

## **Ensuring 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 includes 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 situation. For example, with low inflation and a stable exchange rate, the real sector receives 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 into the real sector and increased competitiveness of production. In this regard, research aimed at solving problems of increasing the efficiency 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 sectors of the economy that produce tangible and intangible goods and services, with the exception of financial and credit and budgetary operations

The financial sector is a system where certain monetary relations are organized in the field of expanded reproduction between all subjects of the reproductive process on the 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. [1].

This approach differs from the approach adopted in neoclassical theory, where the financial sector is identified primarily with the credit and banking system. The financial sector in this case is considered as a characteristic element of a market economy, ensuring the movement of funds between owners of savings (investors) and borrowers[1]

When analyzing the economic system of any country, it is advisable to distinguish two interconnected, but working separately sectors: financial and real. The real sector is characterized by the production of goods, performance of work and provision of services. In

addition, it includes scientific and trade organizations. Therefore, we can say that he is engaged in the production of tangible and intangible products

The financial sector is responsible for creating supply and demand, resolving monetary relationships through credit, financial and stock 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 formation and subsequent development of the proportions of the real sector is influenced by the type of economic system.

When identifying the characteristics 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, determining its level and specialization. It employs most of the population and produces approximately the same share of GDP

At the end of 2023, gross domestic product (GDP) growth amounted to 6% against the forecast of 5.8%. The GDP growth rate exceeded the achieved value of this indicator in 2022 (5.7%).

GDP growth was mainly ensured by:

- industrial growth by 6.4% (forecast - 5.2%);
- construction 11.8% (8.4%);
- services by 6.1% (6.3%).

GDP per capita amounted to \$2,468 and increased by 13.6% compared to 2022 (in 2018 - \$1,533). The GDP per capita indicator lags significantly behind the world average and, taking into account the demographic situation, indicates a low scale of the economy, limited savings and income of the population

In 2022, GDP in dollar equivalent almost reached the level before the devaluation period - \$80.3 billion.

This sustainable economic growth is due to:

- A balanced indicator between supply from economic sectors and domestic demand;
- high rates of investment (growth by 28.6%) and real income of the population (10%).

The real sector of the economy is represented by a wide range of industries. The specificity 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, the chemical industry and automotive industry, textile and light industry. This is a consequence of the use of natural resources, and primarily mineral ones, in the national economy.

Almost a third of the economy of Uzbekistan comes from industry. More than 60 billion cubic meters of natural gas, 750 thousand tons of oil, 2 million tons of gas condensate, and 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 risks in the supply of raw materials [3].

Based on local raw materials, the chemical industry produces various types of nitrogen, phosphorus and potassium 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 2022[5]

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

Thus, the main priority is and remains maintaining the macroeconomic stability of our country. The key step here, undoubtedly, is the development of the Concept of 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 financial market infrastructure. And the third priority is strengthening social protection and serving citizens.

By 2025, the task has been set to completely process the cotton fiber produced in the country by creating textile clusters. Industry target programs for the medium term have been developed and are being implemented with the development of innovative and high-tech production 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 for increasing the efficiency and improving the management of state-owned enterprises.

Another priority is increasing the efficiency of natural resource use, in which water management and irrigation play an important role.

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 agricultural technologies. All these reforms are aimed at accelerating the development of the country and improving the well-being of its population

It is necessary to carry out a radical technical update of all major industries in the coming years. This will have a significant effect if the bet is made on the highest technologies, on the best machines and equipment.

Another important condition is special attention to the training of highly qualified personnel who are able to learn and effectively use this new equipment and technology in the future.

This situation makes it possible for Uzbekistan to be a fairly competitive country and use this competitive advantage.

To maintain the country's competitiveness, it is government agencies that need to direct all efforts to organize measures to stimulate demand for the products of enterprises in the real sector of the economy. Why you can use tools such as:

- 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;
- improving the system for implementing large infrastructure projects using the government procurement system;
- increasing the export of goods from the real sector of the economy.

It is necessary to create a strong motivation among commodity corporations to diversify and transfer capital into high-tech areas: processing and engineering. Taking into account the inertia and political “weight” of the raw materials sector, the task is quite complex, but solvable. To implement it, it is necessary to develop, in relation to the national economy as a whole, promising (for 5–10 years) priority directions for the development of technology, technology and R&D

When choosing an industry or a specific 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.

Particularly effective could be the matrix scheme of the road map, combining 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. This approach would be especially effective, since a significant part of the subjects' GDP 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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