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## ASSESSMENT OF THE LEVEL OF DEVELOPMENT AND EFFECTIVE USE OF HUMAN CAPITAL IN THE REGIONS OF THE REPUBLIC OF UZBEKISTAN

Zaripov Xurshid

Teacher Of The "Economics" Department Of URSU, Uzbekistan

**ABSTRACT:** The article describes the living standards, poverty and income indicators of the population of the Republic of Uzbekistan. The trends that influenced the growth of the republic's GDP were also studied.

**KEYWORDS:** Human capital, GDP, demographic indicate, export.

### INTRODUCTION

The main indicator of the state's economic development is the gross domestic product (hereinafter - GDP). In 2022, the GDP of the Republic of Uzbekistan at current prices calculated according to the production method amounted to 888,341.7 billion soums.<sup>[1]</sup> According to the World Bank experts, the GDP of the Republic of Uzbekistan increased by 5.7% in 2022 due to the growth of exports, consumption and remittances.

World Bank experts identified the following trends that affected the growth of the republic's GDP in 2022:

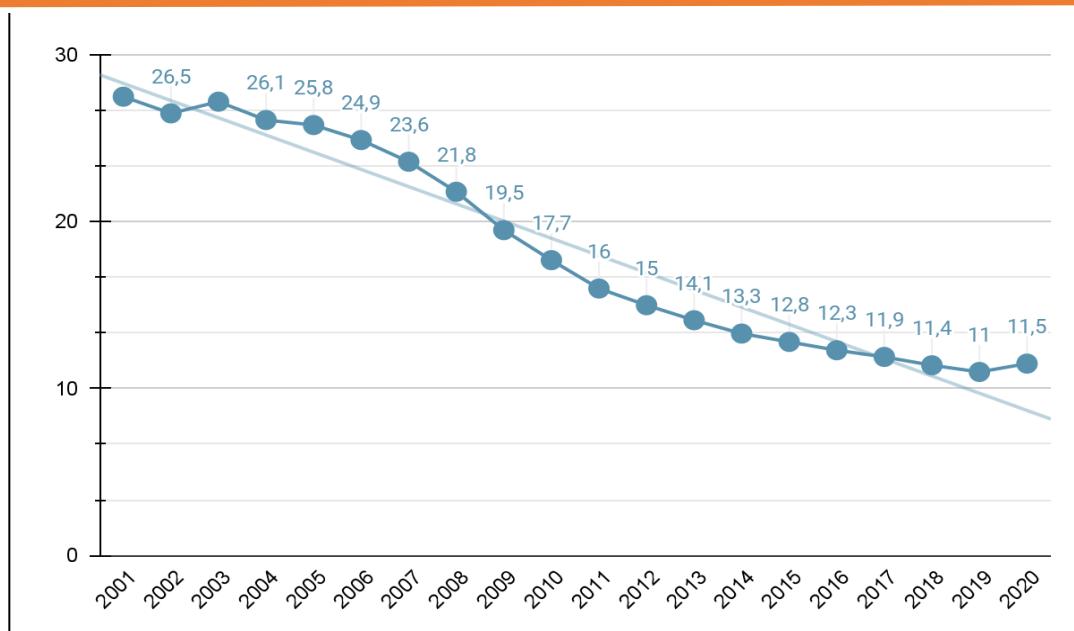
- increase in export volume by 21% (in which export to Russia increased by 52%);
- a 53% increase in the volume of export of services (there is an increase in tourists from neighboring republics, and the number of tourists and immigrants from Russia has increased 3 times);
- a 2-fold increase in the volume of money transfers;
- reduction of budget deficit from 6.1% of GDP in 2021 to 4.2% in 2022;
- an increase in inflation to 12.3% in December 2022;

The overall level of state welfare can be assessed using a number of macroeconomic indicators that describe national accounts, the standard of living of the population, demography, the labor market, and the social sphere.

The standard of living of the population of the Republic of Uzbekistan is assessed using indicators of poverty and income. The values of the indicated indicators in the last 20 years constitute a positive dynamic. In the dynamics from 2001 to 2020, the share of the low-income population of the republic is decreasing (Figure 1).

Figure 1.

The share of low-income population in the Republic of Uzbekistan from 2001 to 2020, % [2]



World Bank experts explain the decrease in poverty in 2022 compared to 2021 with 3% higher incomes of the population, including remittances from migrant workers (using the national poverty line).<sup>[3]</sup>

Demographic indicators describe the state of the population and its increase. The birth rate in the Republic of Uzbekistan was 25.9 births per 1,000 people in 2022 (a 17% increase since 2017). The average value of the coefficient in the world is from 50 to 1000 births per 1000 people. In addition, the birth rate in rural areas is much higher than in urban areas (28 and 23.9, respectively).<sup>[4]</sup>

In 2021, the death rate was 5 deaths per 1,000 people per year (from 4.6 to 5.5 in the period from 2000 to 2021). In addition, urban death rates are significantly higher than rural ones (5.5 and 4.6, respectively).<sup>[5]</sup>

In 2021, life expectancy at birth in the Republic of Uzbekistan was 73.8 years. In countries of the world, the value of the indicator is from 52 to 85 years.<sup>[6]</sup>

World Bank experts note that the unemployment rate in Uzbekistan decreased from 9.6% to 8.8% in 2022. The unemployment

rate in the countries of the world ranges from 0% to 29%.<sup>[7]</sup>

The expected duration of education, or in other words, the number of years that a child who has reached the officially determined age of school admission can spend on education at all levels of education under the condition of maintaining the existing age coefficients of admission to education, in Uzbekistan from 2014 to 2021, increased by 1.5 years (from 12.5 to 14).<sup>[8]</sup>

Coverage of children aged 3 to 6 years by Republican pre-schools increased 3.3 times from 2012 to 2021 (from 18.7 percent to 62 percent).

Estimating the share of expenses spent on "Health", "Education", "Culture" shows how much the regional government is ready to spend on the development of human capital. The goals of state activity may be in line with or against the interests of the majority of the country's population. The budget aimed at improving the socio-economic condition of the majority of the population helps limit the processes of social stratification of the population. With such budget planning,

many educational, health and cultural facilities will be built and maintained to increase accessibility for the population.

At different stages of state development, the ratio of expenditures between sectors can be changed. A militarized budget is typical for countries involved in arms races or wars. In this case, the costs of social sector development will be minimal. Education costs are prioritized by the population for obtaining military specialties. With the help of various economic incentives, the state

creates conditions for the development of industrial infrastructure in order to develop the industry. The socially oriented budget creates conditions for the development of the country's human capital and defines the social sphere as a priority for funding. In recent years, the budget of the Republic of Uzbekistan has been socially oriented, as the expenses of the social sphere. The share of expenditures in the social sphere of the regions of the Republic of Uzbekistan is from 30 to 50 percent.

Table 4

**Costs of human capital development of the budgets of the regions of the Republic of Uzbekistan**

	The share of "Education" expenses in the total expenses of the regional budget, %	The share of "Health" expenses in the total expenses of the regional budget, %	The share of "Culture, mass media and sports" expenses in the total expenses of the regional budget, %
Republic of Karakalpakstan [10]	14,4	32,9	3,9
Andijan	-	-	-
Bukhara	7,96	21,28	0,78
Jizzakh	28,2	6,6	2,8
Kashkadarya	8,71	22,18	1,36
Navoi	-	-	-
Namangan	12,7	32,5	0,03
Samarkand	14,6	29,30	0,85
Surkhandaryo	-	-	-
Sirdaryo	-	-	-
Tashkent	-	-	-
Fergana	-	-	-

Khorezm	15,8	24,50	2,40
Toshkent city	8,26	22,95	2,72

Education costs are from 8% to 28% of the budgets of the regions of the Republic of Uzbekistan. The smallest share of expenses corresponds to Bukhara, Kashkadarya regions and the city of Tashkent (about 8%), the largest in Jizzakh region (28.2%).

Healthcare costs make up 6-33% of the budgets of the regions of the Republic of Uzbekistan. The lowest rate was recorded in Jizzakh region (6.6%), the highest rate was recorded in the Republic of Karakalpakstan and Samarkand region (about 30%).

Spending on culture, sports and mass media is a much smaller part of regional budget spending (from 0.03 to 3.9%). The highest rate was recorded in the Republic of Karakalpakstan, and the lowest rate was recorded in Bukhara, Namangan and Samarkand regions (less than 1%).

Thus, in general, a positive dynamic of socio-economic development is recorded in the Republic of Uzbekistan, which is reflected in the growth of population coverage with educational institutions, the positive dynamics of providing the population with durable goods, and the decrease in the birth rate and income stratification of the population.

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