



OPERATION OF THE MARKET ECONOMY MECHANISM

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Key words: market economy, production, free competition, supply and demand, money, properties, price, privatization, distribution of resources, inflation.

Abstract: Economically growing Uzbekistan is gradually transitioning to a market economy system. Our main task is to effectively use the mechanisms of the market economy and create a competitive environment. This essay examines the methods of establishing the market mechanisms in Uzbekistan.

Enter.

After gaining independence from the former Soviet colonial rule, Uzbekistan moved from a planned economy system to a market economy system, which is the demand of the times. It is known that, according to the world experience, there are revolutionary and evolutionary ways of transitioning to a market economy. In the first case, radical reforms are achieved by completely overthrowing the old system. The second way is a step-by-step transition to the system, which involves a process without any damage and without big risks. That is why our country chose the evolutionary path of transition to a market economy.

Main part:

The market mechanism is a lever and tools that ensure the regulation of the functioning of the market economy and the harmonization of economic processes. Therefore, the market mechanism includes the subjects and objects that regulate the market economy, implement it, and the processes that take place in it.

The subjects of the market economy are households, enterprises (business sector) and the state. Households are the main structural unit operating in the consumption sector of the economy. Goods and services created in the spheres of material production and service are consumed within households. Enterprises are the main subject that starts production for the purpose of profit and directs the profit received to expand production. In it, entrepreneurs deliver goods and services to households. The state is a collection of various budget organizations and institutions that do not aim to make a profit, but perform the task of regulating the economy. As a result of the activity of these three economic entities, the process of reproduction is carried out in the country: enterprises produce goods and services to meet the daily primary and secondary needs of households; households consume these goods and services; and the state ensures the uninterrupted continuation of the reproduction process in the country.

A market economy develops in an environment of free competition. This means that in a country with a market economy, the weight of monopoly is absolutely low, the number of enterprises producing goods and services is large, and, of course, their competitiveness are the most important factors. In a highly competitive environment, the prices of goods and services are low: because if one company announces that it will sell its product for a certain amount and guarantees its quality, then the second company will produce the same product at a slightly lower price than the first company. and informs that the quality of the product is the same as his or even higher than his, the consumer has two choices and can buy the product of the quality he likes and at a lower price. In this case, we can see that the competitive environment increases the quality level and lowers the prices, ensuring the efficient functioning of the market economy.

Concepts of supply and demand occupy the main place in the implementation of the market mechanism.

Before advancing the concept of supply and demand, let's talk about the concept of need: need is the need of people for means of life. As long as a person lives and works, he eats, reads, dresses, and rests. All these represent human needs. Demand is the monetary part of these needs. Supply is the amount of certain types of products and services released to the market by producers and sellers to meet people's demand. So, there is no market without supply and demand. Demand and supply are not always the same amount, it changes continuously. This is due to a number of factors, for example, quality of goods produced, season and price. According to the law of supply and demand, the price affects them at a serious rate. For example, if the price rises, the demand will decrease, and on the contrary, the supply will increase; if the price falls, the demand will increase and the supply will decrease. The concept of inflation in the market is directly related to this concept of supply and demand. In this case, the concept of market equilibrium comes into play. If the amount of demand and the amount of supply are equal, the market equilibrium is formed. When the market is in equilibrium, the market price or equilibrium price occurs

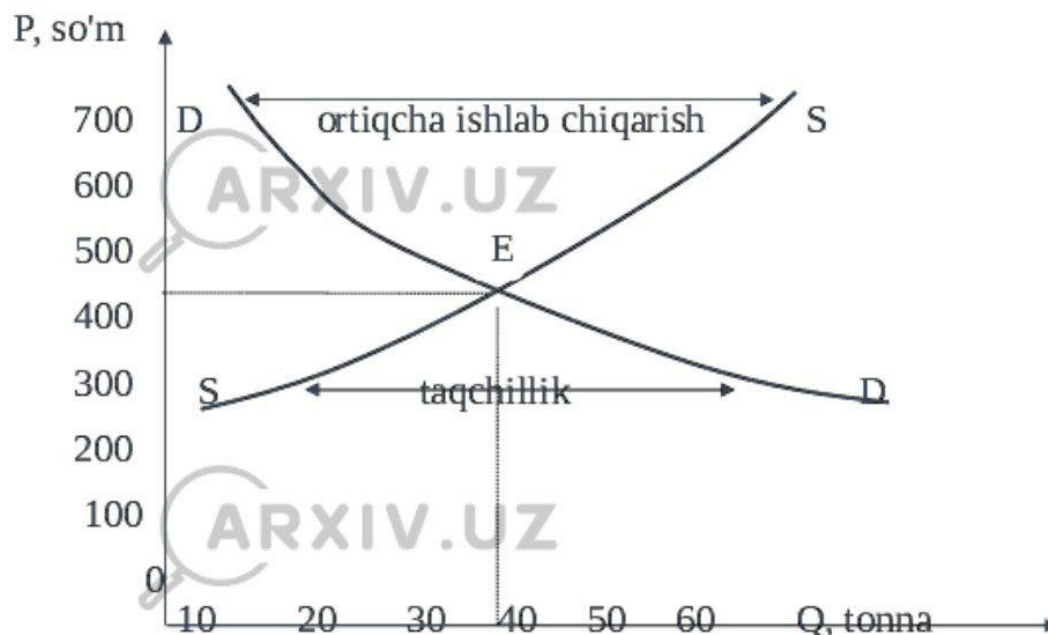


Figure 1. Market equilibrium. Here D is the demand function, S is the supply function. According to the picture above, the market equilibrium occurs at the point where the demand and supply lines intersect.

With the transition of our country to a market economy, the privatization of state-owned properties began. Great attention was paid to private entrepreneurship and wide opportunities were created. One of the biggest achievements of the development of private entrepreneurship is that money circulation in the country accelerates and money accumulated by the population in excess of consumption is directed to production. As a result, Uzbekistan increases the quantity of its goods in the world trade markets and increases the volume of exports. This leads to the development of the economy. The distribution of private business resources is also easy and efficient. Because the more enterprises and organizations there are in the country, the more jobs will be created, and the financial resources will be distributed effectively. Private enterprises spend more of their profits on expanding production. As a result, the rate of money circulation in the country increases. It is known that inflation in the country occurs as a result of the increase in the stagnant money supply, which means that with the increase in the number of private enterprises, it is possible to achieve a decrease in the level of inflation.

Summary:

To sum up, the market mechanisms that form the basis of the market economy system should be properly

and effectively established. In this case, keeping the supply and demand in balance, ensuring the continuity of the reproduction process in the country, distributing financial resources, increasing the number of private business entities and, of course, the control of these processes by the state are important issues. The functioning of market mechanisms and its regulation is a very complex process, and it serves as the most important factor in the economic development and stability of the developing Uzbekistan.

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