

## Institutional Reforms are the Main Criteria for the Implementation of the Development Strategy of New Uzbekistan

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**Abstract:** In this article, the author touched upon the impact of institutional changes taking place in New Uzbekistan today on economic growth and the well-being of the population, as well as the purpose and essence of the implementation of reforms aimed at balanced development of the country. Also, the factors affecting the acceleration of institutional changes are analyzed and the features of the functioning of institutions in the context of the transformation of the economy are shown.

**Keywords:** Institute, institutional changes, economic growth, living welfare of the population, transformation of the economy.

At present, new Uzbekistan is being built on the basis of the important idea of "a society and a nationalistic state in which human value is a priority." On the basis of this ambitious goal set by the head of state, our people are becoming the true author of new reforms.

At the first stage of economic reforms carried out in Uzbekistan, special emphasis was placed on institutional changes. Abandoning centralized planning, direct management of production, financial flows and flows of material wealth from the side of the state, required a new approach to the management of the economy. As a result of structural changes in management, the tasks of management institutions have completely changed. The administrative management system, its control and executive institutions were completely destroyed. Redistribution tasks and their mechanisms were canceled. A number of ministries and committees, such as Govplan, Govsupply, Gosagroprom, were liquidated, the bureaucratic bodies that formed the basis of the administrative-command system. Instead of these organizations, institutions were created that shaped the ministry and market infrastructure, characteristic of a number of market economies and contributing to the development of civil society. For example, on the site of Gosplan – the Ministry of Economy, instead of Gosstab – the Republican raw materials exchange, instead of the Labor Committee – the Ministry of Labor and social protection, labor exchanges – that is, a system of institutions fulfilling the infrastructure of the labor market arose. The state price-performance committee - due to unnecessary in the conditions of a market economy - closed in full. In order to create a system that moves Public Financial funds according to market requirements, instead of the State Bank remaining from the former planned economy, the central bank began to fulfill its function. Instead of four banks under the State Bank, a number, joint-stock and private banks were established and the market began to operate according to the requirements. A two-tier banking system began to operate in Uzbekistan. The regulatory framework of the banking system and the potential of commercial banks are confirmed by the

international rating agencies Moody and Standard end Purs on a global scale. The institutional changes of the Ministry of Finance, which manages the state budget, and the institutions within it, are carried out based on the requirements of the market economy. In the conditions of a planned economy, the state budget consisted of funds from all enterprises and economic entities. In a market economy, the formation of these funds at the expense of previous taxes and customs duties necessitated the establishment of the state tax committee and the state customs committees and laid the foundation for the development of a regulatory legal system coordinating their activities

Deep institutional changes can also be observed directly in the Ministry of Finance. In this case, the processes involve the creation and development of the treasury system, which covers not only the execution of the state budget – that is, the execution of the cash register. The introduction of the Treasury made it possible to conduct a full-fledged targeted expenditure of funds from the state budget. It laid the foundation for the savings of multi-billion state funds in exchange for the effective use of working capital. Along with the improvement of the treasury system – the introduction of a new classification of the state budget in accordance with international standards-continues institutional progress in the system of Public Finance is wide-ranging, it necessitated the introduction of a new accounting plan for public sector accounting. Since the economic reforms being carried out are a multifaceted process, the institutional transformations of these require special research.

Reforms aimed at ensuring sustainable economic growth and balanced development of society are being carried out systematically in Uzbekistan. While extensive changes have been made in the years of independence aimed at increasing the level of competitiveness of the economy, the living itself, the atmosphere of fierce competition in the world economy, as well as the integration processes accelerating in our region, necessitate a further increase in the quality of economic growth. This requires the continuation of institutional changes that make fundamental turns in our socio-economic life. Institutional conditions of economic growth serve to increase the lifestyle and quality of the country's population, to form an innovative type of economic growth. Research in this direction is aimed at covering issues of enhancing the impact of institutional changes on economic growth.. Interest in the problem of institutions, institutional changes and the functioning of the economy has been growing in recent years by the scientific community. In the study of economic processes, microboquins in the economy - the activities of the firm, household and state-are perceived as institutional units. The effectiveness of the activities of these units is important in the organization of internal factors of economic growth. In the study of the problems of the institutional structure of society and economic growth, the study is part of the methodology of new institutionalism, not limited to aggregate indicators such as gross domestic product, gross income, gross demand, gross consumption, but within the framework of their distribution among the social strata of society, income inequality and changes in well-being. Economic growth creates a material basis for an increase in living well-being, while institutonal changes affect the quality of economic growth.

The institutional system is a set of laws, rules, a model of behavior, formal and informal norms, this system enhances the influence of the institutional structure of society on the acceleration of the development of areas of the economy.

And the Social system characterizes the social structure of society. It also determines the lifestyle, quality and level of the country – population. It also affects the possibilities and directions of development of human capital. It can be said that they determine the quality of economic growth, structural changes and growth rates. This, in turn, determines the possibilities of economic growth, the lifestyle and quality of the population forms the conditions of innovation and the innovative type of economic growth.

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Due to the activity of social sector networks and the fact that production costs in industries are growing faster than the final product price, the time interval can also be assessed as an important institutional element. Theoretically, the effective demand for industrial products will be limited by the relatively low rate of increase in individual needs in society, since the demand for payment will not increase sufficiently. And the dependence of demand on the increase in production costs leads to the reimbursement of these costs at the expense of the consumer. It should be noted that institutional changes arising from technological progress and management significantly change the economy, determining the style of development and economic growth. If institutions do not change, then the current rules may not lead to positive changes in the distribution of income. Institutional changes smooth out certain conflicts in society, make it possible to resolve contradictions between economic agents by compromise, increase the influence of new mechanisms of the government that are used in macroeconomic policy.

In institutional changes, it is important to find an answer to two questions. These are the following:

- a) Will the introduction of new institutions in a row during the transition period lead to economic growth;
- b) is it advisable to introduce new institutions during the period when the pace of development is stabilizing?

In our opinion, institutional reforms are a continuous process. At the same time, it is necessary to constantly improve existing institutions in order to fully satisfy the growing material and spiritual needs of society as much as possible.

The influence of institutional changes in our country on economic growth and raising the welfare of the population should be increasingly strengthened. At the same time, it cannot yet be said that intensive factors of economic growth, institutional conditions are being adequately used. This requires the initiation of institutional reforms to their logical end. The provision of sustainable economic growth in the range of 5.0-6.0% provides a material basis for a continuous increase in Real incomes of the population of our country and a significant improvement in living standards. If the redistribution of gross income created in society is ensured rationally by effective institutional mechanisms, this will alleviate the problem of income inequality and create additional conditions for the mutually proportional activation of increasingly economic units – state, economic entities and households. These changes and trends should be transformed into a solid law in the near future.

The promotion of the noble idea "Society is the initiator of reforms" in the appeal of the president to the Oliy Majlis was an important step in increasing the activity of non — profit organizations and other institutions of civil society in the implementation of democratic reforms in our country. The appeal also put forward an initiative to establish the Public Chamber of the Republic of Uzbekistan in order to organize work in this direction on a systematic basis, raise it to a new, higher level, strengthen mutual cooperation between the state and society. The decree of the head of state on April 16, 2022 "on the establishment of the public chamber under the president of the Republic of Uzbekistan" became its practical expression.

Today, more than 10 thousand non-profit organizations operate in our country. More than two hundred regulatory legal acts aimed at improving the efficiency of their work have been adopted, a necessary institutional base has been created for comprehensive support. However, despite this, the initiative of these organizations in ensuring openness, transparency in our society, in the formation of public control over the activities of state bodies is clearly not felt. If we look at the foreign experience in this direction, for example, in the countries of the European continent, non-profit organizations have risen to the status of the third sector. They have their place in solving urgent tasks in society after the public and private network, even in the control of their implementation, from the adoption of laws. In this regard, specific

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results are also achieved in Germany, Great Britain, France and other advanced countries. In this sense, the creation of the public chamber was an important step in the further deepening of the democratic reforms carried out in our country and the development of civil society. The purpose of the foundation of this public institute is to realize the idea of "society — the initiator of reforms" in practice, expand the scale of the population's participation in the management of state and Public Affairs, achieve the UN Sustainable Development Goals, establish close cooperation between citizens, society and the state, as well as strengthen public control over the activities of First of all, it is to establish a systematic and effective dialogue of the state, citizens and civil society institutions in a modern form, uniting their efforts to develop the country more intensively and comprehensively. In addition, this chamber should facilitate the activation of citizens' participation in the life of the state and society and the introduction of modern mechanisms of Public-Private Partnership. It is also determined that the public structure will systematically study the opinion of the population, topical issues of concern to the public, the implementation of state programs in places and areas, introduce the identified shortcomings in this regard and proposals and recommendations for their solution to the chambers of the President, Supreme Assembly of the Republic of Uzbekistan and the government.

The decree of the president of the Republic of Uzbekistan dated December 23, 2022 "on measures to implement the Administrative Reforms of New Uzbekistan" opened up a wide way for the full implementation of the glorious idea that the implementation of administrative reforms in our country should serve our people, and not government agencies." The successful implementation of large-scale reforms at the modern stage of the country's development requires the creation of a completely new and effective functioning system of Public Administration. In this regard, significant work was carried out to radically improve and modernize the system of Public Administration in the country being increased. So in recent years, large-scale administrative reforms have been carried out to form an effective functioning management system, which is an important condition for the establishment of a new Uzbekistan. Including, by reducing the non-industry functions of state bodies and the widespread introduction of digital technologies in their activities, their structure was optimized by an average of 15%, and the positions of 40 deputy leaders in 26 state bodies and organizations were reduced. At the expense of the introduction of modern management principles into the activities of state bodies, about 30 types of licenses and permits were canceled, more than 70 types of public services were simplified in order to reduce bureaucratic barriers and improve the system of providing public services to the population, the request for more than 60 documents by state organizations has been canceled. The number of users of the "e-government" system exceeds 4 million, through which the possibility of using more than 130 information resources of government agencies has been created. About 350 types of services were provided online on the single interactive public services portal.

One of the main reasons why our government pays serious attention to the implementation of Administrative Reforms is the further reduction of administrative influence on the sectors of the economy and the development of a healthy competitive environment of management, the expansion of market mechanisms aimed at increasing the country's investment attractiveness and working activity of the population. In this direction, the following are planned:

- to limit the creation of commercial organizations with state participation in areas where the private sector operates effectively and to reorganize existing state-owned enterprises;
- development of specific market mechanisms of state participation in economic activity;
- improving the legal and institutional framework of social and public-private partnership in solving socio-economic issues;

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- transfer of certain public functions to the private sector.
- expanding the financial capabilities of local government bodies, increasing their role and responsibility;
- strengthening the powers of local government bodies in matters of selection and placement of leadership personnel of territorial bodies.

Within the framework of Administrative Reforms, effective activities of the executive authorities under transformation will be established based on the new requirements established in this decree.

By increasing the financial and institutional independence of leaders, an effective system of working with Territories is introduced.

In our country, measures are being taken to strengthen the influence of institutional changes on the provision of economic growth. Significant reforms to achieve these goals were accelerated by the execution of Decree No. 5185 of the president of the Republic of Uzbekistan dated September 8, 2017 "on approval of the concept of administrative reforms in the Republic of Uzbekistan". The concept outlined 6 main areas of radical reform of the system of Public Administration. Today, by this decree, a "road map" is approved and actively implemented, which provides for more than 40 specific measures for the practical implementation of the norms of the concept of administrative reform in the Republic of Uzbekistan. At the same time, the activities of more than 100 state and economic management bodies on a critical study of the system of Public Administration and its radical reform have been revised, and now the field is being improved in organizational-structural and institutional terms. As a result of this, administrative, economic and institutional reforms are increasingly gaining momentum. Also, additional conditions are created to ensure economic growth, increasing the mobility and activity of members of society. In a word, the main direction of institutional changes in Uzbekistan was determined by the rule "government agencies should serve the people."

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