

Economic Growth as the Basis of the Country's Economic Development

Kaimova Zumrat Abdullaevna¹

¹ Associate Professor of the Department of Economics of the Tashkent University of Economics and Technology

Kayimov Tolibjon Tokhirovich²

² 1st year master's student of Tashkent University of Economics and Technology

Abstract:

The article discusses socio-economic growth, its types, factors influencing economic growth, theories explaining economic growth indicators and features of economic growth in the Republic of Uzbekistan in modern conditions.

Keywords: economic growth, development, economy, production, extensive, intensive, market relations.

Introduction. Economic growth is one of the main goals of economic policy of any modern country. Economic growth is an increase in macroeconomic indicators of a state, industry or enterprise. In the first case, it is measured, as a rule, relative to the dynamics of GDP. In the second - relative to the volume of production of goods or its monetary value. In the third - relative to the volume of revenue. It can be noted that the term in question is used in most cases in the context of the characteristics of the national economic system. Much less often - in relation to any specific industry or as economic growth of an enterprise. The level of public welfare directly depends on how effective the policy taken by the country's leadership to stimulate economic growth will be. Economic growth is an integral part of economic development, which is characterized by the formation and implementation of prerequisites for the development of each member of society.

Research into economic growth issues has a long history and includes many aspects. In economic theory, this issue is reflected in both Keynesian and neoclassical works. One of the current issues requiring further theoretical development is the relationship between economic growth and

economic development.

The degree to which the problem has been studied.

The interpretation of this relationship, presented in the work of J. Schumpeter “Theory of Economic Development”, has become widely known [1].

Schumpeter himself defined economic growth as a quantitative change, and economic development as a qualitative change, which is inherent in the introduction of new technologies in the production process.

In order to achieve economic development, it is necessary to achieve primarily qualitative rather than quantitative change.

In modern economic literature, for example, H.D. Chang [2] adheres to a similar view of the relationship between the analyzed concepts.

Results and analysis.

Of course, economic development is directly related to the growth of the standard and quality of life of the country's population, which is reflected in an increase in life expectancy, level of education and health care.

That is why economically developed countries are not those that have high rates of economic growth, but those that maintain a high standard of living for the population. The forecast is based on the analysis of extensive data, current economic trends and data on the development of key sectors.

As of the end of the third quarter of 2024, the economy of Uzbekistan is demonstrating stable growth rates. According to the Statistics Agency, in the first nine months of 2024, the country's economy demonstrated growth of 6.6%.

In 2024, the economy of the Republic of Uzbekistan demonstrated sustainable growth, confirming its dynamism and ability to adapt to changing conditions. According to preliminary data, the country's gross domestic product (GDP) in current prices amounted to 1,454,573.9 billion soums, increasing in real terms by 6.5% compared to 2023. The GDP deflator index amounted to 113.3% relative to the prices of the previous year.

Key GDP indicators

- GDP in dollar equivalent: nominal GDP amounted to 114.96 billion US dollars, which demonstrates the resilience of the economy even with changes in the exchange rate, which in 2024 averaged 12,652.7 soums per dollar.
- GDP per capita growth: In 2024, GDP per capita reached 39,131.4 thousand soums (3,092.7 US dollars), an increase of 4.4% in real terms compared to 2023. Dynamics of the gross domestic product (GDP) of the Republic of Uzbekistan

From 2020 to 2024, GDP demonstrated steady growth. In 2024, the growth rate was 6.5%, which is the highest figure in the past five years. The dynamics of the GDP deflator index also remained stable, being within 113–114%.

GDP structure by types of economic activity

In 2024, the structure of Uzbekistan's GDP underwent minor changes:

- The service sector increased its share from 46.2% to 47.4%.
- The share of industry increased from 25.3% to 26.4%.
- The share of agriculture decreased from 21.2% to 19.2%.

➤ The share of construction decreased from 7.3% to 7.0%.¹

Population income

As of early 2024, the average salary in Uzbekistan was 4.5 million soums, equivalent to \$387 US. This figure has grown significantly over the past five years, almost doubling compared to 2019.

According to surveys, 21% of the population does not experience financial difficulties. More than half of residents can afford to buy household appliances, although they face difficulties when buying a car or real estate. Less than a third of respondents report difficulties in buying equipment or clothing.

The Business Activity Index (BAI) calculated by CERR showed a significant growth of 17.7% in October this year compared to the previous month and 33.8% compared to the same period last year. In November, the BAI growth compared to last year remains impressive - 23.9%.

Data Analysis and Current Economic Trends

According to the analysis of data from www.stat.uz, there is a noticeable increase in activity in the fourth quarter of this year. Requests for categories such as "vehicles" increased by 6.1%, "business and industry" - by 10.0%, and "purchases" - by 12.8%. These indicators indicate a significant increase in consumer interest and activity.

Overall, based on a deep analysis of current economic trends, as well as taking into account the above-mentioned factors, the projected GDP growth of Uzbekistan for 2024 will be 6.5%, with a range of 6.3–6.7%. Sustainable economic growth is due to several key factors.

First, the dynamic development of industry, which is manifested in an increase in production volumes and modernization of infrastructure.

Second, an increase in investment in fixed assets, which contributes to the creation of new jobs and an improvement in the business environment.

Third, the strengthening of the service sector, which demonstrates significant activity and a variety of offers.

The above factors form a solid basis for stable economic growth at the end of the year and create optimistic expectations, including from international organizations. In particular, the International Monetary Fund (IMF) expects GDP growth at 5.6%, the World Bank (WB) - 6.0%, and the Asian Development Bank (ADB) also forecasts growth of 6.0%. All these estimates are based on active investment activity and continuation of structural reforms.

For reference: The forecasts were made using two approaches: “Nowcasting”, based on extremely detailed flows of extensive data, and “Financial Programming and Policy” (FPP), which considers the main characteristics of the macroeconomic sectors (real, fiscal, foreign trade and monetary) and explains their relationship with other sectors of the economy.

Conclusions and significance. It is concluded that economic growth and economic development are interrelated concepts, but not equivalent. Economic growth is the basis of economic development and, with a long-term development trend, is reflected in the high standard of living of the country's population. In the short term, high rates of economic growth do not indicate a high level of economic development. For successful economic development in the country, a number of measures are needed from the state, focused on qualitative indicators of economic growth, and not on quantitative ones.

¹ www.stat.uz

Thus, economic growth allows us to navigate the degree of success of the state development strategy. In most cases, a growth of 3% is considered normal, which allows for the measured development of the country at such a pace that the population can gradually feel the changes. Macroeconomic theories say that economic growth cannot be constant, so collapses occur from time to time. The task of this science is to offer such regulation options that will minimize the significance of the crisis for people.

List of references

1. Schumpeter J.A. Theory of Economic Development. Moscow: Progress, 1982. 455 p.
2. Chung H.-J. Economics: The User's Guide. Penguin Group Publ., 2014. 154 p.
3. Nixon F. Development Economics. Second Ed. Heinemann, 2001. 24 p.
4. Zolotov A.V. On the Valuable Experience of Economic Development // Bulletin of the Lobachevsky University of Nizhny Novgorod. 2014. No. 2-1. P. 262–263.
5. Lebedeva V.D. The Influence of Factors on Economic Growth and Development of the State: Proceedings of the II International Scientific Conference "Problems and Prospects of Economics and Management". St. Petersburg: Renome, 2013. P. 22–24.
6. Glazyev S.Yu. On urgent measures to strengthen Russia's economic security and put the Russian economy on a trajectory of accelerated development. Moscow: IES RAS, Russian Biographical Institute, 2015. 60 p.