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<https://doi.org/10.61796/jaide.v1i9.942>**CHARACTERISTICS OF DEVELOPMENT OF THE
REGIONAL ECONOMY OF THE REPUBLIC OF
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Abstract: The article is dedicated to the comprehensive research of the economic growth rates of the regions of the Republic of Uzbekistan. The purpose of the article is to analyze economic growth and its indicators, as well as to develop recommendations for achieving sustainable high rates of economic growth. The author focuses on GDP per capita and concludes that the low level of labor productivity growth in the regions is the result of cheap labor and low skills of workers in the real sector, as well as the existing high level of obsolescence of production capacity.

Keywords: territory, economic growth rate, investment, real sector, capital productivity, industry, GDP growth, GRP per capita

This is an open-access article under the [CC-BY 4.0](https://creativecommons.org/licenses/by/4.0/) license**Introduction**

Increasing the quality of economic growth in the regions is the most important problem in the modern conditions of digitalization of the economy. In this regard, there was a need to analyze the economic development of regions using performance indicators to determine the main factors affecting the quality of regional economic growth. The improvement or deterioration of the level of regions in terms of economic growth per capita is primarily related to the policies implemented in these regions. This study shows that in addition to industry and agriculture, the service sector is also an important sector that provides a significant increase in regional GDP and population welfare in the form of additional jobs and wages. Over the past 25 years, the government of the Republic of Uzbekistan has implemented a number of measures for the development of service and service industries, and this has had a positive effect on the growth trend of these industries in all regions of our country.

The content of the article is to study the rates of economic growth of the regions of our republic on the example of economic sectors. The tasks of the research are to study the economic development trends of the regions, to analyze the changes in the real growth rates of economic sectors and to develop recommendations on achieving high rates of economic growth in the regions of the republic based on the results of the research.

Methods

The theoretical and methodological foundations of the research are based on the results of scientific research of local and foreign scientists dedicated to the study of regional economy, economic growth and its problems, scientific approaches, statistics, scientific materials published on the topic in periodicals, Internet resources

Result and Discussion

Economist M.A. Mamatov said: "Economic growth is a long-term increase in the real volume of production embodied in full employment. Economic growth is reflected in the growth of GDP, state economic power and human well-being. Also, economic growth is directly reflected in the increase of the gross national product in absolute terms and per capita and at the expense of a unit of economic resource costs, as well as in the improvement of quality and composition." [1]

Therefore, in achieving the results of high economic growth of the country's economy, it is very important for the economy of the regions to achieve economic growth.

The analysis of regional economic development trends showed that stable economic growth was observed in all regions of the Republic of Uzbekistan in the last five years. At the same time, economic growth in regions has a different character depending on the existing structure and specific characteristics of regions, which confirms the growth of interregional stratification in terms of maximum and minimum values of GNI per capita [3].

Figure 1 shows the results of the analysis of the growth of direct investments in the republic and the share of direct investments in GDP in 2018-2023. Thus, the efficiency of using investment resources directed to the main capital of the regional economy is considered as an indicator of capital productivity. The capital productivity indicator describes the amount of additional product produced per unit of investment [1].

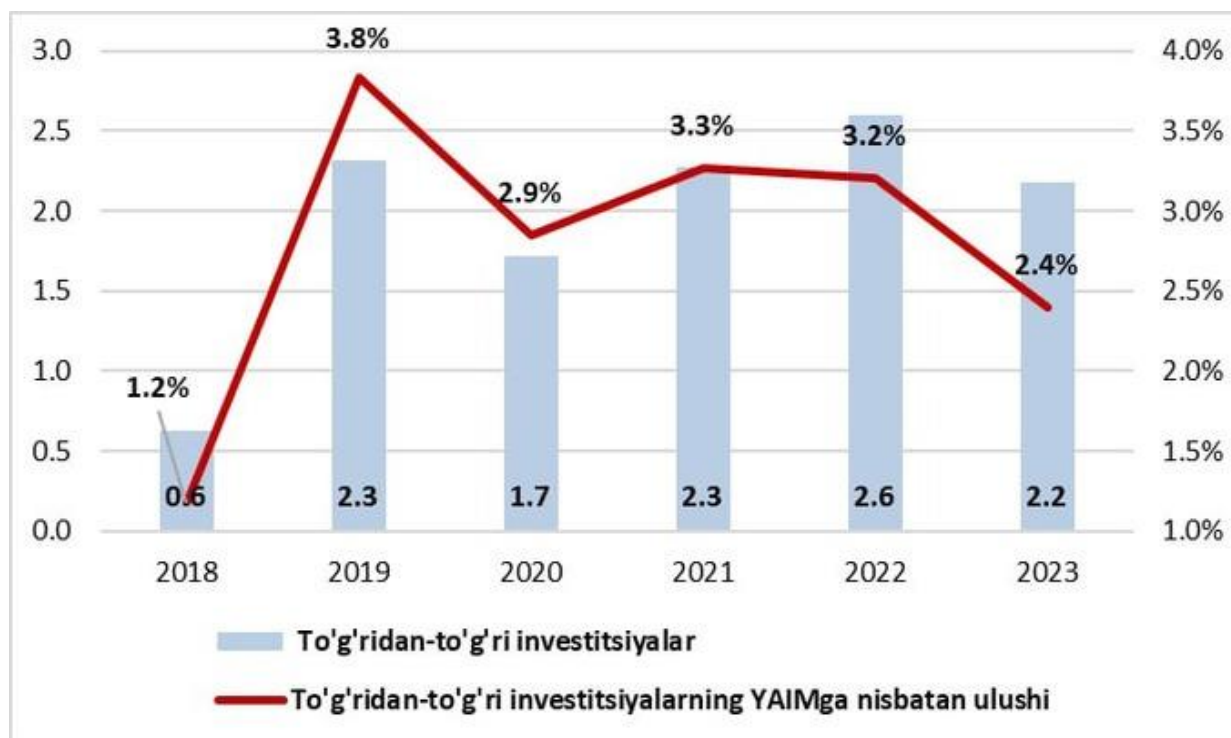


Figure 1 shows the growth of direct investment in the republic in 2018-2023 and the share of direct investment in GDP .

We can see a corresponding change in direct investment in Uzbekistan over the past five years. In 2021 , the net inflow of direct investments in the country was 2.3 billion dollars, and in 2022 the indicator increased to 2.6 billion dollars, and at the end of 2023 it will be 425 million dollars - decreased to 2.2 billion dollars (-16 percent). The share of investments in GDP in 2019 was a high result of 3.8 percent. Only in 2020, when the world faced the coronavirus pandemic, there was a decline in FDI flows. At that time, the rate of economic growth of Uzbekistan slowed down to 2 percent. In 2023, the volume of portfolio investments was about 1 billion dollars. [5]

Another important indicator of production efficiency is labor productivity. Labor productivity describes labor efficiency. At the macro level, it is measured by the amount of output produced by a

worker over a period of time.

The analysis of changes in labor productivity in the regions of Uzbekistan shows that labor productivity has increased in all regions. The low level of labor productivity in Navoi, Kashkadarya and Fergana regions is not only due to the insufficient development of industries with high added value, but also to the high share of investments directed to capital-intensive industries.

Sustainable development of the regions of Uzbekistan in the conditions of the digital economy is one of the main requirements for the successful reform and operation of the multi-structured economy.

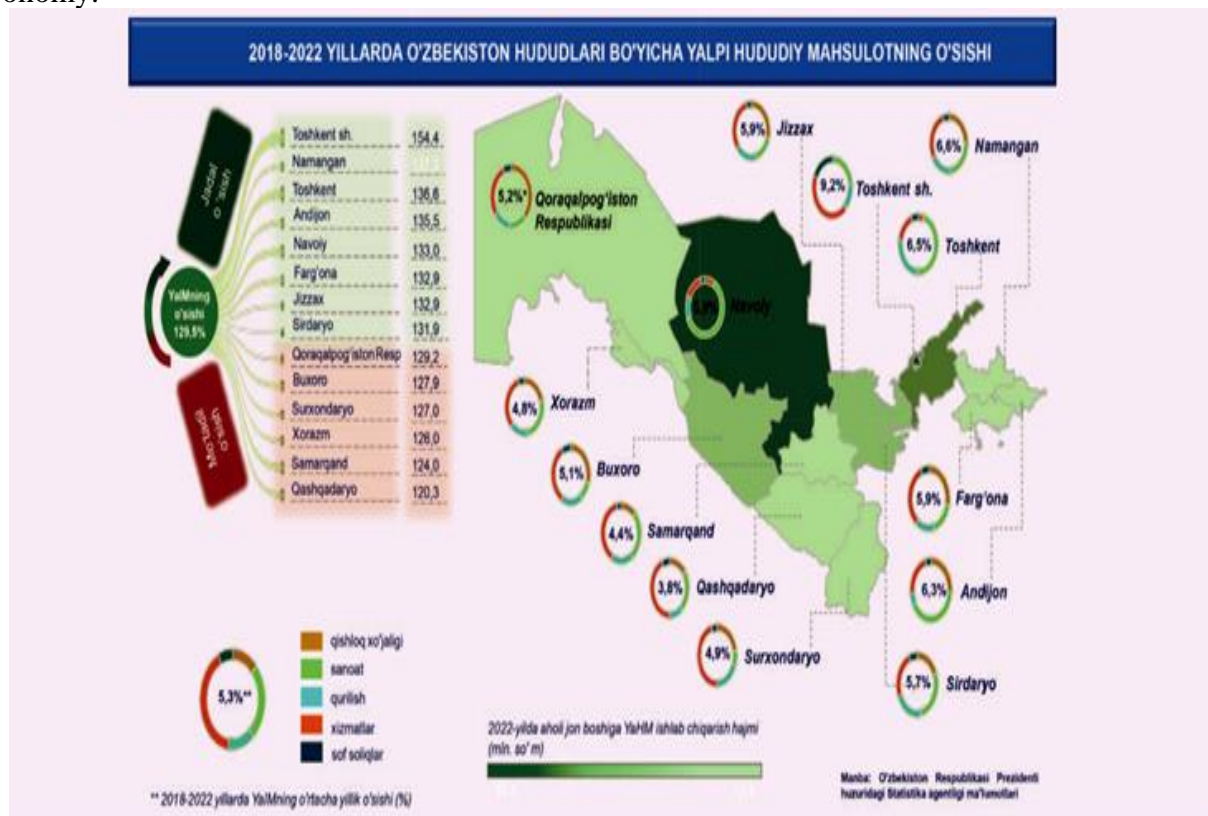


Figure 2. GNI growth by regions of Uzbekistan in 2018-2022

Over the past five years, large-scale reforms have been implemented within the framework of the country's regional policy. In solving issues related to the socio-economic development of regions, it was a characteristic of the policy of this period to focus attention on cities, districts and neighborhoods from the regional level, in particular, to assess their existing potential, prospects and growth points. In Andijan, Tashkent, Navoi regions, in the post-pandemic period (2021-2022), stability in economic development was ensured in the short term. Significant results were achieved in the economic growth of Namangan, Fergana, Jizzakh regions (GDP growth was 1.3 times higher than the republic's indicator).

The historical real growth of regional GNI has positive indicators in all regions, ranging from 3.8 percent in Kashkadarya region to 9.2 percent in Tashkent city.[6]

However, gross regional product (GRP) indicators do not fully take into account the specific characteristics of the socio-economic situation of the regions. In this regard, the GNI per capita indicator more fully reflects the situation, describing the changes in the well-being of the population in the course of socio-economic activity [2].

However, along with the growth of the economy, the stratification of the regions of Uzbekistan by the level of economic development has also increased significantly, due to the fact that the rates of economic growth in some regions are higher, and in others, they are at an average level.

The level of development and stratification of regions according to economic growth rates, GNP growth as the main indicator [4], incorporating the results of economic activity, the development

of economic sectors in the regions, both production and service depends on the development of the production sectors, and the growth of the economy of the whole country, they affect the economy .

Results. Analyzing the qualitative changes in the economic development of the regions in 2000-2023, the following results can be reached:

- the high level of investments in the regional economy is accompanied by a low level of capital productivity, which indicates the low efficiency of the use of investment resources directed to the regional economy and shortcomings in the organization of modernization processes of regional economic sectors;
- the low level of labor productivity growth in the regions is the result of an overabundance of cheap labor and low skills of those employed in the real sector, as well as the current high level of obsolescence of the main production capacities.

Taking into account the trends of economic development of the regions of Uzbekistan, with a special focus on improving the quality of economic growth and the well-being of the population, in order to achieve stable high rates of GNP growth and effective structural changes in their economy; We consider it appropriate to implement the following measures:

- through an in-depth analysis of the state of the main production funds by economic sectors both at the regional and district levels. Developing a program for the modernization of industrial sectors, according to their categories of importance and the need for rapid modernization, special attention should be paid to the introduction of high-efficiency modern technologies;
- on the basis of the developed modernization programs, identifying individuals of state bodies, ensuring the introduction of mechanisms for the effective use of investment resources, and assigning them responsibility for the implementation and monitoring of the investment project, paying particular attention to increasing capital productivity; and other performance indicators of each project.

Conclusion

Further regional development, including effective planning and a well-developed strategy for the deployment of productive forces, also seems appropriate to develop the business environment and increase the role of local authorities in applying equal conditions for investors. In addition, it is necessary to further develop the personnel potential of the regions, taking into account the use of effective methods of organizing research and transferring it to business processes.

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