

## Development of Regions in Ensuring Economic Growth of Uzbekistan

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**Abstract:** *The article examines the factors of sustainable development of the regions of Uzbekistan in the conditions of the formation of market relations that form the regional socio-economic system, and also provides a comparative analysis of indicators that are used to characterize the state and development processes of the region.*

**Key concepts:** *region, regional environment, GRP per capita, GRP growth rates, budgetary provision of the region, regional growth, industrial potential.*

Processes of deep transformations, reforming and liberalization of political and socio-economic life, democratic renewal and modernization of society are developing at an accelerated pace in Uzbekistan. The global tasks of the Action Strategy in five priority areas of development of the Republic of Uzbekistan in 2017-2021 are being consistently implemented, which marked a qualitatively new approach to the system of strategic planning of the prospects for state and social development of the country.

The draft of this document was developed following the results of a comprehensive study of issues of concern to the population and entrepreneurs, analysis of legislation, law enforcement practice and advanced foreign experience. The action plan includes aspects such as improving state and social construction, ensuring the rule of law and reforming the judicial and legal system, developing and liberalizing the economy, improving the social sphere, as well as ensuring security, interethnic harmony and religious tolerance, the implementation of a balanced, mutually beneficial and constructive foreign policy. To date, the main directions have been outlined for Uzbekistan's entry into the number of democratically developed countries with a steadily developing diversified economy, a high level and quality of life of the population.

The main requirement for successful reforming and functioning of a mixed economy is the sustainable development of the regions of Uzbekistan in the conditions of the formation of market relations that form the regional socio-economic system.

The regional socio-economic system is an integral set of interrelated and interacting social and economic subjects and relations regarding the distribution and consumption of material and non-material resources, production, distribution, exchange and consumption of goods and services. The concept of economic relations means a set of economic forms of relations, united into a single whole and reflecting the specific nature of the economic formation. [1]

The most significant features of the region as an object of management and management include: manageability and organization, integration, self-government and self-organization, uniqueness, stability, hierarchy.

The region is viewed from at least two sides: firstly, as a part of a single economic complex of the country; secondly, as an independent holistic education, which has its own specific goals, tasks of economic development, resource potential, ways of combining production resources - factors of

production. Each of these parties leaves an imprint on the process of regional development and management of this process. [2]

When studying a region as part of a single economic complex of the country, a number of fundamental problems are of particular importance, including:

- studies of the cyclical process of reproduction;
- determining its place in the system of territorial division of labor;
- study of the system of interregional economic relations and economic proportions of the national economy.

The regional environment, being a territorial entity, creates a specific environment, conditions that form the main factors that determine the capabilities and nature of the functioning of the regional system. It determines the set of directions, development paths along which the region can go, as well as possible structures and types of functioning of the regional system. A certain set of states of the regional system is adequate to the existing and emerging regional environment and can be stable over a long period of time. [1]

In recent years, measures have been taken to reform the economy of the country and its regions, in particular, during this period, reforms were carried out to modernize and diversify regional industries, improve production and social infrastructure, adopted and implemented programs to localize the regional economy and liberalize the banking and financial sector. and fiscal policy. In some regions, the measures taken have led to more successful results, in other regions the results are less successful.

The region is a complex natural-social system, which is reflected in a large number of various indicators that are used to characterize the state and development processes of the region.

These indicators in individual areas include the following:

- 1) In the field of production: the volume of GRP; GRP per capita; GRP growth rates; the ratio of growth rates of consumption and investment in fixed assets; growth of the region's export potential; index of the physical volume of industrial production (in comparable prices); the degree of wear and tear of fixed assets; the proportion of unprofitable enterprises.
- 2) In the financial sector: the rate on bank loans; the growth rate of investments in fixed assets; index of the ratio of GRP and tax revenues to the regional budget; price level (ratio of prices of the current and base periods); budgetary provision of the region; the state of accounts payable and receivable in the region, including taxes.
- 3) In the social sphere: the level of the living wage; the share of wages in the GRP; the level of financing of social programs from the regional budget; natural decline and migration of the population; the proportion of officially registered unemployed and the number of unemployed per one place; dynamics of the total population of the region, active and employed population. [2]

The gross regional product (GRP) indicator is one of the main indicators of regional statistics. GRP is defined as the sum of gross value added produced during the reporting period by institutional units - residents of the regional economy.

In 2020, in the context of reducing the impact of the coronavirus pandemic on the economy, efficient and rational use of natural and economic potential, modernization and technical re-

equipment of leading industries and regional policy aimed at creating the necessary conditions for economic development, led to positive economic growth in the regions.

An indicator of regional growth is the increase in the gross regional product. The indicator of the state of the region's economy is the ratio between gross investment and depreciation, i.e. total capital gains and capital consumed.

- Growing economy: gross investment exceeds depreciation, i.e. net investment is positive, the economy is booming, and its production capacity is growing.
- Static, or stagnant, economy: gross investment and depreciation are equal, the economy produces exactly as many investment goods as is needed to replace what was consumed during the year, net investment is approximately zero.
- Economy with negative growth ("shrinking" economy). Gross investment is less amortization, i.e. more capital is consumed than is produced; net investment is negative, i.e. the absolute amount of capital is reduced.

If for the national economy the main object for analysis is the growing economy, then in the analysis of regional development, all three types of growth are encountered, since underdeveloped and depressed territories exist in all countries without exception.

Analysis of economic growth showed that the GDP growth rate in Uzbekistan in 2020 was 101.6%. At the same time, in all regions, except for Jizzakh (101.6%), Syrdarya (100.1%) and Tashkent (101.5%), the growth rate of GRP was higher than the national average. The highest growth rate was observed in the Navoi region - 107.1%. The largest share in GDP was observed in the city of Tashkent (15.3%), Tashkent (10.8%), Navoi (8.4%) and Samarkand (7.3%) regions. Relatively small shares in Syrdarya (2.1%), Jizzakh (3.0%), Khorezm (3.6%) regions and the Republic of Karakalpakstan (3.7%). [5]

#### Indicators and growth rates of gross regional product (GRP)

Table 1

Regions	2019 год		2020 год	
	billion soums	growth rate, in %	billion soums	growth rate, in %
<b>The Republic of Uzbekistan</b>	529391,4	105,6	602551,4	101,6
Republic of Karakalpakstan	18735,7	106,8	21 200,9	102,6
Andijan	32897,2	106,5	37 913,7	102,8
Bukhara	26695,0	106,1	30 758,1	101,8
Jizzakh	15211,9	105,9	17 445,9	101,6
Kashkadaryo	36470,1	101,4	34 618,1	102,1
Navoi	36685,2	105,2	49 015,1	107,1
Namangan	23239,0	107	26 632,3	104,8
Samarkand	37593,9	104,1	42 378,1	102,4
Surkhandaryo	22349,3	106,3	42 378,1	104,4
Sirdaryo	10477,7	103,6	12 186,4	100,1
Tashkent	50117,8	104,1	62 661,7	102,6
Ferghana	32943,3	105,4	36 538,9	103
Khorezm	19136,5	107,7	20 822,3	102,3

Tashkent city	74527,6	110,5	88 567,7	101,5
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The fastest growing regions are the city of Tashkent, Andijan, Jizzakh and Samarkand. Economic growth in these regions was higher than the national average. Moderate rates of economic growth were observed in regions such as Namangan, Bukhara and Khorezm. The regions where the rates of economic growth were lower than the national level are the Surkhandarya region, the Republic of Karakalpakstan, Kashkadarya and Syrdarya regions. In general, in recent years, the real growth of the GRP of the regions had positive values in all regions.

In the sectoral structure of GRP in fisheries, Jizzakh (56.1%) and Surkhandarya (50.4%) regions bypass, in industry - Navoi (71.2%) and Tashkent (48.4%) regions, in construction - Tashkent (10.2%) and Surkhandarya region (8.8%), and in the service sector - Tashkent (51.5%) and Fergana region (35.3%).

However, the indicators of the gross regional product (GRP) do not fully take into account the peculiarities of the socio-economic situation of the regions. In this regard, the GRP per capita indicator more fully reflects the situation, which also characterizes changes in the well-being of the population in the process of socio-economic activity. [3]

The highest GRP per capita was noted in the Navoi region (48.7 million soums), and the lowest - in the Surkhandarya region (9.0 million soums). The regional difference in this area was 5.4 times. The highest GRP per capita is in the Navoi, Tashkent regions and the city of Tashkent. The indicators of these regions exceed the national level. In 2020, the gross domestic product of Uzbekistan per capita amounted to 16.9 million soums and decreased by 0.3% compared to 2019.

There is a high differentiation (per capita), observed simultaneously in all sectors of material production. Thus, the analysis of intraregional differentiation in the context of 14 regions for the period under review shows that the difference between the regions of the country in terms of GRP production in 2020 is 5.4 times. Despite the existing positive trends, this indicator is considered high relative to the threshold values of the countries of the European Union (2.5 times).

It should also be noted that of the surveyed 200 regions and cities of Uzbekistan, the difference in per capita production of industrial products of the 100 most developed and 100 least lagging territories is about 12 times. Between 50 developed and 50 lagging behind, the difference is 34 times, and if we take the 25 most developed and 25 most lagging, then the difference is more than 90 times. [4]

Industry is the main and largest branch of material production. It provides all branches of the real sector with objects of production and instruments of labor. Various types of machines and mechanisms are created in it, structural elements of buildings are also produced, underground wealth is mined, a huge amount of food products is produced, etc. The goal of the industrial development strategy of Uzbekistan is to increase the efficiency and competitiveness of industry in the domestic and foreign markets and ensure its sustainable development. [1] In the years of independence, completely new industries have emerged, such as the automotive industry, motor building, pharmaceuticals, oil and gas processing industries, as well as the production of televisions and computers. The role and importance of industry in the national economy is growing every day and we can see how the share of industry in the structure of GDP has grown and accounts for more than 35.5 percent in 2020 against 14.2 percent in 2000. For twenty years, the share of industry has grown 2.5 times. The level of industrial development in the country is closely interconnected with the following areas, such as the national economy, culture, health care, sports, tourism, science,

education and others. The higher the potential for economic development, the more developed the above sectors and spheres of the state. Also, the degree of industrial development is reflected in the well-being of the population and the standard of living in this country.

Measures for the industrialization and development of priority industries in the regions have begun to yield positive results. At the same time, there is a high differentiation in the development of regions, observed simultaneously in all sectors of material production.

Timely implementation of measures aimed at mitigating the consequences of the pandemic and its impact on the economy, stabilizing production rates and supporting business, ensured the growth of industrial production in all regions. This was facilitated by such programs as "Youth is our future" and "Every family is an entrepreneur" in the framework of which a number of business projects were carried out. [4]

In 2020, compared with last year, the growth in industrial production was 100.7 percent. In the context of regions in Namangan (115.8%), Surkhandarya (113.9%), Jizzakh (107.1%), Navoi (109.4%), Andijan (104.6%) regions and the Republic of Karakalpakstan (104, 1%) there was a significant increase in the volume of industrial production.

The significant growth suggests that much attention is paid to areas with relatively low industrial potential, as well as the effectiveness of measures taken. In seven regions of the country (Bukhara, Kashkadarya, Samarkand, Syrdarya, Tashkent, Fergana, Khorezm regions and in the city of Tashkent), the growth trends in industrial production amounted to 100.6-103.6 percent.

More than 63 percent of all industrial products produced in the republic are concentrated in Andijan, Navoi, Tashkent regions and in the city of Tashkent. The production of industrial products per capita in these regions in the range is 11.3-64.8 million soums (the republican parameter in 2020 is 10.7 million soums).

In particular, in 2020, Jizzakh, Samarkand, Surkhandarya, Khorezm regions are regions with a low indicator of production development, production per capita in which amounted to only 2.1-5.0 million soums, which is 2- 5 times. Regional differences between high and low indicators of production development are 31.2 times, which has a positive trend compared to 2019. [5]

In 2019, this figure was 26.6 times. It follows from this that it is necessary to revise the programs for the integrated development of these regions, in particular the programs for the production and use of natural resources in the Jizzakh, Samarkand, Surkhandarya, Khorezm regions.

#### Growth rates and the share of regions in industrial production

Table 2

Regions	2019 year		2020 year	
	share of the region, in %	growth rate, in %	share of the region, in %	growth rate, in %
<b>The Republic of Uzbekistan</b>	100	105,0	100	107
Republic of Karakalpakstan	4,3	105,1	3,9	104,1
Andijan	12,7	114,7	9,7	104,6
Bukhara	5,1	110,5	4,8	100,6
Jizzakh	1,6	103,5	1,5	107,1
Kashkadaryo	3,3	94,0	4,0	100,5
Navoi	14,3	104,3	17,7	109,4



Namangan	3,1	110,4	3,0	115,8
Samarkand	5,9	105,6	4,9	102,3
Surkhandaryo	1,4	107,1	1,5	113,9
Sirdaryo	1,6	103,2	2,2	101,0
Tashkent	18,0	107,3	17,6	103,8
Ferghana	6,8	102,6	5,9	101,7
Khorezm	3,2	107,5	2,6	103,6
Tashkent city	17,6	105,5	18,2	100,6

In the context of the formation of a market model of management, the regional investment policy of the state is based on the general principles of decentralization of the investment process. The implementation of this course in practice as applied to the regions was the basis for their growing role in the investment process and the activation of their own investment policy.

In its most general form, the investment policy of the regions includes the following main elements:

- development and adoption of a package of laws and regulations governing the investment process;
- provision of guarantees for the safety of private capital;
- provision of tax and other benefits, deferrals for tax and rental payments, non-financial incentives;
- creation of organizational structures to support investment activities;
- assistance in the development, examination and support of investment projects;
- issuance of guarantees and sureties to commercial banks financing investment projects;
- assistance in the formation of institutions of regional investment infrastructure.

With the intensification of the investment policy of the regions, a number of problems arise associated with the deepening of interregional contradictions. These include increased competition for attracting investment capital, an increase in the differentiation of levels of socio-economic development, a break in a single investment space. These contradictions are closely interrelated.

The regions are characterized by a high degree of economic heterogeneity, and, consequently, by the difference in the possibilities of attracting investment resources. An analysis of the regional structure of investments indicates an uneven distribution of funds: the preferences of investors are mainly associated with the investment of resources in large centers with a developed market infrastructure, with a relatively high paying capacity of the population, as well as in resource regions. The growing independence of regions in pursuing regional policy initiates an intensification of the competition between regions for attracting investment capital by providing more favorable conditions for its use. This has not only positive, but also negative consequences.

A special role for the development of regions is played by investments in fixed assets, which are associated with the acquisition of new equipment, repair and modernization of technical mechanisms, which ultimately leads to an increase in production and an increase in profits in the medium and long term. Usually, such investments do not give a quick return, but they provide stable profits for several years and even decades.

In 2020, the largest share of investments in fixed assets fell on the city of Tashkent (22.2%), Kashkadarya (9.9%), Tashkent (9.4%) and Navoi (7.9%) regions. The lowest share for this indicator was in Khorezm (3.3%), Syrdarya (3.6%) and the Republic of Karakalpakstan (4.0%). In Jizzakh (152.2%), Samarkand (117.7%), Fergana (116.4%) and Khorezm (114.5%) regions, high growth rates of investments in fixed assets were observed.

Per capita share and growth rate of investment in fixed assets

Table 3

Regions	2019 year		2020 year	
	thousand soums	growth rate, in %	thousand soums	growth rate, in %
<b>The Republic of Uzbekistan</b>	5834,6	138,1	6140,3	95,6
Republic of Karakalpakstan	4644,4	100,3	3710,0	69,9
Andijan	2406,0	129,0	3047,2	110,6
Bukhara	5429,3	95,9	6295,0	104,7
Jizzakh	5778,9	194,9	8984,7	147,4
Kashkadaryo	7534,6	131,2	6214,7	76,5
Navoi	17855,2	144,3	15604,2	77,1
Namangan	4344,1	131,1	4229,2	88,0
Samarkand	2674,9	134,5	3746,0	128,8
Surkhandaryo	4552,8	144,0	3792,2	77,4
Sirdaryo	7002,9	186,0	8425,4	111,2
Tashkent	6970,0	158,5	7169,0	92,2
Ferghana	2336,2	132,0	2916,0	113,5
Khorezm	2718,4	150,7	2868,2	92,7
Tashkent city	16710,5	145,8	19065,6	108,6

In Kashkadarya, Surkhandarya, Navoi, Tashkent, Namangan, Bukhara regions, and in the Republic of Karakalpakstan, on the contrary, the volume of investments in fixed assets decreased.

In the analyzed period, the highest investment per capita was noted in Tashkent, 17.1 million soums, which is 93.4% more than in the previous year. This is followed by Navoi (16.0 million soums and 77.4%), Jizzakh (9.3 million soums and 149.3%), Syrdarya (8.4 million soums and 108.9%) and Tashkent (6 , 4 million soums and 81.5%) of the region. [5]

Analysis of the development trends of investment processes in the economy of the regions of the republic shows the increasing differentiation of regions in attracting investment resources, including foreign ones. The concentration of investments is observed in regions with large investment projects in strategic sectors of the economy. These are such regions as Navoi, Kashkadarya regions and the city of Tashkent, in which the share of investments per capita on average in the noted regions is 14,033.2 thousand soums. Differentiation between groups of regions with high and low (Andijan, Samarkand, Fergana, Khorezm regions) shares of investment per capita is 6 times.

Significant differentiation in regional development is primarily due to the high concentration of investment resources in some regions, due to the presence of natural resource and production

potential, where large investment projects are being implemented. A high share of attracting foreign investments and loans falls on the economies of Bukhara, Kashkadarya, Navoi regions and Tashkent city. The concentration of foreign investments in these regions is a consequence of the development of gas and mining industries (Bukhara, Kashkadarya regions), manufacturing (Navoi region, Tashkent city), power supply (Kashkadarya, Navoi regions) and sports, entertainment and recreation (Tashkent city).

Almost 44% of attracted investments in the republic for 2017-2019 accounted for 3 territories (Tashkent city, Kashkadarya, Bukhara regions), while the share of 5 regions (Andijan, Jizzakh, Syrdarya, Surkhandarya and Khorezm regions) was 16.2%. The economic return on investment resources in most regions remains insignificant. The high level of capital intensity in the regions is explained by the fact that the implementation of large investment projects is carried out mainly in the fuel and energy industries, the effect of which is expected in the long term.

For ensure sustainable and balanced development of regions in the near future, it is necessary to have accelerated industrial development of territories, ensure the competitiveness of products, increase the share of more high-tech products, diversify production based on more effective use of comparative advantages.

Analysis of the socio-economic situation of the regions of Uzbekistan shows significant differences in regional development. Under these conditions, it is necessary to ensure a systemic transition of the regional economy to an innovative path of development and sustainable growth of the regional GRP, a radical modernization of the production technological base and the widespread introduction of the results of scientific and technological progress in order to consistently improve the quality of life of the population.

The priority task in this direction is the formation of "points of production growth" in the regions. The implementation of this task will be based, first of all, on the organization of clusters, an increase in the production capacity of the electric power industry, an increase in the industrial potential of the regions, the development of transport, logistics and infrastructural spheres, and the unification of criteria for granting benefits to investors.

Consistent implementation of measures in these areas will help to ensure the economic development of the regions, which is a fundamental condition for the country's dynamic economic development.

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