice cultivation.

### Results

Our country is also located in a geographical area with favorable natural and climatic conditions for rice cultivation, and long-term farming experience and culture in rice cultivation have been sufficiently formed. Rice cultivation in our republic has been developing mainly since the years of independence, and great attention is paid to state support measures. <sup>6</sup>The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan “On rice sown areas and total rice yield in 2001” dated January 22, 2001 is one of the first important legal and regulatory documents adopted in the development of the sector. In general, it is necessary to study and draw conclusions from the organizational and economic reforms carried out in 3 stages after independence in order to develop rice cultivation (Figure 1.1).

In particular, in the first stage (1991-2004), special attention was paid to the liberalization of state management in agriculture, and this process served as the basis for a number of positive results. In particular, the production of products based on state orders was gradually abolished. During this period, the state order for rice was maintained at 50% in 2000, 35% in 2003, and since 2004, the state order has been completely abolished, creating the opportunity to independently sell rice on the market.

From an organizational point of view, rice was initially cultivated in collective (company) farms. During this period, farms did not have enough income because the interests of most rice producers were not taken into account and market requirements were not fully complied with. After 2000

Due to problems in the system of providing services and resources to established rice farms, as well as periodic sharp fluctuations in prices, the expected results and benefits from their activities have not been achieved.

In particular, the fact that 50% of the rice grown on farms was purchased by state organizations and enterprises at relatively low prices had a negative impact on their profitability. At this stage, rice was grown on a state order and the government provided a number of facilities to rice farms (water supply, fuel, storage, transportation, etc.), however, the farmers did not develop a sense of ownership and ownership of their property.

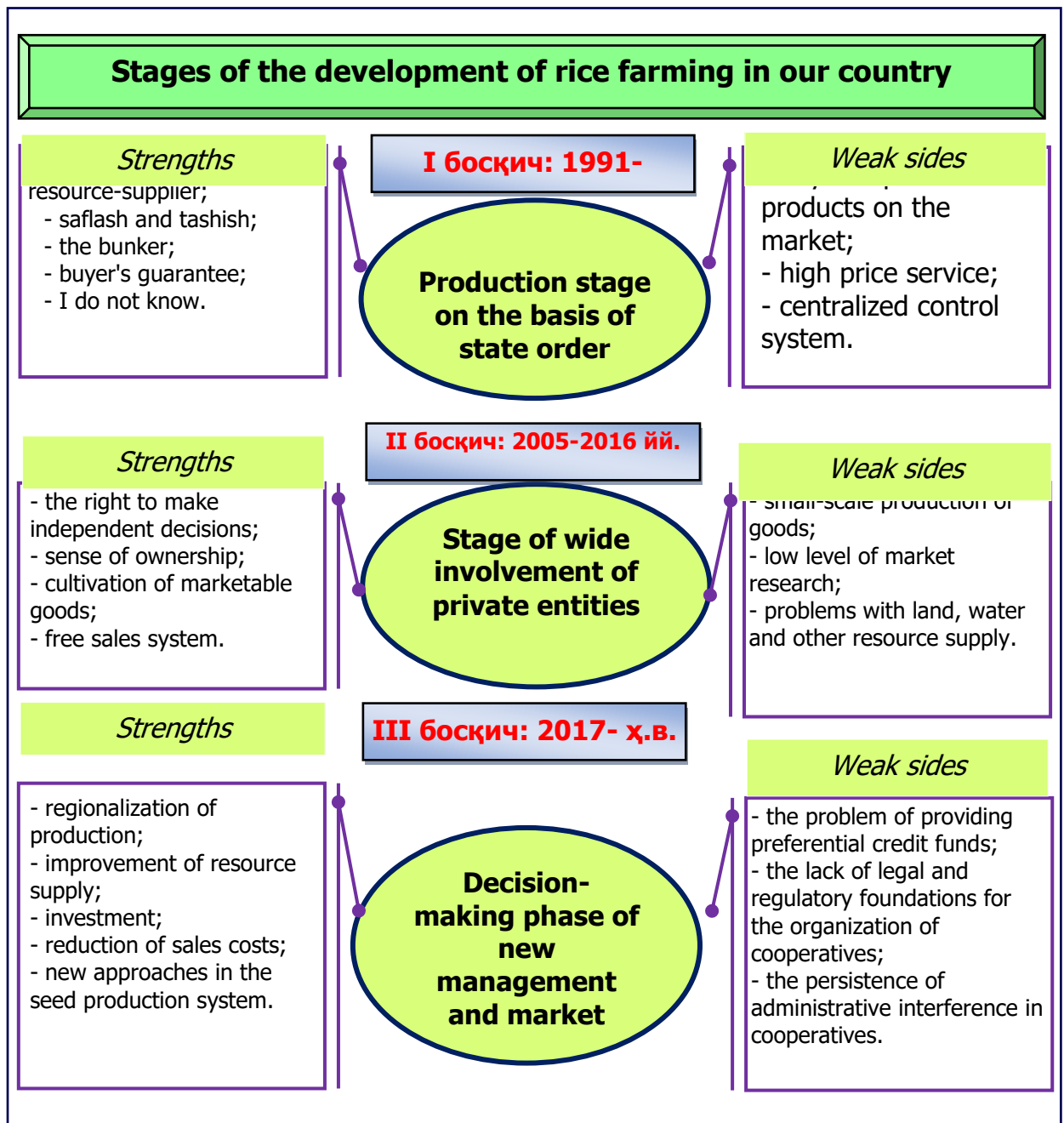
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<sup>3</sup> Wachira Petcho, Sylvia Szabo. Farmers' Perception and Drivers of Membership in Rice Production Community Enterprises: Evidence from the Central Region, Thailand. Sustainability 2019, 11, 5445; doi:10.3390/su11195445.

<sup>4</sup>Dr. Lubwama Joseph Ntege (PhD) and Mr. Niyoyeremera Theogene. Contribution of Agricultural Cooperatives to Rural Development, Among Rice-Growers: Case of Coderika, Ruhango District, Rwanda. International Journal of Progressive Sciences and Technologies (IJPSAT) 1. Vol 19 No. 1 February 2020, pp. 01-13

<sup>5</sup>Mohammad Karim Motamed. Role of cooperative companies in sustainable rice production and poverty alleviation in Guilan state of Iran. African Journal of Biotechnology Vol. 9 (11), pp. 1592-1599, March 15, 2010

<sup>6</sup>Resolution of the Cabinet of Ministers of the Republic of Uzbekistan (document expired on 01/22/2021).



**Figure 1.1. Stages of development of the rice field in our country <sup>7</sup>.**

In the second stage (2004-2016), production was more in the hands of the private sector, and although a number of positive achievements were achieved, analysis showed that a number of shortcomings in the implementation of market laws remained unresolved. At this stage, a radical transformation process was observed in agriculture, and as a result of the organization of farms on the basis of cooperatives, there were partial positive developments in the profitability of rice production and the efficiency of using land and water resources. However, due to the small volume of production in most farms and the relatively low annual turnover of goods and financial assets, the potential for attracting investment in the development of the sector and making it more attractive for investment was not sufficiently utilized. In the agricultural sector, the integration processes between production, science, and practice were not organized at the level of modern requirements, and

<sup>7</sup> Based on the author's research .



mutual benefit in relations between parties (subjects) in the value chain was not fully ensured. Problems such as the introduction, sale, logistics, and creation of new varieties and hybrids of innovative agricultural technologies and resource-saving equipment were not fully resolved.

In the third stage (from 2017 to the present), the introduction of new methods of management and production in rice farming, state support for clusters formed with the participation of entities related to rice farming, <sup>8</sup>partially created the basis for the introduction of scientific achievements in the sector, training personnel, and investments in rice breeding and seed production systems. At the same time, forms of farming also began to change at this stage, that is, initially priority was given to rice growing clusters, and in subsequent years, the practice of distributing rice arable land on a small scale to dehqan farms on a cooperative basis was introduced. In this case, the emphasis was on solving issues of product production, resource supply, sales, seed production systems, and many others.

Studies have shown that rice cultivation and processing in our republic are mainly based on local traditional methods. However, in this process, attention has not been paid to the development of high-yielding varieties, the use of water-saving technologies, the introduction of scientific achievements in the field, including the prevention of soil erosion in rice fields, increasing soil fertility, the irrigation system of rice fields, and other land reclamation measures.

Naturally, solving the above problems requires large capital and hard manual labor from rice-growing farms. Today, small-scale farmers and peasant farms do not have sufficient financial resources to carry out land reclamation and seed selection work. The experience of developed countries in solving such problems shows that mutually beneficial cooperation between farms is organizationally and economically justified, which in turn requires the formation of cooperative relations in the field of rice cultivation in our republic and the focus on solving existing problems on their basis.

Research shows that today, not only in most developed rice-growing countries, but also in our republic, there are problems that need to be solved in areas such as food security and providing the population with rice products, as well as innovative development of the rice sector and increasing rice productivity. In particular:

- Water supply problems due to climate change are leading to a reduction in rice areas, which require the most water compared to other crops;
- the need to reduce the share of GMO products in consumption, increase the production of ecologically clean organic natural rice products, preserve its high-yielding and nutritious initial generations, and develop the field of seed production and genetics in the future;
- creating drought-resistant, water-saving varieties of rice, introducing water-saving technologies, encouraging labor motivation, organizing functional interactions between rice farms and other non-agricultural entities based on cooperation and integration, in accordance with the requirements of the digital economy and the introduction of technologies, etc.

Therefore, the organization of production based on the cooperation of cooperatives specializing in the production of large-scale and high-quality rice products of farmers and peasant farms, as well as entities providing them with functional services, has been proven to be highly economic, especially through foreign experience. Because cooperatives with large financial capabilities are of particular importance not only in increasing the efficiency of product production, but also in solving existing problems and mutually beneficial relationships between structural entities, and in creating opportunities for the effective use of scientific achievements and innovative technologies.

### **Discussion section**

Also, as the experience of most rice-growing countries (China, Vietnam, Korea, Japan, etc.) shows, rice cooperatives serve as a basis for creating broad opportunities for farmers to quickly

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<sup>8</sup> National database of legal documents, 03.02.2021, No. 07/21/4973/0078.

National database of legal documents, 12.12.2019, No. 09/19/986/4139.

National database of legislative information, 19.06.2021, No. 09/21/381/0575.

adapt to market demands, use reliable information sources, and increase the efficiency of service provision. Countries such as the Netherlands, Korea, France, and China, which are considered leaders in the export of agricultural products to the world market, have strongly developed cooperative relations in the field of rice, and this sector is developing steadily through the introduction of innovations in all areas.

Therefore, in our opinion, it is advisable to introduce cooperative relations for rice-growing farms in our republic and make extensive use of the opportunities to increase the efficiency of rice production on this basis. Because a single farmer or peasant farm does not have the opportunity to use financial and other necessary resources to organize production, grow certain types of rice varieties depending on the location of a particular region, increase soil fertility, improve the irrigation system of rice fields, and solve similar problems. In this regard, in our opinion, the introduction and development of cooperative mechanisms and relations in rice farming is a priority direction in the future.

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# THE ECONOMIC ESSENCE OF INVESTMENT ACTIVITY AND WAYS OF ITS ASSESSMENT

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## ABSTRACT

one of the most important factors contributing to economic growth is the investment activity of entrepreneurship. Creating conditions that make the country attractive to investors requires the development and implementation of strategic, direct financial and individual programs for portfolio investors. Taking this into account, this article provides a comparative analysis based on the economic nature of investment activity in developed countries, as well as on estimated indicators. The economic essence of investment activity and the possibilities of using the experience of developing countries in developing assessment methods, as well as the economic significance of investment activity in Uzbekistan, as well as existing problems in defining and solving have been studied. assessment development problems, as well as author's approaches and suggestions for overcoming them.

**Keywords:** stocks, stock market, investment processes, stock exchange, investments, investment activity, investment level, financial resources, portfolio investments, borrowed capital, investment environment

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## Introduction

One of the most important factors contributing to economic growth is the investment activity of entrepreneurship. Creating conditions that make the country attractive to investors requires the development and implementation of strategic, direct financial and individual programs for portfolio investors. The program for strategic investors should encourage investors to place major production facilities, research and development laboratories, marketing and sales services on the territory of the countries. Today, in most cases in our country, they become only secondary links in value chains, the center of which is located outside our country. For direct financial investors, the program should demonstrate the investment potential of risk financing facilities. These include: Corporate strategies and business models that provide high growth potential, management skills, and a culture of corporate relations. It is important to create mechanisms that ensure a liquid exit for a financial investor through the sale of shares on the stock market or to a strategic investor. The program for portfolio investors should include measures to ensure the country's solvency and stimulate the development of companies capable of placing their shares on the open market.

**Analysis of literature on the topic.** In economics, the concept of "investment activity" contains a significant part of its abstract properties, so there is no single definition of it. To determine the essence of this concept, we found it necessary to consider a number of existing definitions of investment activity of various economic systems.

In Particular, I.I. Reisberg stated that " ... often Investment activism is seen as an interrelated component of investment attractiveness and a component of the investment environment. At the same time, investment activity is an effective sign of investment attractiveness – a sign of a generalized factor, which describes as "the development and intensity of investment activity in the country's country, characterized by the volume and pace of attracting investments in the main capital of the country..." [1].

I.V Babina's view is that " ... at the micro level, the concept of investment activism is often interpreted in relation to concepts such as the investment project and the investment process. In one case, investment activity is understood as a set of certain works on the formation of investment projects, the formation of ties with potential investors or other entities of the economy, as a result of which the volume of investments attracted by their effective implementation attaches great importance to organizational measures to achieve the investment goal, and in another, investment activities are considered ..." [2]

S.O.In Ashirov's opinion, " ... investment activity is seen as a process that involves the movement of" investments under the influence of various factors " and, above all, scientific and technical progress and the process of reproduction, which is based not only on financial, but also on the use of labor, material resources. It is understood to increase capital, expand production,

modernize and Technical re-equip production, distribute profit from the placement of capital in production..."[3].

In addition to the above definitions, in our opinion, on the one hand, the concept of "investment activity" is defined as a synonym for "investment activity", which covers the style and nature of the actions of entities in the investment market and in the extended investment process, on the other – its directed generalized characteristic, trends in changes in investment activity, is considered as an indicator of

Some authors argue that " ... the dynamics of the investment activity of a company depends on the forms and sources of financing investment activities. The main requirements for sources of financing, including the activation of investment activities, are: their economic potential, the possibility of use, the economic efficiency of use, the risk of using this type of resource by the country ..." [4].

Others " ... correlate the concept of investment activity with the intensity, increased investment activity, characterized by the growth rates of costs directed towards the creation, reproduction and purchase of fixed assets, taking into account foreign capital, types of fixed assets being formed, forms of ownership, sources of financing. is to obtain new value and additional effect ... " [5].

One of the approaches to determining the concept of" investment activity " is to " ... correlate its dynamics with the development of the productive potential of the system, which is characterized by the profitability of capital and the scale of reinvestment of profit. At the same time, investment activity is determined by the country's ability to reinvest profits in the amount necessary for the implementation of extended reproduction, for which it is necessary to take into account the presence of its own funds and long-term attracted funds to increase its organizational stability ..." [6].

Thus, investment activity is the result of a close interaction between two factors – investment opportunities and investment risks (the possibility of achieving investment goals). In both cases, the influence of the human factor is great, since the management department is engaged in assessing the investment potential and investment risks of the organization and making decisions about active investment measures.

In interpreting the concept of" investment activism", L.N. We found it permissible to discuss Salimov's opinion, according to which" investment activity " in a broad sense is a real result of complex dynamic interaction, on the one hand – investment opportunities, on the other – the degree of probability of achieving the established final goal of investment activity[7]

The concept of" investment activism "intersects with the concept of an" investment environment " in terms of meaning, so these concepts are often interchangeable. An investment environment means an environment in which investment processes take place must be understood. It is formed under the influence of political, economic, legal, social and other factors that determine the conditions of investment activity and the level of investment risk. Investment activism is a component of the investment environment, investment system, and investment process. Investment activity is a measurable result of the investment activity of an object, reflecting the implementation of its potential capabilities with existing risks. Investment risks should be understood as the probability of investment and income from it [8].

Thus, investment activity is the result of a close interaction between two factors – investment opportunities and investment risks (the possibility of achieving investment goals). In both cases, the influence of the human factor is great, since the governing bodies of the country are engaged in assessing investment potential and investment risks and making decisions about active investment measures. Competent management of the country's investment process is the key to the country's social and economic development.

In general, the investment activity of a country is the economic relationship of the producer and the owner of capital, reflecting the effectiveness of the use of resources (capital) in the economic system in order to achieve the functioning goals of this economic system, as well as the intensity of these relations.

**Research methodology.** The study used scientific abstraction, grouping, comparison, retrospective and perspective, empirical analysis and other techniques. In the article, in the comparative method of comparison, the relevant conclusions were formed, comparing the economic essence of investment activity in world practice and the organizational and legal basis of methods for improving assessment paths with the existing foundations in our country.

**Analysis and results.** There are a number of approaches to assessing investment activity in the country's economy. The main method of assessing investment activity through the development of the securities market is based on the analysis of the economic activity of the enterprise by analyzing the profitability indicators of existing economic entities in the country, long-term financial

stability, liquidity indicators, business activity, sales revenue, analysis of enterprise costs, payment collection and receivables. The simplest method of assessment consists in determining one of the above indicators that characterize the activities of an economic entity. Their calculated parameters apply to standard values. The non-compliance of the value of the parameter being analyzed with the normative value requires further structural research or indicates the possibility of a decrease in the activity of the enterprise, including investment activity. In this case, it is necessary to determine the dynamic development of indicators over time.

This approach finds development in a methodology for a comprehensive assessment of investment activities, based on the analysis of the financial condition of enterprises and the quality of their management. Integrated assessment results, expressed and reflecting by a number of indicators:

- indicates the presence of market potential in the enterprise and the effectiveness of its management;
- the danger of production and economic activity of an economic entity by observing the requirements of financial stability;
- long-term and short-term solvency of the enterprise;
- the rationality of the management of working capital of the enterprise gives a consolidated rating in the rating system of enterprises.

It is based on the principle of the valuation range, which describes four groups of investment activity of enterprises. The presented direction of assessing the investment activity of an enterprise reflects its linear relationship with the development of the financial and production potential of the economic entity.

It is also much easier to calculate the index model of Investment Activity Assessment, developed in 2000. To do this, it is necessary to calculate fewer values, since the number of factor influences taken into account here is limited: the scale of investments and production, the renewal of the main tools and the solvency of the enterprise. With the help of this model, a direct relationship between the type of reproductive process of the economic entity and the degree of its investment activity is observed. This relationship is sufficiently justified, since only an enterprise with sufficient production and financial potential can activate investment activities on a large scale, as evidenced by the level of the coefficient of reinvestment of profits and the maximum growth rate of the volume of products sold.

One of the approaches to assessing the intensity of investment activity of an enterprise is based on the use of additional and multiplicative models, through which it is possible to calculate the final indicator under the influence of many factors and each factor. Investment activity in this case is presented as a dependent multiplicative variable.

$$IF = f(I, S, M, In) \quad (1)$$

Here,

**f** - a function that defines the type of model used to determine investment activities. To assess investment activity, an index model is used, taking into account the effects of four factors.

**I** - scope of investments (volume of investments in fixed capital, etc.);

**S** - efficiency of investments (profitability of production factors, profitability of investments, etc.);

**M** - financial condition of the enterprise (autonomy coefficient, current coefficient, etc.);

**In** - innovative direction of investment activity (volume of investments in research work, purchase of know-how, etc.).

To increase the investment activity of the country, the following indicators are used. (Figure 1)



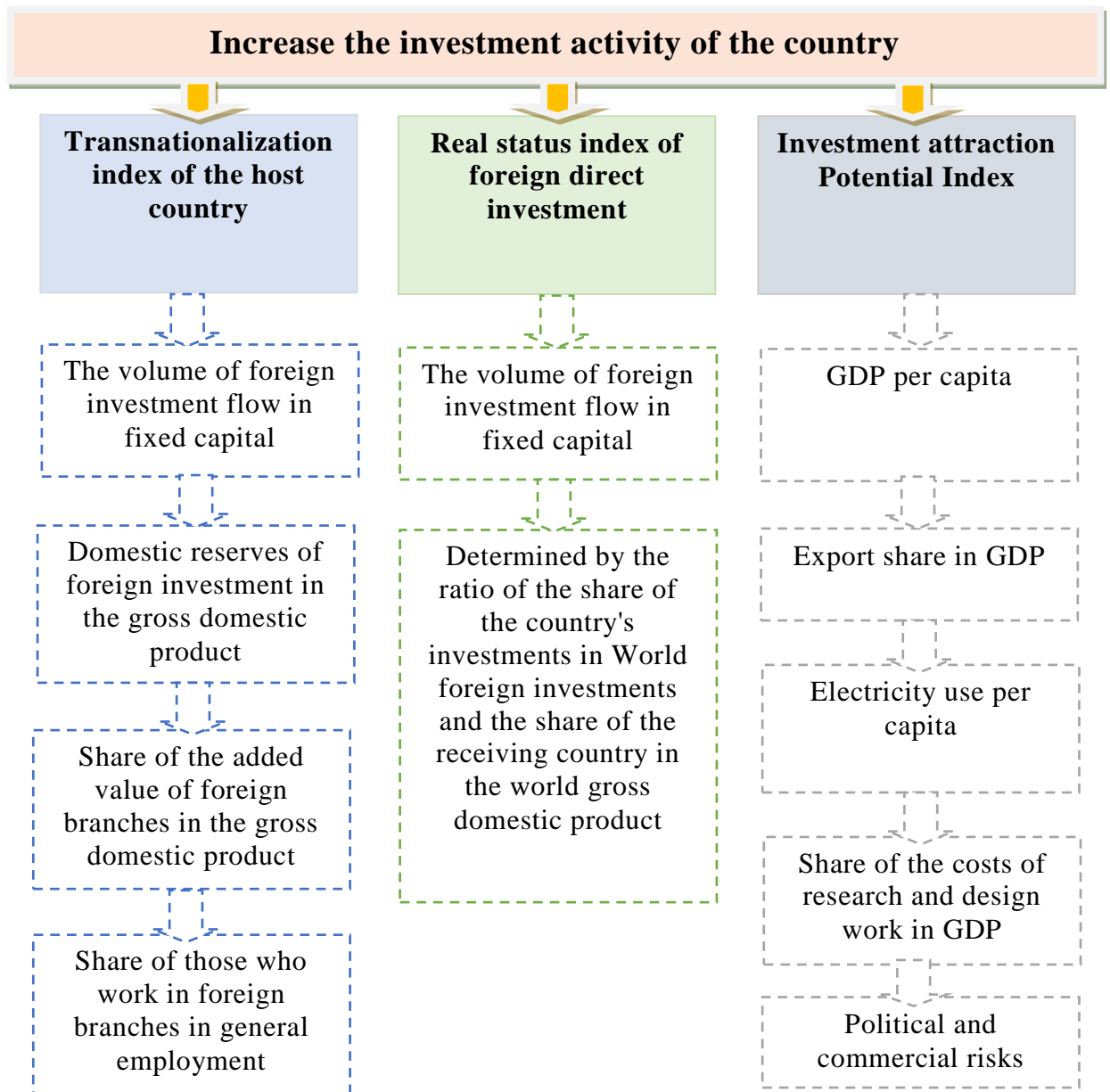


Figure 1. Ways to increase the investment activity of the country<sup>9</sup>

An important obstacle in the application of methodological tools of the model is the variety of compared values and, as a result, a violation of the results of the assessment of investment activity. In this regard, the transition to an orderly method of assessing investment activity is carried out, the essence of which is to saturate the values of indicators using power functions, to provide absolute values in the form of orders and levels of indicators of the corresponding factor, determined using an expandable coefficient calculated by the expert's method. The disadvantages of this approach are the subjectivity of the opinions of specialists and the relatively high complexity of the calculations.

E.P. When evaluating the dynamics of investment activity, Golovach follows this direction, which connects its dynamics with the dynamics of financial and production potentials [9]. The development of potentials is determined by the profitability of capital and the indicator of reinvestment of profits, the dependence of which on the factor is expressed using the following formula.

$$M_{gr} = \frac{I_q \times M_r \times R_p \times M_{cf}}{1 - I_q \times M_r \times R_r \times M_{cf}} \quad (2)$$

<sup>9</sup> Author development

Here,

***Mgr***-growth rate of products sold;

***Iq*** - profit reinvestment coefficient;

***Mp*** - product profitability coefficient;

***Rr***-resource efficiency;

***Msf***-coefficient of financial dependence.

The Model is based on a structural assessment of production and financial factors that determine potential reserves for the growth of the activity of the investment activity of the enterprise.

The multiplicative effects of investment activity play an important role in the processes of economic growth and development. The multiplier effect usually represents the effect of investments or costs on overall demand in the economy.

E. Balatsky developed a method for assessing investment activity based on an indicator, taking into account the multiplicative effect of investment activity – the average predisposition to investments [10]. The Model is based on the following proportions:

$$\begin{aligned} I_{ak} &= M YA_t, \\ YA_t &= K_a I_{ak}, \end{aligned} \quad (3)$$

Here,

Investments in fixed capital (investments) in  $I_{ak-t}$  (at comparable prices);

$YA_t$ -gross domestic product produced by the enterprise in t (at comparable prices),

$$YA_t = YA_{t+1} - YA_t,$$

Here,

***M*** – average investment trend (multiplier);

***K<sub>a</sub>*** – increased capital intensity of production (accelerator).

The effect of each investment or cost on the economy is extended through a prime multiplier. For example, if an enterprise buys new equipment, it will not only benefit the company that manufactures these equipment, but also increase the opening of new jobs and the income spent by workers. In this way, the multiplicative effect of investment activity is necessary to ensure sustainable growth in the economy and leads to positive results in different areas.

The growth capital intensity indicator of production, a structural parameter of the model, reflects the investment intensity of the unit of product produced. The disadvantage of this approach is that investment and production cases are considered in dynamics, which excludes the possibility of comparing the results of assessments over time, since the reason for changes in investment activity can be only a positive or negative increase in product production in the constant volume of investment flows.

During the research, it was found that as one of the methods for assessing the investment activity of an enterprise, regression methods can be used, which are based on determining the level of functional parameter dynamics – the investment activity of an enterprise – from factor parameters. At the same time, the factor parameters of investment activity are indicators of the scale of investment activity, the innovative direction of investment activity and the competitiveness of the enterprise.

The above characteristics of a number of models make the investment activity assessment system transparent, making it possible to choose between one method or another, taking into account the completeness of the information available for analysis. Investment activity is a multifaceted parameter, the formation of which is determined by the influence of a number of features of the macro and microenvironments of the enterprise.

The main factors that hinder investment activity are: insufficient economic growth, limited growth rates of industrial production, unstable financial situation of industrial enterprises and high tax burden on investments.

The result of the implementation of these factors is the narrowing of potential reserves of sources of investment resources, business activity, shortening of innovative processes and then the intensity of investment activity, which in turn contributes to a decrease in production efficiency, since reproductive processes cannot be carried out, first of all, investment activity means updating production capital at a high technological level.

Specific laws, adopted and carefully developed in order to ensure stable and systematic regulation, are considered a contributing factor to the creation of an effective and legally protected financial market, taking into account modern features and changes in the functional environment in the world financial community. This indicates that the government, the Ministry of Finance and the Ministry of justice are serious about introducing the principles of the capital market and market economy, and seek to create legal certainty, completely abandoning the existing legislative history.

The purpose of this is to strengthen the protection of investors, ensure the implementation of contracts, ensure the application of a consolidated regulatory framework that provides confidence in the transparency and functioning of the securities market in Uzbekistan.

**Conclusion.** The author's definition of the concept of "investment activity" has been developed in relation to the essence and regulatory framework of investment activity, the conditions and factors of the development of investment activity through the securities market, foreign experiences of the development of investment activity and ways of their use. In accordance with the definition, "investment activity" is the process by which companies or individuals in a country invest capital in projects, assets or investments in order to generate income in the future. This can take the form of financial investments (e.g. stocks, bonds), tangible investments (e.g. machines, real estate) or intangible investments (e.g. research and development, brand creation). the goal of investment activism is to create value and promote growth and competitiveness.

The law requires that the "offer period" in an emission brochure be clearly defined as the period in which potential investors can purchase or subscribe to relevant securities. Usually, certain types of public bodies (for example, the Treasury Department, central banks, local state authorities) are exempt from the obligation to publish prospectuses of debt securities issued by them. The issue brochure must be approved by the regulator Stock Exchange. However, the issuance of securities itself does not need to be approved by the regulator.

The securities market is an important component of the financial system, ensuring effective distribution of capital and promoting economic growth. The scientific and theoretical foundations of the securities market include various risk assessment models, effective market theories, and investment strategies that help investors make informed decisions.

From an organizational and legal point of view, the activities of the securities market are regulated by laws establishing the rules for the issuance, circulation and registration of securities. An effective legislative framework will help protect the rights of investors, increase the transparency of contracts and reduce the level of corruption.

Therefore, for the development of the securities market, it is necessary to further improve scientific and theoretical approaches, as well as legal regulation. This ensures the stability of the financial system, confidence of market participants.

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# THE PARTICIPATION OF COMMERCIAL BANKS IN THE SECURITIES MARKET IS INCREASING THE COUNTRY'S INVESTMENT ACTIVITY

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## ABSTRACT

Today, commercial banks play an important role in the securities market, contributing to the increased investment activity of both private and institutional investors. These banks assist companies in raising capital by facilitating the issuance of shares and bonds. As underwriters, they provide professional assistance throughout the process of preparing and selling securities, helping investors make more informed decisions. Through a wide range of investment services such as asset selection advice, portfolio management and market analysis, commercial banks contribute to the overall investment landscape. Taking this into account, this article discusses the possibilities of conducting a comparative analysis of the activities of commercial banks in the securities market, with an increase in investment activity in the country. It also studies and uses the experience of foreign countries in this area, identifies problems in the development of commercial banks and proposes solutions to them. The author's approach to overcoming these problems has also been studied.

**Keywords:** commercial banks, securities, stock market, investment processes, stock exchange, investments, investment activity, investment level, financial resources, portfolio investments, borrowed capital, investment environment.

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## Introduction

Commercial banks can play a significant role in the implementation of government initiatives aimed at supporting businesses and stimulating investment. This, in turn, has an impact on overall investment activity in the economy. Banks perform a variety of functions within the economy and maintain complex relationships with other economic actors, including the banking system. Therefore, a systematic approach is required when considering the role of banks in economic structures.

The investment activity of a bank is a crucial aspect of its operations. When examining approaches to commercial banks' investment strategies, it is essential to consider the complex and multifaceted nature of investment flows.

It is advisable to consider the investment activities of commercial banks as a wide range of functions related to the search for strategic and portfolio investors, the accumulation of financial resources for investment, the creation and maintenance of a favorable investment climate, stimulating the acceleration of investment activity, and increasing the attraction of additional investments through non-traditional financial resources. Additionally, the reinvestment of income is also an important aspect. Commercial banks play a significant role in the securities market and their influence is increasing every year, with more and more functions being acquired.

**Analysis of the literature on the topic:** On January 14, 2019, the Decree of the President of the Republic of Uzbekistan № PF-5630 "On measures to radically improve the system of state asset management, antimonopoly regulation and the capital market" was adopted. This decree emphasizes that the concentration of functions for managing state assets, antimonopoly regulation, and securities market regulation in a single government agency has led to systemic problems.

Currently, the securities market is understood differently by economists, with its own theoretical, methodological, and institutional foundations, as well as a functioning mechanism, regulatory framework, and financial instruments. According to P. Gominić, the modern stock market and its trading systems, as one of the main manifestations of financial globalization, reflect the state of the global economy and provide an opportunity to form a general understanding of it and determine its development [2].

Y. M. Mirkin noted that the economic, legal, and informational aspects of securities, considered instruments of the stock market, should be viewed as a unified whole. Since securities have both an economic and legal component, representing specific information necessary for participants in the trading systems of the securities market [3].

I.L. Butikov defined the infrastructure of the stock market as including organizers of trades and a secondary depository system. [4]

Sh.Shokhazami argued that, today, the most organized type of securities market is the stock

exchange, and over-the-counter electronic trading systems, which organize securities trading. He argued that the securities market can be interpreted as a function of supply and demand for securities, making it broader in an economic sense. Based on this, the organized securities market can be considered a mechanism through which trading systems ensure an orderly and organized implementation of the supply and demand function for securities. [5]

E. V. Maskailova defined securities infrastructure as technologies used to conclude and execute transactions, materialized in technical means, organizations, norms, and rules. [6]

It should be noted that the securities market and trading systems can be understood in a way that is consistent with the research conducted by scientists in this field, and also with the current legislation. In general terms, the securities market functions based on supply and demand for securities.

According to current legislation, the securities market refers to a system of relationships between legal entities and individuals regarding the issuance, placement, and circulation of securities. R. Tules, E. Bradley, and T. Tules have reflected on the stock market and stock exchange, which are important components of this system, creating a stable market for the sale and purchase of individual securities. This is undoubtedly one of the main objectives of the stock exchange.

In a stable market, large volumes of securities are traded as there are fewer fluctuations in current market prices.

S. According to Frederick Mishkin, "money market securities with a maturity of less than one year are characterized by high liquidity and a significant lack of exchange rate fluctuations, making them reliable investments in the national stock market. The primary goal of participants in this market segment is to generate profit using temporarily available resources or meet short-term cash needs. Capital market securities interest investors with funds for a specific period of time as well as strategic investors in the mutual fund market." [8]

L. Chaldaeveva and A. Kiliachkov state that government bonds, corporate securities, and derivative financial instruments are all traded on the securities market. [9]

Based on these definitions, a stock market is a place where people can invest, trade, and buy and sell financial assets. Investors try to increase their capital by purchasing and selling securities like stocks, bonds, and other financial instruments.

One of the main reasons why the capitalization of our country's stock market is low is the lack of transparency in information about issuers. To solve this problem, we need to ensure that information in securities issue prospectuses is complete and reliable.

**The research employed techniques such as scientific abstraction**, categorization, contrast, historical and future-oriented examination, empirical investigation, and others. The article employs the method of comparative analysis to examine the global practices of commercial banks in the securities market, with the aim of drawing relevant conclusions by comparing the organizational and legal frameworks for enhancing the investment activities of private and institutional investors in our country.

**Analysis and results:** Today, stock trading plays an important role in the development of a country's economy. It is not just for investors, but also for the overall economy. The essence of stock trading is the process of buying and selling financial instruments such as stocks and bonds. This process makes it easier and more organized, which is beneficial for everyone involved.

Increasing investment activity through stock trading is essential for countries and regions, as it leads to increased production potential. This is because it encourages the introduction of new technologies and methods of production, which in turn helps businesses operate more efficiently. Commercial banks also benefit from this, as they can operate more effectively and increase their efficiency.. It is advisable to consider the investment activities of commercial banks in terms of a wide range of functions related to finding strategic and portfolio investors, accumulating financial resources for investment, creating and maintaining a favorable investment climate, stimulating the acceleration of investment activity, and increasing the attraction of additional investments through non-traditional financial resources as well as reinvesting income.

In our opinion, our country has sufficient opportunities and conditions for the further development of the stock market through the participation of commercial banks. Specifically, there are commercial banks with solvency and liquidity at the level required by demand. Additionally, there is a significant issue of deposits and long-term bonds issued by commercial banks.

#### Table 1



**Analysis of bonds issued by the Central Bank and placed with commercial banks:<sup>10</sup>**

	Years	The volume of bonds issued in circulation, mlrd.so'm	Average weighted interest rate
.	2020	5 270,8	14,1
.	2021	24 200,0	13,5
.	2022	86 948,2	17,0
.	2023	25 516,9	16,4
.	01.06.2024	2 000,0	16,0

In order to achieve strict monetary conditions in our country and effectively regulate the liquidity surplus of the banking system, the Central Bank has begun issuing bonds. These bonds are used to replace unprofitable assets of banks with alternative income-generating instruments and reduce price pressure on loans.

As of 2020, the total amount of Central Bank bonds issued was 5,270.8 billion dollars. In particular, short-term bonds were issued and placed between commercial banks in 2019. This amount peaked in 2022 at 86,948.2 billion dollars, as the total bonds issued into circulation increased.

International experience shows that an important condition for implementing measures to modernize and renew the country is an active investment policy that attracts foreign investment into the economy.

In general, the process of forming, analyzing, monitoring, and reviewing a portfolio based on rational criteria leads to the creation of a new investment product that meets the required parameters. This process can be understood as portfolio management. A portfolio is a tool that allows investors to achieve a stable and satisfactory level of profit with a minimal level of risk through effective management within their investment requirements.

**Table 2**

**Analysis of the investment portfolio of commercial banks in our country as a percentage<sup>11</sup>.**

№	Indications	Years as of January 1					In 2024, compared to 2020, (+,-)
		2020	2021	2022	2023	2024	
1.	Investments and other securities	1,2	2,6	4,4	5,7	5,0	3,8
2.	Issued securities	1,3	3,1	2,8	2,3	2,4	1,1

An analysis of the investment portfolio of commercial banks in our country reveals that, as of January 1st, 2024, the volume of investments and other securities has changed by 3.8% compared to January 1st, 2020. The volume of securities issued has also changed by 1.1%.

In addition, investments and other securities account for a much smaller proportion of the

<sup>10</sup> <https://cbu.uz/> сайти маълумотлари асосида муаллиф томонидан тузилди

<sup>11</sup> Муаллиф ишланмаси

investment portfolio for commercial banks. However, there is a trend towards growth, albeit at a small scale. The issued securities have also shown a slight increase, growing from 1.3% to 2.4% in the investment portfolios of these banks between January 1st, 2020 and January 1st, 2024.

These findings indicate that the banking sector needs to systematically increase the proportion of securities in their investment portfolios. Increasing the proportion of these securities in bank portfolios provides a source of low-cost and stable resources for the banks.

Currently, in the context of globalization, there is an increasing integration of the stock markets around the world. The volume of trading between these markets is growing, as well as the free movement of capital between them.

In general, the process of forming, analyzing, monitoring, and reviewing a portfolio, as well as structuring it based on rationality, leads to the creation of a new investment quality derivative that meets the required parameters. This process can be generally understood as portfolio management. An investment portfolio is a tool that, through effective management within the investor's requirements, ensures a stable amount of satisfactory profit with a minimum level of risk.

According to the laws of developed countries, managers of enterprises that issue depositary receipts are responsible for the property of these receipts in the same way as managers of state-owned enterprises and can be prosecuted in courts of those countries for causing harm in connection with their professional activities.

In order to ensure market transparency in our country, companies are required to publish daily and monthly reports. These reports are published in newspapers. However, we believe that it would be beneficial to systematize these reports and increase the responsibility for their accuracy. Additionally, we recommend improving the process of publishing a simplified and effective system that would be understandable to the general public and potential investors. This could be done not only through newspapers, but also through other media outlets.

**Table 3**

**The securities portfolio of Trustbank is a collection of shares from different issuers and their areas of activity<sup>12</sup>**

The name of the network	Years				
	2019	2020	2021	2022	2023
Government bonds	138204,8	262808,9	257500,0	505815,0	951790,0
Bonds and other debt securities issued by the Central Bank of the Republic of Uzbekistan	0	0	321433,1	516674,1	514677,0
Equity securities of enterprises	3064,4	7993,0	8976,8	9768,7	9768,7
Investments in subsidiaries-financial institutions	5100,0	6600,0	39600,0	87886,1	122203,0
Bonds and other debt instruments issued by commercial banks	14950,0	20000,0	40000,0	180000,0	170000,0
Jami	161319,2	297401,9	667509,9	1300143,9	1646128,4

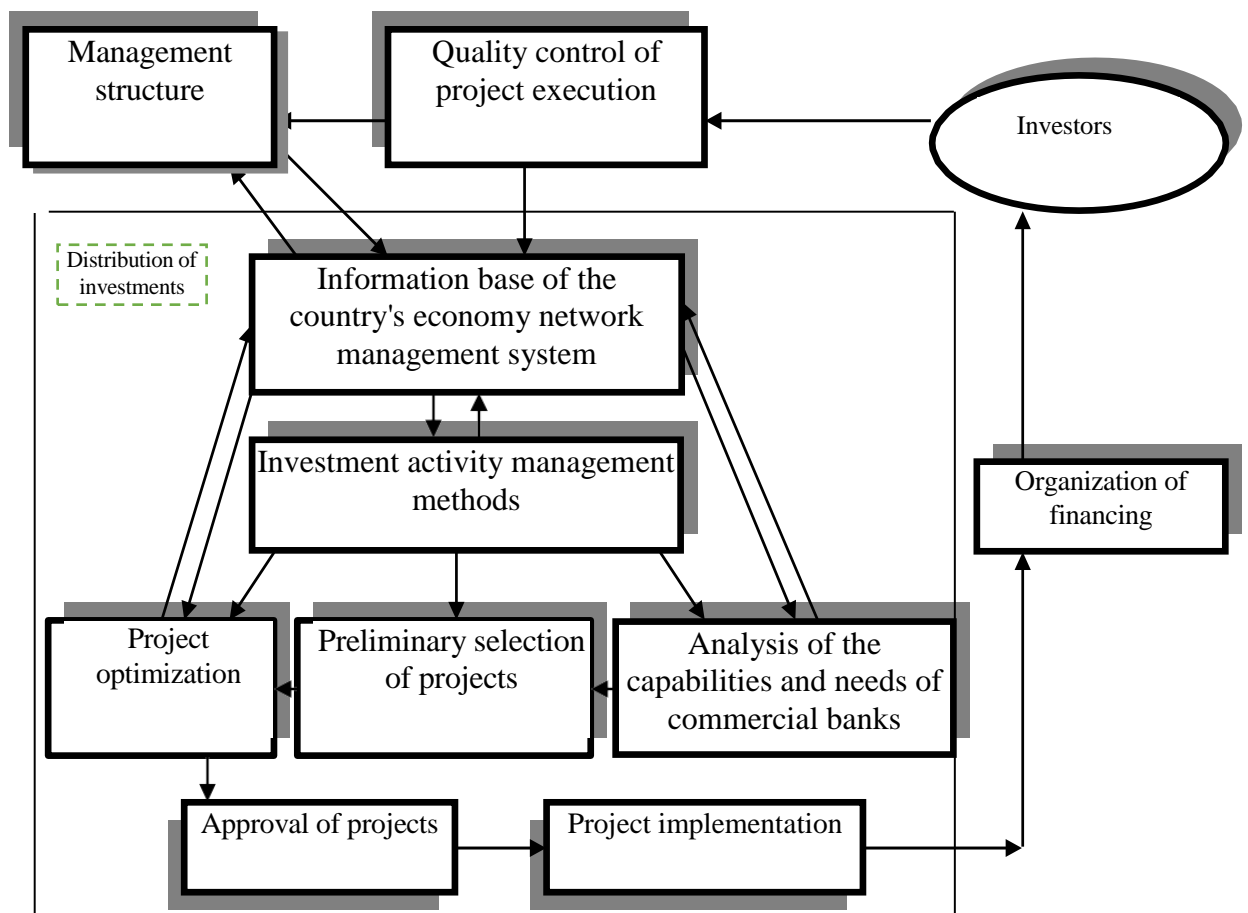
An analysis of the data in Table 3 reveals that the Trustbank's securities portfolio demonstrates a growing concentration of shares by issuer and sector of activity. In 2019, government bonds, considered the most reliable, accounted for 138,204.8 thousand soums, but by 2023, they had increased to 81,358.5 thousand soums, and totaled 95,179.0 thousand soums by 2030. These operations have led to an increase in the bank's revenue over the years.

International experience shows that an active investment policy is crucial for implementing measures to modernize and revitalize the country, as well as attracting foreign investment into the economy.

<sup>12</sup> "Trastbank" XAB sayti ma'lumotlari asosida muallif tomonidan tuzildi.

It is important to ensure that all economic benefits of the securities market are shared not only among its participants, but also with the state as a whole. It is also important to create the necessary conditions to increase investment activity in the country.

Data on consumer demand for specific goods and the level of development in manufacturing sectors form the basis for setting goals and objectives for investment management. These goals, combined with an assessment of a country's financial potential, allow us to develop a plan for the development of its manufacturing sector. This plan is taken into consideration when forming a country's investment portfolio, which includes priority investment projects that are selected for inclusion in the program.



**Figure 1. The elements and interrelation of the investment mechanism to increase the investment activity in the country<sup>13</sup>**

There is a close relationship between the model of the country's investment management system and the stages of resource allocation for investment. The initial examination and selection of companies participating in the competition are carried out based on a system specifically developed for this purpose, taking into account the opportunities, investment risks, and financial potential of the companies. Based on the results of this initial assessment, the country's investment portfolio is adjusted. The final stage involves the final selection and optimization of the investment portfolio by choosing the most effective and least risky investment projects.

It should be noted that in order to attract foreign investors' attention to the economy, it is essential to address the issue of increasing investment activity in various regions of our country. According to experts from Harvard School of Economics, several factors influence the assessment of a country's investment climate, including: the legal framework created for both foreign and domestic investors, the ability to withdraw capital from the country, stability of the national currency, political stability, inflation rate, and availability of domestic capital.

In general, attracting foreign investment is essential for the economic recovery of our country

<sup>13</sup> Muallif ishlanmasi

and the creation of new businesses equipped with modern equipment and technology. This can help solve important social problems such as employment and income growth, which are crucial for our society. Therefore, it would be optimal to stimulate businesses that attract investment in the securities market and create the necessary conditions at the governmental level to increase investment activity in the country.

**Conclusion:** Today, the lack of transparency in information about national issuers is a major factor contributing to the low capitalization of the stock market. To address this issue, it is essential to ensure the completeness and reliability of information in the issue prospectuses of securities.

The attractiveness of listed companies' shares is directly linked to their performance in the secondary market, which is currently developing in Uzbekistan. As the country's stock market faces similar challenges as other emerging markets, it is crucial to simplify the process of issuing and selling securities to facilitate market development.

The creation of modern trading platforms, settlement and clearing systems, as well as trust depositories, helps to increase investor confidence by improving the infrastructure for the development of the country's stock market.

Thanks to improved legislation, there is a stable legal framework that protects the interests of investors and reduces the risks associated with investing in securities. The proliferation of new financial instruments, such as bonds and derivatives, provides investors with more investment opportunities.

Creating opportunities for the further development of the securities market directly relates to changing its structure and increasing the number of investors. This is achieved by increasing liquidity and expanding secondary market processes. Additionally, it involves increasing the participation of non-bank financial institutions and individuals. Furthermore, diversifying issuers by industry is also crucial.

As a result of these efforts, it is possible to enhance the volume of investments and the activity of market participants. This, in turn, contributes to improving the overall economic situation, which creates conditions for sustained economic growth.

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