



Improving The System Supporting The Private Sector Is The Basis For Forming A Competitive Economy

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ABSTRACT

The article examines the process of improving the system of state support for the private sector as a basis for building a competitive economy. At the same time, problematic processes for improving the system of state support for the private sector have been studied on a systematic basis. Scientific proposals and practical recommendations on the possibility of building a competitive economy by improving the system of state support for the private sector.

KEYWORDS

Market economy, private sector, classical market economy, domestic market competitiveness, market segment, innovation factor, competitive economy, institutional mechanism, security economy.

INTRODUCTION

The complex socio-economic nature of a market economy is reflected in the activities of the private sector, which has equal rights and obligations in property relations. While the private sector is an important basis for economic development, the process of

ensuring efficiency is based on a competitive mechanism. Therefore, it is advisable to make effective use of the existing competitive environment in the development of programs for economic development in the private

sector and the development of programs aimed at improving its efficiency.

In classical and modern market economies, there is a sharp distinction between the regulatory and control functions of competition. As the sharp competitive environment in the classical market economy provides the basis for the spontaneous movement of market participants, the process of selecting the target segment in the market requires the implementation of innovative factors and measures. This causes the sorting task to be switched to the control function.

In today's market economy, the government forms programs that reflect specific goals and objectives within the private sector. This, in turn, requires regulatory action rather than the full control of competition. The overall process is in the hands of the private sector, which is able to form a system of targeted use of certain investment and innovation factors in the competition.

The above serves to show that improving the system of state support for the private sector will lay the foundation for the formation of a competitive economy, and reflects the relevance of the research topic.

MAIN PART

Research on improving the system of public support for the private sector occupies a special place in the research of economists McConnell C, Brue C. The main priority in this research process is focused on the process of improving the institutional mechanism of public support for the private sector [1]. H. Forsman The process of state support of the private sector is a factor in filling the domestic market with competitive and quality goods, expanding the range of services, taking into account modern requirements, increasing the number of high value-added products in exports is studied as [2]. Hunter MG, Kazakoff D research examines the role of government agencies and non-governmental organizations

in ensuring the organization of the implementation of government programs, mechanisms and their support in the private sector [3].

Through the research of Filosofova TG, Bikov VA, the process of state support of the private sector is assessed as the basis of an innovative process focused on efforts to stimulate and develop a new product or service, market implementation and its further spread [4]. In Belov S.V.'s research, systematic government support for the private sector is interpreted as the basis for ensuring the security of the country's economy [5]. Through Ogorodov's research, the systematic support of the private sector by the state is studied as the basis for the formation of a competitive economy [6].

Economists such as Sobirjona D, Boymatova U, Bozorova F interpret the expediency of introducing a system to facilitate the free use of financial, logistical and information resources in the state support of the private sector [7]. Umurzakov UR, Tashbaev AS It is recognized that it is expedient to develop and implement regional programs for the development of the private sector by the state, to establish additional guarantees and measures to protect the activities of business entities [8].

In the research of Tursunov B, Mamadolimova M, the system of state support of the private sector is interpreted as the basis for the formation of a strategy to increase the competitiveness of the national economy [9]. Ibragimov IU's research analyzes the mechanism of state regulation and support of private sector development and explores ways to improve it [10].

The above research does not systematically examine the processes involved in improving the system of state support for the private sector and the formation of a competitive economy. The lack of proposals and

recommendations for the formation of an organizational and economic mechanism for state support of the private sector in the formation of a competitive economy also serves to justify the relevance of scientific research.

ANALYSIS AND RESULTS

In a market economy, the competitive environment plays a key role in ensuring the full independence of market forces. Therefore, the state pays special attention to the improvement of property relations, which is a key factor in ensuring socio-economic development. State support for property relations opens up a wide range of activities for the private sector, which is the structural and organizational basis of the economy.

Organizational and economic measures to improve the system of state support for the private sector will affect the implementation of financial, intellectual, technical and technological investment activities in the economy. In turn, these factors, aimed at ensuring the efficiency of the private sector, will ensure the intensity of production and services. This will increase the efficiency of placement and use of economic resources.

The state plays a leading role in the development of sustainable activity of the private sector. In this regard, state funds often implement a policy of guaranteeing entrepreneurs to obtain soft loans in commercial banks, the implementation of subsidies, including non-repayable subsidies. The system of state support for the private sector in Uzbekistan is one of the main directions of economic reforms, deepening economic reforms, development of small business and private entrepreneurship. This requires the development of economic competition, filling the consumer market with

goods and services, as well as the creation of a wide range of private entrepreneurs.

The private sector provides goods and services that meet the needs of the world market in a competitive environment, provide economic growth and improve the quality of life, and provide high rates of economic growth in the medium and long term. In the context of economic development, the proper organization of labor in the private sector objectifies the wages paid to employees as the level of labor productivity increases. This will further deepen and analyze the use of the payroll fund and further increase workers' interest in labor outcomes. Wages will continue to be a powerful incentive to increase productivity in the future as the main source of income for enterprise personnel.

Today, the urgent task is to improve the living conditions of the population, to create a favorable socio-economic environment for them. Regional socio-economic factors, including the level of development of small business and private entrepreneurship, have a significant impact on the rational solution of this issue within the republic and its regions.

In recent years, the Uzbek economy has shown positive aspects of economic reforms aimed at systematic support of the private sector. In this regard, it is necessary to highlight the role of small business and private entrepreneurship, which are important factors in stimulating market activity.

According to the results of economic analysis, the share of small business and private entrepreneurship in the GDP of Uzbekistan is growing from year to year. Small business and private entrepreneurship allowed to form an average of 63% of GDP in 2015-2018, while in 2019-2020 this figure averaged 54% (Figure 1).

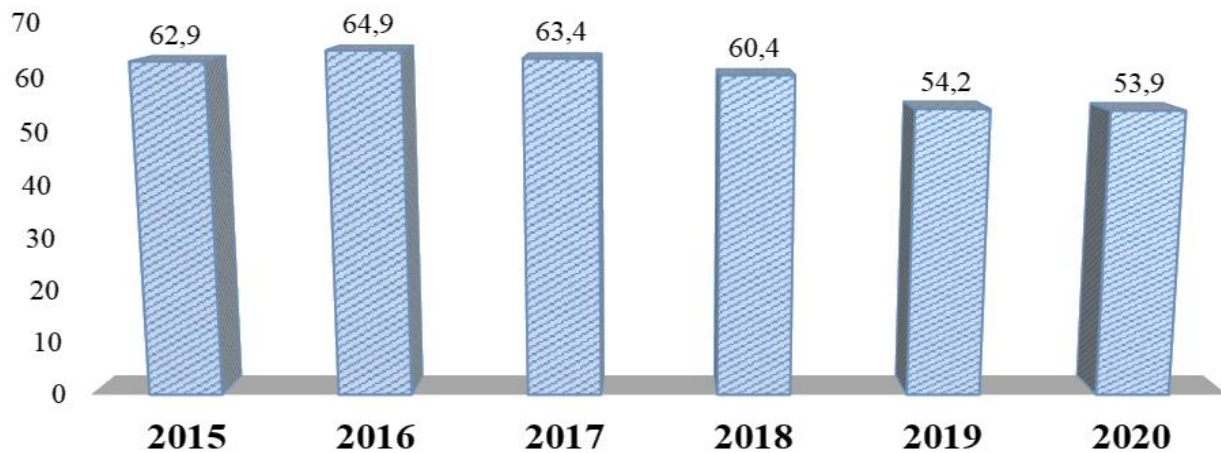


Figure 2. Share of small business and private entrepreneurship in GDP in the Republic of Uzbekistan in 2015-2020 (in percent) [11]

The process of state support of the private sector is based on the analysis of the initial factors of the organization of the labor process, the type of production, its technological processes, the specifics of machinery and equipment, labor mechanization, workshops, workplaces and etc. requires determining the degree of integration. One of the key factors in overcoming competition in a market economy is to increase production efficiency in enterprises in the macroeconomic, social and private sectors. This is mainly achieved through the rational use of available manpower. In turn, the effective use of manpower often depends on the correct distribution of the various tasks that need to be performed among individual executors, i.e., their qualifications, experience, and ingenuity.

The above factors are also reflected in the activities of sectors and industries of the Uzbek

economy. In particular, the growing share of small business and private entrepreneurship in the Uzbek economy in industry, construction, agriculture, forestry and fisheries, services is a bright basis for our opinion.

In 2015-2020, the volume of small business and private entrepreneurship in the economy of the Republic of Uzbekistan will grow sharply, and according to the analysis, the share of small business and private entrepreneurship in the industrial sector is high. In 2015, the share of small business and private entrepreneurship in this sector amounted to 39643.5 billion soums. In 2020, this figure will increase 2.5 times. The additional annual growth rate is 25-30%. The share of small business and private entrepreneurship in the construction sector is expected to grow by almost 3.5 times in 2015-2020. In particular, the annual growth rates of small business and private entrepreneurship in this area remain in the range of 10-15% (Table 1).

Table 1

Volume of small business and private entrepreneurship in the economy of the Republic of Uzbekistan in 2015-2020 (in billion soums) [11]

Years	Industry (billion soums)	Construction (billion soums)	Agriculture, forestry and fisheries (billion soums)	Services (billion soums)
2015	39643,5	16954,0	101197,5	47269,6
2016	50654,5	19671,0	118011,4	61346,2
2017	61367,8	22469,4	152010,5	69212,7
2018	87962,0	37451,7	191759,2	84433,4
2019	83 344,2	53960,9	219466,9	103106,6
2020	100796,9	63614,9	252485,7	112743,5

This indicator also shows positive results in agriculture, forestry, fisheries and services. The average annual growth rate in agriculture, forestry and fisheries is \$ 17 billion. soums, and in the services sector - 14 bln.

In the future, the sectoral structure of employment in the Uzbek economy shows the low level of efficiency in the use of labor potential in the sector, the effective use of private entrepreneurship. It will also be necessary for employment centers to work with the authorities to develop and implement active programs to create new jobs and provide employment in the family business.

CONCLUSIONS AND RECOMMENDATIONS

The above facts serve to justify the existence of a number of urgent tasks to improve the

system of state support for the private sector in Uzbekistan. In particular, it is necessary to increase the number of corporate governance structures (large corporations, companies and joint stock companies) developing on the basis of PPP, to actively involve not only large businesses but also small businesses in these relations through the effective use of PPP in the national economy.

International experience gained in recent years shows that one of the main mechanisms for expanding economic resources and mobilizing unused resources for economic development and improving the efficiency of state (public) property management is public-private partnership (PPP).

Public-private partnership is, first of all, a combination of financial, technological and managerial resources of the state and business in the organization of infrastructure and the provision of socially important services. In such a partnership, the relationship is built like a public-private partnership. At the same time, it is important that the public-private partnership agreement clearly defines the distribution of risks between the parties. This type of relationship requires a legal framework that clearly defines the powers of public authorities.

The public-private partnership mechanism is widely used in all developed countries in many sectors of the economy. In particular, with the help of public-private partnerships, investments are focused on road infrastructure, airports, railways, agriculture, education and medicine. The United Kingdom, Germany and the United States are the world leaders in public-private partnerships. This project is also popular in other countries, in the CIS countries such projects are developed in the Russian Federation and Kazakhstan. The countries of South and Southeast Asia are leading in the use of public-private partnerships in agriculture and water management.

It is also advisable to carry out the following tasks in the future to improve the system of state support for the private sector:

- Taking measures by local governments at each regional level to develop the private sector and improve the business environment;
- Strengthening the export of products in the private sector and solving problems in this area;
- Further expansion and promotion of investment for private enterprises;
- Attention to potential investors in private investment and their effective use in the modernization process;

- Further development of private property and entrepreneurship and ensuring their effective protection by the state, etc.

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