

PRINCIPLES OF MARKET ECONOMY AND ITS DEVELOPMENT PROSPECTS

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Abstract: This article analyzes the fundamental principles of the market economy system, its development factors, and prospects. The market economy operates on the basis of the balance of supply and demand and is founded on principles such as private property rights, free competition, and the price mechanism. The article examines legal, institutional, and financial factors influencing the development of the market economy. In the modern era, digital technologies and global integration are taking the market economy to a new level, while the need for environmental sustainability is shaping its future development directions. The author highlights issues of innovative economy, social equality, and regulation of the digital economy as key prospects for the development of the market economy. This article may be beneficial for specialists conducting research in economic theory as well as for students and researchers studying contemporary trends in the market economy.

Keywords: Market economy, private property rights, supply and demand, price mechanism, free competition, digital economy, innovation, global integration, sustainable development, social equality.

ПРИНЦИПЫ РЫНОЧНОЙ ЭКОНОМИКИ И ПЕРСПЕКТИВЫ ЕЕ РАЗВИТИЯ

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Аннотация: В данной статье анализируются основные принципы системы рыночной экономики, факторы ее развития и перспективы. Рыночная экономика — это система, которая действует на основе баланса спроса и предложения и основана на таких принципах, как права частной собственности, свободная конкуренция и механизм цен. В

статье рассматриваются правовые, институциональные и финансовые факторы, влияющие на развитие рыночной экономики. В настоящее время цифровые технологии и глобальная интеграция выводят рыночную экономику на новый этап, а также необходимость обеспечения экологической стабильности, определяя направления ее дальнейшего развития. Автор представляет вопросы инновационной экономики, социального равенства и регулирования цифровой экономики как перспективы развития рыночной экономики. Статья может быть полезна специалистам, проводящим исследования по экономической теории, студентам и исследователям, изучающим современные тенденции рыночной экономики.

Ключевые слова: Рыночная экономика, права частной собственности, спрос и предложение, ценовой механизм, свободное соревнование, цифровая экономика, инновации, глобальная интеграция, устойчивое развитие, социальное равенство.

Introduction. In today's globalization and economic integration, the principles of a market economy are gaining particular importance. The market economy system has become the main foundation of the economic development of countries, which allows ensuring efficiency, innovative approaches and competitiveness. Principles such as private property rights, free competition and the price mechanism are the main factors of the successful functioning of this system. At the same time, digital technologies and the need for environmental sustainability are ensuring the transition of the market economy to a new stage. In order to further improve the economy, these principles were confirmed in the Decree of the President of the Republic of Uzbekistan "On additional measures to further develop the economy and increase the effectiveness of economic policy" [1].

Analysis and Results

In the new Uzbekistan, great importance is currently being attached to the market economy. Since business entities are the main driving force of the market economy, as a result of the creation of favorable conditions by the state for the development of their activities, the volume of production and service provision is increasing. At the same time as the privatization of state property has accelerated, there has been a need to form the principles of private property rights, free competition and the price mechanism. Private property rights stimulate the efficient allocation of production resources, which develops innovative activity. Free competition ensures the optimal balance of quality and price in the market and protects the interests of consumers. The price mechanism plays a key role in coordinating supply and demand in the economy.

The following sectors play an important role in determining the prospects for a market economy:

Innovative economy: the development of an economy based on new technologies and knowledge.
Ensuring social equality: the adaptation of market mechanisms to social justice.

Regulating the digital economy: maintaining economic stability through new technologies

In addition, in our opinion, the following factors influence the analysis of development factors:

- Legal factors: Legal regulation and protection of private property rights are the guarantee of the development of a market economy.
- Institutional factors: Strong economic institutions ensure effective governance and attract investors.

- Financial factors: Efficient allocation of capital ensures the full functioning of market mechanisms.
- Digital technologies: Artificial intelligence, automation, and blockchain technologies are opening up new opportunities for the market economy.
- Environmental sustainability: It remains essential to develop economic activities in accordance with environmental standards.
- The results show that the digital economy and adaptation to green technologies will determine the future success of the market economy.

The main principles of a market economy are as follows:

- Private property rights: In a market economy, the vast majority of property is in the hands of the private sector. Private property rights ensure that individuals have the freedom to use, manage, and profit from their property. This principle encourages innovation and provides the basis for the efficient use of economic resources.
- Free competition: Free competition is the main driving force of the market. Manufacturers strive to improve product quality and reduce prices through competition. At the same time, competition encourages enterprises to introduce new technologies and improve efficiency.
- Price mechanism: The price mechanism is based on the balance of supply and demand. When demand increases, prices increase, which encourages producers to increase production. Conversely, when demand decreases, prices decrease, which leads to a reduction in production. As a result, an efficient allocation of resources is ensured in the economy.
- Limited government intervention: In a market economy, the role of the state is minimal, limited mainly to creating legislation that regulates the economy and ensuring economic security. The state also operates in areas such as social infrastructure, education, and healthcare, but this process does not interfere with market mechanisms.
- Freedom of supply and demand: In a market economy, consumers and producers have the freedom to make decisions according to the conditions that are favorable to them. Consumers choose products that suit their needs, while producers produce products to meet market demand. The growth of a market economy through the development of the above factors can be seen through macroeconomic indicators in our country (Table 1).

Table 1

Macroeconomic indicators of the Republic of Uzbekistan [2].

Years	Gross Domestic Product (billion soums)	Industrial production volume (annual) (billion soums)	Rural forestry and beekeeping (billion soums)	Investments in fixed capital (billion soums)	Retail turnover
2017	356454	148816	90739,8	72155,2	105229,9

2018	473652,8	23540,7	113327,4	124231,3	133195,2
2019	594659,6	322535,8	129885	195927,3	166094,4
2020	668,38	368740,2	150493,7	210195,1	199518,8
2021	820536,6	456056,1	181787,7	239552,6	216694,6
2022	995573,1	553265	208809,2	266140	270687,2
2023	1192162,5	658991,7	245222,5	356071,4	330448,1

According to the data in the table, there was a significant increase in all indicators between 2017 and 2023. We analyze these differences by indicator and identify the reasons influencing the changes.

The Gross Domestic Product (GDP) in 2017 was 356,454 billion soums, and in 2023 it was 1,192,162.5 billion soums. This growth was due to an increase in production in industry, agriculture, and services, the introduction of digital systems and innovative processes into the economy, increasing efficiency, and a significant increase in investments in fixed capital (5 times from 2017 to 2023), which led to an increase in GDP by 3.3 times.

The volume of industrial production amounted to 148,816 billion soums in 2017, and increased to 658,991.7 billion soums in 2023. This increase in volume by almost 4.4 times was achieved due to the fact that new production lines and automation processes increased industrial efficiency, increased export volumes increased demand for industrial products, and the improvement of energy and transport networks contributed to the growth of production.

Agriculture, forestry and fisheries grew from 90,739.8 billion soums in 2017 to 245,222.3 billion soums in 2023. During this period, GDP increased by 2.7 times.

Investments in fixed assets reached 72,155.2 billion soums in 2017, and by 2023 they will reach 356,071.4 billion soums, an increase of almost 5 times. This indicator was achieved through a significant increase in the volume of investments in large infrastructure projects, foreign investments and the implementation of projects of international financial institutions, as well as the results of special investment programs designed to develop innovative technologies.

Retail turnover was 105,229.9 billion soums in 2017, and 330,448.1 billion soums in 2023. This growth volume has increased by almost 3.1 times. Of course, the increase in incomes and purchasing power of the population, the expansion of digital trading platforms (online stores), and the improvement of delivery systems have supported retail trade.

Overall, the differences between 2017 and 2023 show positive dynamics in all key indicators of economic growth. These results were driven by the following factors:

- Widespread adoption of innovative technologies.
- Development of industry and infrastructure.
- Significant increase in investment.
- Impact of digital technologies and global integration on economic activity.
- Adaptation to environmental standards and efficient use of resources.

Conclusion.

The market economy is the main model of economic development in the modern world. Its principles and development factors ensure the stability of the economy. Efforts aimed at the digital economy and environmental sustainability will allow for further improvement of the market system. The principles of the market economy, in particular, private property rights, free competition and the price mechanism, are an important condition for economic development. Digital technologies and environmental sustainability factors are playing a key role in shaping the prospects of a market economy. A solid legal framework and effective institutions support this process.

Suggestions:

The following proposals have been developed for the sustainable development of a market economy:

Firstly, it is necessary to strengthen private property rights and expand political and legal guarantees.

Secondly, in order to increase competition, it is necessary to create a favorable environment for entrepreneurs and introduce tax breaks for new startups.

Thirdly, it is necessary to develop special state programs to direct financial resources to the digital economy.

Fourthly, to increase the number of logistics and qualified personnel in order to further improve the market infrastructure.

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