



Ensuring the Institutional Development of the Real Sector of the Economy of the Republic of Uzbekistan

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Abstract: *This article discusses the state of the real sector of the economy of the Republic of Uzbekistan, its macroeconomic indicators, assesses the specifics of the real sector of the economy of Uzbekistan, suggests tools to increase demand for products of enterprises in the real sector of the economy.*

Keywords: *real sector, institutional model, rating of Uzbekistan, target programs, roadmap, matrix map model.*

The real sector of the economy combines industry, agriculture, construction and transport. The state of the real sector is determined by many factors, among which one of the leading places is occupied by the macroeconomic position. So, for example, with low inflation and a stable exchange rate, the real sector gets opportunities for its sustainable development.

Institutional factors are also very important - the state of property rights, the development of financial institutions, the organizational structure of companies, etc. Favorable macroeconomic and institutional factors ensure an influx of investment in the real sector and an increase in the competitiveness of production. In this regard, research aimed at solving problems of improving the efficiency of the functioning of the real sector of the economy is extremely relevant today.

Institutional models are understood as the structures of the most significant channels and institutions that ensure the transfer of investment resources from the financial sector to the real sector.

The real sector unites industries of the economy producing tangible and intangible products and services with the exception of financial-credit and budgetary operations.

The financial sector is a system where certain monetary relations are organized in the sphere of expanded reproduction between all subjects of the reproduction process by distribution and redistribution of the aggregate social product. With this understanding, the financial sector, along with the credit and banking system, includes state budgets of all levels, and extra-budgetary funds, the stock market. This approach differs from the approach accepted in neo-classical theory where financial sector identified predominantly with credit-banking system. The financial sector in this case is considered as a characteristic element of market economy providing movement of money resources between savings owners (investors) and borrowers [1].

Analyzing the economic system of any country, it is advisable to single out two interrelated, but working separately sectors: financial and real. The real sector is characterized by the production of goods, the performance of work and the provision of services. In addition, it includes scientific organizations and trade organizations. Therefore, we can say that it is engaged in the production of tangible and intangible products. The financial sector is responsible for the formation of supply and demand, the solution of monetary relations through the implementation of credit, financial and exchange operations. The real sector of any country is characterized by features that depend on the current level of economic development (developed and developing) and the structure of the



economy with industry leaders. The type of economic system influences the formation and subsequent development of the proportions of the real sector. When identifying the features of the real sector, this factor is of decisive importance. As in other countries of the world, in Uzbekistan the real sector is the basis of the national economy, which determines its level and specialization. It employs most of the population and produces about the same part of GDP.

In 2021, the gross domestic product (GDP) of Uzbekistan at current prices amounted to 734.6 trillion soums. Compared to 2020, it increased by 7.4%. The volume of GDP per capita in 2021 at current prices amounted to 21,039.3 thousand soums (1,983 US dollars), an increase of 5.3% compared to 2020.

At the end of 2021, slight changes were noted in the sectoral structure of GDP. Thus, the share of industry in the sectoral structure of GDP (GVA) increased from 27.5% to 27.8%, while the share of agriculture, forestry and fisheries decreased from 27.1% to 26.9%, the service sector - from 38.7% to 38.6%. The share of construction remained at the level of 2020 and amounted to 6.7% in 2021.

GDP per capita in current prices amounted to 21,039.3 thousand soums (or, in equivalent, 1,983.0 US dollars) and, compared to 2020, increased by 5.3%. The indicator of GDP per capita is significantly behind from the world average and taking into account the demographic situation indicates a low scale of the economy, limited savings and incomes of the population.

In 2019, GDP in dollar terms almost reached the figure before the devaluation period - \$58.3 billion.

Such sustainable economic growth is due to:

- a balanced indicator between the supply from the sectors of the economy and domestic demand;
- High rates of investment (growth by 28.6%) and real incomes of the population (10%).

The real sector of the economy is represented by a wide range of industries. The specifics of the real sector of the economy of Uzbekistan is its priority in the field of industries related to the extraction of raw materials and fuel, as well as the production of energy and non-ferrous materials, agricultural products, chemical industry and automotive, textile and light industry. This is a consequence of the use of natural resources in the national economy, and primarily mineral ones.

Almost a third of the economy of Uzbekistan falls on industry. More than 60 billion cubic meters of natural gas, 750 thousand tons of oil, 2 million tons of gas condensate, 4 million tons of coal are produced annually. Non-ferrous metallurgy has a developed raw material base for the main non-ferrous (copper, zinc, molybdenum, tungsten, platinum group metals) and precious metals (gold, silver), which allows minimizing the risks in the supply of raw materials [3].

On the basis of local raw materials, the chemical industry produces various types of nitrogen, phosphorus and potash fertilizers, synthetic fibers and threads, ammonia, soda ash, rubber products, polymer products and others. The textile industry is actively developing.

According to some foreign news agencies, Uzbekistan has the following indicators of the main parameters of the institutional economy as of March 2020 [5].

Table 1 - Macroeconomic indicators of the development of the economy of Uzbekistan compared to the forecast for March 2020



№	Index	Forecast	Actualvalue
1	Businessindicators		
-	<u>Corruption Index</u>	23	25ind. points
-	<u>Corruption rank</u>	158	153ind. points
-	Easeofdoingbusiness	76	69ind. points
2	Productionindicators		
-	Crudeoil extraction	41	40 BBL/D/1K
-	Industrialproduction	6.8	6.9 %
-	Steelproduction	60	45 thousandtons
3	Tradeindicators		
-	Currentbalanceto GDP	2.8	-7 %
-	Tradebalance	-2.81	-4.29bln. USD
-	Currentbalance	-3.23	-2.77bln. USD
-	Export	8.44	13.68bln. USD
-	Internationalinvestmentposition	17.71	17.63bln. USD
-	Import	11.25	17.97bln. USD
4	Inflation indicators		
-	Foodinflation	7.8	20.1 %
-	Inflation rate for the year	9.5	17.5 %
5	GDP indicators		
-	<u>GDP</u>	59.16	50.5bln.USD
-	Annual GDP GrowthRate	5.3	5.8%
-	GDP percapita	1961	2026USD
-	GDP atcomparableprices	23.38	38.1bln. USD
-	GDP percapita PPP	6040	6240USD
-	GDP FromAgriculture	5.11	16.5bln. USD
-	GDP FromConstruction	1.6	5.36bln. USD
-	GDP FromServices	1.51	14.28bln. USD
6	Moneyindicators		
-	Goldreserves	328	332 tons
-	Interestrates	16	16 %
7	Budgetindicators		
-	Governmentdebttto GDP	24.1	23.6 %
-	Thestatebudget	-0.48	-0.77bln. USD
-	Governmentspending	1.74	2.02bln. USD
-	Governmentrevenue	5.34	8.34bln. USD
-	Budgetspending	5.82	9.11bln. USD
-	Statebudgetfrom GDP	0.7	0.5 %
8	Consumerindicators		
-	<u>Retailsales(y/y)</u>	4.9	5.5 %
-	Consumerspending	6.04	6.46bln. USD
9	Labor Market and Unemployment Rates		
-	Retirementageformen	60	60
-	Women'sretirementage	55	55
-	Unemploymentrate	7.2	6.9%
-	Wage	153	191.85 USD/month
-	The number of employed people	13.52	13.27 mln. people
-	Totalnumberofunemployed	0.84	1.37 mln. people.



Uzbekistan ranks 124th out of 169 countries in terms of GDP per capita, 16th out of 114 countries in terms of gold reserves, 10th out of 159 countries in terms of the discount rate of the Central Bank [2,4].

Thus, the main priority is and remains the maintenance of the macroeconomic stability of our country. The key step here, of course, is the development of the Concept for the socio-economic development of the Republic of Uzbekistan until 2030, which sets out long-term goals and objectives, development priorities and methods for achieving them to ensure sustainable economic growth of the country.

Another important condition is the development and deepening of financial markets, which requires the development of a Concept for the further development of the financial sector and comprehensive measures to modernize and develop the infrastructure of the financial market. And the third priority is to strengthen social protection and services to citizens.

By 2025, the task was set to fully process the cotton fiber produced in the country by creating textile clusters. Sectoral target programs for the medium term have been developed and are being implemented with the development of innovative and high-tech industries with high added value based on the deep processing of rich local raw materials. It is planned to develop comprehensive measures to develop public-private partnerships, as well as strategies to increase efficiency and improve the management of state-owned enterprises. Another priority is to increase the efficiency of the use of natural resources, in which an important place is given to the management of water reserves and irrigation. A concept for the development of agriculture has also been developed, providing for a transition to its intensive development using drip irrigation, hydroponics and other advanced agrotechnical technologies. All these reforms are aimed at accelerating the development of the country and improving the well-being of its population.

It is necessary in the coming years to carry out a radical technical renovation of all major industries. This will have a significant effect if the stake is placed on the highest technologies, on the best machinery and equipment.

Another important condition is special attention to the training of highly qualified personnel capable of learning and effectively using this new technique and technology in the future.

This situation enables Uzbekistan to be a fairly competitive country and use this competitive advantage.

To maintain the country's competitiveness, it is the state bodies that need to direct all efforts to organize measures to stimulate demand for the products of enterprises in the real sector of the economy. For that the following tools can be used:

- strengthening the involvement of individuals in the purchase of consumer goods, as well as movable and immovable property through the development of a consumer lending system;
- improvement of the system for the implementation of large infrastructure projects with the help of the state order system;
- Increase in exports of goods from the real sector of the economy.

It is necessary to form a strong motivation among commodity corporations to diversify and transfer capital to high-tech areas: processing and machine-building. Taking into account the inertia and political "weight" of the raw materials sector, the task is rather complicated, but solvable. For its implementation, it is necessary to develop, in relation to the national economy as a whole, promising (for 5–10 years) priority areas for the development of engineering, technology and R&D.



When choosing an industry or a particular company, government agencies need to draw up a strategic roadmap that will help save public funds and achieve the desired target result. The developed roadmap can be successfully applied both at the national level and at the regional level.

The matrix scheme of the roadmap, which combines state tasks with the tasks of regions and other regions and, as a mandatory target chain, with the tasks of individual enterprises in the real sector of the economy, could bring particular efficiency. Such an approach would be especially effective, since a significant part of the GDP of the subjects is formed by the products of enterprises in the real sector of the economy, which provide a significant part of both regional tax and national revenues.

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