



Innovation Development of the Economics

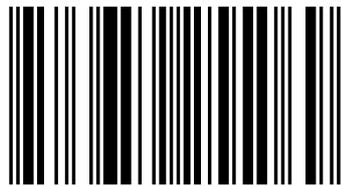
The collection of articles is dedicated to the problems of economic development of Uzbekistan. It covers articles of scholars and young researchers in the field of economics of Uzbekistan. It contains also problems of economic sectors and socio-economic development, macroeconomic problems of the world economy, national innovation system, the educational and labour market issues, the demographic trends in Uzbekistan, family relations, attributes of human capital and regional economic development. It is included such topics as "The Pension provisional system in Uzbekistan", "Macroeconomic problems of the world economy before and after the Global Crisis", "Some formation aspects of an effective National Innovation System", "Role of free economic and special industrial zones in organizing and developing new industrial factories in Uzbekistan's economy", "Analysis of labour market of the Republic of Uzbekistan", "Proportional development of education and labour market in Uzbekistan", "Study of the age groups of youth: scientific approaches", etc. The book might be of interest for specialists in the field of innovated development, migrations, labour market and employment of population.

Djabbarova Shaira (Ed.)

Innovation development of the economics in Uzbekistan

Tendencies and perspectives of development

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CONTENTS

Preface.....	3
Z.A. Abdullaev. The Pension provisional system in Uzbekistan.....	7
R.T. Shomurodov. Macroeconomic problems of the world economy before and after the Global Crisis	13
R.A. Djuraeva, L.M. Tashpulatova. Some formation aspects of an effective National Innovation System.....	23
D.S. Nasirkhodjaeva, A.O. Khalilov. Role of free economic and special industrial zones in organizing and developing new industrial factories in Uzbekistan’s economy.....	31
Sh.G. Djabbarova. Analysis of labour market of the Republic of Uzbekistan.....	37
F.T. Egamberdiyev, J.Kh. Khamraqulov, M.S. Saidrasulova. Proportional development of education and labour market in Uzbekistan.....	43
M.I. Askarova. Studying the age groups of the youth: scientific approaches.....	51
Sh.G. Akramova. Population Health Determinants for human capital accumulation: survey results.....	57
H.H. Mamadalieva. Uzbekistan: family and family relations under globalization.....	65
S.A. Otakuzieva. Economic precondition for university research and industry collaboration: Theoretical aspects	75
N.Y. Ochilov. Features of socio-economic analysis and prognosis of regions of Uzbekistan.....	79
M.S. Kosimova, M.M. Ziyayeva. Competitiveness and modernization of regional industry in the national economy of Uzbekistan.....	85
M.B. Muminova, S.B. Bobokhonov. Organizing an efficient management of commercial banks’ asset transactions.....	91
Conclusion.....	99
Authors of the book.....	103

PREFACE

The collection of articles is dedicated to the problems of economic development of Uzbekistan. It covers articles of scholars and young researchers of Uzbekistan in the field of economics. This collection also contains discussion of problems of economic sector and socio-economic development, macroeconomic problems of the world economy, the national innovation system, educational and labour market issues, demographic trends in Uzbekistan, family relations, attributes of human capital, regional economic development, etc.

R.T. Shomurodov's article is concerned with analyzing the macroeconomic and financial problems of the world economy on the model of the developed countries before the Global Crisis. In particular, the analysis of development tendency of macroeconomic and financial problems is performed, especially in the developed countries. Also, the macroeconomic tendencies for the last 10 – 15 years, the reasons of their occurrence and modern lines in the world economy are analyzed. On the basis of analysis of macroeconomic and financial problems of the world economy, especially the economy of the developed countries, the scientific conclusions and offers on preventing macroeconomic problems are formulated, as well as the experience of Uzbekistan on preventing the problems of global crisis.

The basic directions of formation of an effective National Innovation System (NIS) on the basis of international experience of innovative development models are included in the articles of R.A. Djuraeva and L.M. Tashpulatova. The authors have conducted research and justified the need for introducing innovative development indicators, which are presented in international practice to provide the complex assessment of the innovative development of the NIS and to improve the methodology of statistical reporting in the innovation sphere.

In their articles, D.S. Nasirkhodjaeva and A.O. Khalilov analyzes the experiences of the USA, Brazil, Japan, Germany and Great Britain, as well as People's Republic of China in establishing free economic zones in Uzbekistan as they could choose and put into practice different effective models in accordance with their own conditions of developing industry in the country. Moreover, on the basis of the experience of developed countries, the problems that appear when choosing the areas for free economic zones and assessing their economic, social and demographic situation, as well as the ways of addressing them are emphasized in the paper. It also analyses the terms, the advantages and the requirements on creating the zones which are related to their future perspectives.

Sh.G. Djabbarova's article is dedicated to a vital social issue on employment of the population, the influence of demographic factors on labour market, the analytical researches of labour market which are provided at the present stage and the situation related suggestions for improvement on the current issue.

F.T. Egamberdiyev, J.Kh. Khamraqulov, M.S. Saidrasulova dedicated their article called "Proportional development of education and labour market in Uzbekistan" to analyse the labour supply and labour demand in Uzbekistan. The workforce development and public employment issues will be provided in it.

The reforms which are being implemented in the educational system and their features, the features of the development of the labour market, and the issues that depend on the stable and proportional development of these two factors, which are the factors of development of society, are discussed in this article. Moreover, several features are emphasized in it. Besides, there are four stages of the reforms which are mentioned in the system of education. The results of the measures taken in order to develop the educational system and provide the labour market equilibrium are illustrated with the main examples.

M.I. Asqarova and S.B. Abdusattorova's article is dedicated to studying the approaches to the definition of the age group of the youth. From the biological, legal, socio-economic and demographic point of view, there are definitions given to the age group of the youth on social security, working capacity, extent of opportunity and professional development.

Sh.G. Akramova analyses the result of a local survey in her article. In recent times, human capital has become one of the key factors of an economic development of any country and well-being of any nation. The rise of human capital share in the national wealth requires a fully account of the physical, spiritual, moral and social needs of people providing opportunities for everyone to live a healthy, meaningful, creative and active life. This leads to the need of forming a completely new strategy of the state policy that aims to facilitate the social development, reproduction of human capital and the growth of human potential of the nation. Human health has become like the kind of human capital as well as an input to producing other forms of human capital. Thus, the author in her article analyses the reproductive and health attitude of the population in accord with the survey results.

H.H. Mamadalieva's article is dedicated to maintaining family issues in Uzbekistan. As it is known that the family occupies a special place in the society. It is an essential component of the social structure of the society. The main demographic events (births, deaths) occur within the family. The family carries out reproduction of the population, child care, and it also constitutes the spiritual, moral and ethical standards of new generation's education. It supports the historical traditions and customs, and also performs economic functions. In addition, it provides communication and recreational functions – leisure and recreation, maintaining the health of family members and physical development of children. In fact, the family mainly determines the level of human and social capital. International Family Day (May 15) is celebrated around the world as the most important not only as an international but also as a national holiday.

The value of the family is traditionally very high in Uzbekistan. In spite of the global macro-conversion, new and not always positive trends and conflicts occurring

around the world, the family in Uzbekistan continues to be the most important value, the guardian of national traditions and customs, and the basis for the formation of personality and healthy society.

N.Y. Ochilov analyzes the regional indicators of socio-economic development of the country, and also the definition of the following terms such as forecasting, objects and subjects of forecasting. The keywords: forecasting, economic forecasting, forecasting object and subject, investments, paid services, regional development, gross regional product, differentiation.

M.S. Kosimova and M.M. Ziyayeva coauthored the article that discusses the competitiveness and modernization of the regional industry in the national economy of Uzbekistan, its impact on economic sustainable development, the dynamics of the country's foreign trade activities, and the analysis of the potential competitive and strong competitive industries in Uzbekistan. It also provides a number of measures to further develop the competitiveness and modernization of the regional branch of the industry.

M.B. Muminova and S.B. Bobokhonov's article is dedicated to effective management issues of commercial banks in conditions of economic modernization and currently continuing structural and qualitative changes.

The book might be of interest for specialists in the field of innovated development, migrations, labour market and employment of population.

Dr. Shaira G. Djabbarova

THE PENSION PROVISIONAL SYSTEM IN UZBEKISTAN

Z.A. Abdullaev

This article analyses the newly established national pension provisional system after Uzbekistan gained independence. The efforts have been made in order to substantiate the system scientifically and theoretically. The information has been provided in the article concerning the types of pension system which have not been applied yet in Uzbekistan. Uzbekistan started creating its own financial system after it gained independence in 1991. It should be noted that there used to be a public finance system in Uzbekistan before the Independence. However, in the soviet countries where it was formed on the basis of socialist idea, Uzbekistan officially was in the USSR and treated as the equitable and separate country. It had originally been turned into its economical colonization in the 60s of the 19th century since it was conquered by the Russian Empire. While it was officially being carried out during the Russian empire after the *coup d'etat* in 1917 called as “revolutionary socialism”, Uzbekistan had been turned into the place of cheap raw materials of the USSR. Supplying light industry raw materials, agricultural products and rare mineral resources at lower prices, which had been assigned in Moscow, to the centre (to Russia) was the main task of Uzbekistan. In exchange, it was obligated to buy at the prices set by them the finished products manufactured in the republics situated in the European part of the Soviet Union. By setting the price of the products artificially, this type of pre-planned financial disproportions turned Uzbekistan into the country, which was economically dependent and poor living on the subsidies to be received from the center. Obviously, under this condition it was impossible to say even a word concerning the sustainable and effectively operating Public Finance System. Socialist Uzbekistan’s public finance system operated under the model developed by the center and there was no chance of utilizing the economic and social mechanisms which were based on the market relations. This type of finance system led over the course of 70 years abandoned the objective and economic laws, and then it was brought into the deadlock through the artificial proportion and mechanisms. Therefore, the creation of public finance system based on the principles of the market economy of independent Uzbekistan started off a new page when there was no possibility of relying on any of the experience, which in turn, requires much power and hard work. In a short period of time, owing to the continuous hard work and research, Uzbekistan succeeded in creating its own specific and appropriate public finance system basics, which are synchronized with the ones in the economically developed countries. However, despite the fact that 25 years passed, the formation and development process of Uzbekistan’s Public Finance System is still ongoing.

As it is known, the national pension provisional system operates as the vital part of the financial system. Overall, as there are systems in other segments of the public

finance system, the basics of the new pension provisional system were created not only by the gist of the matter, but also by the organizational structure after the Independence. It was the legacy remained from the socialist system that the subsidy became an unstable income source, the economically unreasonable costs, the absence of the objective and economic interests directed towards working and making more money, the correlation break-down between the income and costs of the financial funds, the social funds as well as the pension provisional system based on the insurance mechanism.

In its final years, the Soviet Union made attempts in order to develop the financial mechanism and change the disseminated situation in the field of social security. But they were intended to change only the appearance of economic relations. The basic relations of social security of the population had remained unchanged. For example, the laws adopted at 28 April, 1990 “About the military pension provision” and at 15 May, 1990 “About the pension provision of the citizens in the USSR”.

The pension provision system whose main point based on the social security in the socialist society, which had fully been transformed into the state pension provision, had a very negative impact on the public finance system, and the volume of the subsidies to be received from the state budget had reached up to 70 %. It was clear that such amount of subsidies would destabilize the entire financial system of the country which was on the verge of economic crisis. Thus, the government was obligated to stop covering these expenses at the cost of the state budget and to seek alternative sources of covering the pension provision costs. Consequently, the USSR Soviet of the Ministers in tandem with the All-Union Central Council of Trade Unions adopted the resolution No. 818 “On the Establishment of the USSR Pension Fund”. Hereafter, in accordance with it, the insurance premiums charged from the institutions, organizations and all types of businesses for the public social insurance that are not part of the state budget structure and operated as an independent financial and banking system, were intended to transfer into the USSR pension fund account. These types of funds were meant to be organized not only across the Soviet Union but also across all of its 15 member countries.

Thus, the decree No. 9 of the Cabinet of Ministers under the leadership of the President of Uzbekistan SSR “About the Establishment of the USSR Pension Fund of the Republic (Jumhuriat) of Uzbekistan” was adopted at 14 January, 1991 [4]. As mentioned above, it was clear that these efforts made were useless in terms of changing the structure of only a few sectors without implementing the radical reforms in the socio-economic life of the society.

It was succeeded in implementing the radical reforms in organizing the pension provision of Uzbekistan population after the Independence only. The strong legal and normative framework of organizing the national pension provision system has been created in recent years. In particular, The Law of the Republic of Uzbekistan “About social security of disabled people” (adopted at 18.11.1991 No. 422-XII), The Law of the Republic of Uzbekistan «On state pension provision of citizens» (adopted at 03.09.1993 No. 938-XII) and The Law of the Republic of Uzbekistan “About accumulative

provision of pensions of citizens” (adopted at 02.12. 2004 No. 702-II) and around 40 subordinate legal and normative acts were adopted and implemented in practice. In recent years, special departments have been opened at Tashkent State Financial Institute, National University of Uzbekistan, State Finance and Banking Academy on training highly qualified personnel working at the pension fund of the population.

However, there are a number of scientific and theoretical problems that are yet to be fully studied and there is no exact idea conveyed concerning them. It’s the time requirement that these problems are addressed and theoretical knowledge is systematized for the further development of the pension fund system in Uzbekistan. So, there are still complex problems including the structure of the pension provision system, the similarities and differentiation of its elements from one another, the coverage level of pension recipients by them, their dependence on the government and corporate financial systems, and a number of other issues.

The scientists of economics and demography who are learning the pension provision system suggested that its structure normally consists of two types, that is, the public pension provision system based on the principles of pension insurance and the accumulative pension system based on the accumulative principles of financial deductions.

This is a very superficial viewpoint from our understanding. But, this type of pension fund based on the principles of pension insurance, in fact, is not considered the state pension system. The history of this pension type is thought to date back 150 years, and it’s based on the social insurance and mandatory legal rights given by the state pension. It’s not intended for everyone, but it’s for those who get involved in the insurance process and those workers who have got the previous work experience. In other words, it is a labour pension. The pension payment is the financial fund which is returned when the conditions specified in the contract are made in exchange for an insurance premium. These types of pensions, being allocated separately, are paid to public servants at the expense of state funds in economically developed countries. It is designed for those, starting from the lower municipal bodies of the state to the central government employees as well as the military alongside their equivalents. For example, currently in the USA these pension funds are accumulated in special accounts and they are directly financed by the state budget. The amount of pensions also makes a significant difference in the basic social pension insurance system. This type of pension is available in Uzbekistan as well. However, it is applied only to the military alongside their equivalents. It is explicitly stated about it in the Budget Code of the Republic of Uzbekistan [6]. These pensions differ from other ones not because of the pension insurance premiums but their financing at the expense of the state budget. The procedure of determining the amount of pension is different. Therefore, this type of pension is completely different from the one which is based on the principles of the social insurance and it’s logically correct to call this pension type as state pension. In addition, there’s also another type of pension in the world countries (including Uzbekistan) which have its own national pension system and it’s called social pension. It’s the kind of retirement, but in fact it’s the pension payment.

It's the type of pension which is normally intended for people who have not reached the retirement age, but for some reasons, it can be applied to those people who have no chance of getting the insurance and state pensions. This pension type in Uzbekistan is financed by the off-budget pension funds, and it's called social benefit. The way of getting this pension type is not different from the previous ones, but it's totally different in terms of getting it in accordance with its economic rights. In other words, if you have had previous work experience for getting the previous types of pension and the insurance premiums were paid out within that period of time, or if you needed to be in public service for a specified period of time, it'd be enough to have reached a particular age and to have no other source of income in order to get the social pension.

So, this is a specific type of pension.

In a word, now the existing national pension system in Uzbekistan can be divided into four types:

1. Social insurance-based pension system.
2. State pension system.
3. Accumulative pension system.
4. Social pension system.

It should also be noted that there are two more types of the pension system in the economically developed countries of the world, which have not yet been applied in Uzbekistan.

They are as follows:

- a) corporate pension.
- b) the private pension.

Corporate pension differs from other ones in a way that are not mandated by the state power. Any corporation, company, and organization might use it at their discretion. At the same time, the legal norms of this pension type are surely determined by the state. But, carrying it out is resolved between the employer and the group of workers. The main purpose of this type of pension is to positively resolve the company's human resources policy by making additional pension payments, attracting qualified staff to work with by providing more social packages rather than competitors and finding positive solutions to the issues of labour turnover. After keeping the insurance premiums, which are additionally allocated by the employer, in one of the private pension funds of the company, the employer uses it as a financial source of determining an additional pension to the retired employees of the company. Normally, the funds being directed towards the corporate pension fund makes up 2 – 10 % of the funds allocated for the salaries of the company. The volume of this pension payment in most of the developed countries makes up 30 – 50 % of the total amount of the pension the pensioner is receiving (but, corporate pension makes up almost 90 % of the total amount of pension in Sweden). In many countries, the introduction of the type of corporate pension is legally required from the employers.

A variety of factors might influence the amount of pension within the company by its own choice such as the work experience in the company, employee qualifications, position, age and race. The legal and normative framework of the corporate pension has not yet been created in Uzbekistan. Thus, the corporate pension is not introduced in the national economy of the country (except for some foreign corporations and companies operating in Uzbekistan).

Even though the private pension funds have been being applied over the long term in the world countries, they have not yet been established in Uzbekistan. The only difference of this type of pension from others is that the employee optionally decides about it. Normally, the insurance premiums being allocated for the pension are gradually accumulated in the accounts of insurance companies, commercial and savings banks, and joint-stock savings. Its amount, payment method and all other methods are defined on the basis of the agreement to be concluded on an individual basis. There are two types of setting up the private pension fund.

- On the basis of defined contributions.
- On the basis of defined pension payments.

We believe that these types of pension will be applied in the near future in Uzbekistan and they will positively impact on the increase in the level of material support of pensioners.

Currently, the financial resource that makes up 10 % on average of the gross domestic product, which is measured during the year, is being redistributed via pension system in nearly all countries of the world. The share of the number of population in relation to the number of the population (pensioners) who live their lives by receiving funds from the pension system is growing steadily from year to year. Now, the number of the population, who are the retirement age (average age 65), in developed countries of the world in relation to the prestige of the country's total population share makes up 15 – 20 %, but it does more than that in the countries like Japan and Germany (For comparison, presently, the population who get the pensions and benefits from the pension fund in relation to the share of the total number of the population makes up 9 % on average). In the future, as a result of periodical recurrence of the changes and the financial-economic crisis in the demography of population, the number of the pension recipients and their financial resources are expected to increase in the share of gross domestic product.

If the major part of the population, who live at the expense of the pension funds in the country, who are in need of social protection is taken into account, the deficit in the pension fund is becoming a threat to the stability of an entire financial system of the country, and it's also becoming not only a financial-economic, but also a social-political issue.

According to the demographic analysis of the situation at the time of Independence, the share of the total number of the population in the working-age of the population growth tends to rise. For example, while their share of the total population made up 49.2 % in 1990, then their share reached up to 60.5 %. However, during that time the share of

working-age children and adolescents decreased by 42.9 and 32.1 % between 1990 and 2010, respectively. Obviously, there's still a chance of carrying out the efficient operation of the first system based on the principles of distribution of pension system. However, the demographic indicators switch from one group to another after some time. The number of working-age population gradually starts to go down, whereas the number of retirement-age population starts to grow. In other words, our country will encounter the same situation as it's occurring nowadays in the world's most developed countries. Therefore, henceforth, using the advanced experience of foreign countries and without missing the historical opportunity given to us and, we need to create a complex national pension system that meets today's requirements.

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MACROECONOMIC PROBLEMS OF THE WORLD ECONOMY BEFORE AND AFTER THE GLOBAL CRISIS

R.T. Shomurodov

In the history of the world economy there were a wide variety of degrees of crisis and the macroeconomic and financial problems which covered the economy of only a few united countries. Thus, the government had developed anti-recessionary measures and the stabilization programs of economy at every stage, and the problems encountered were addressed to some extent depending on their complexity.

Despite the long-term gained theoretical and practical experience in macroeconomic, monetary, fiscal, investment and social policy of the developed countries, the serious mistakes have been committed over the last ten years, and the problems gradually went deep. As a result of difficult macroeconomic problems which emerged in the autumn of 2008, the Global Crisis is still persistent.

Now, there are so many serious macroeconomic problems in the world economy because of the growth of unemployment rate, external debt, budget deficit and the balance of payments deficit. The export potential is going down, and the unstable economic growth that have not fully found the scientific and practical decision yet. The developed and developing countries undergo hard times in these processes, where the economy is strongly interconnected through investments, export and import transactions and the financial markets.

Firstly, the Global Crisis has affected the globalization of developed and developing countries economy by losing the tough financial control in banking and financial sectors and the international financial markets as a whole. Also, the aspiration of excessive improvement of social policy indicators and mortgage lending in the developed countries has deepened macroeconomic problems, and the main reason was occurrence of the Global Crisis.

There are many proceedings including articles, educational grants and textbooks in foreign countries and Uzbekistan which have been written as a whole over the past few years. In terms of the reasons, conclusions and the exact ways of overcoming the crisis, there are no common views and visions among scientists, experts, and politicians.

From our point of view, the macroeconomic problems in the world economy grew in the beginning of 2000, especially in many developed countries such as in the USA, Canada, Japan, Great Britain, Germany, France and Italy. Also, the decrease in economic growth, the rise in the unemployment rate, the growth of external debt, the budget deficit and the balance of payments deficit have been observed since 2000.

In 2001 with a view to increasing the offer of money in the economy, the refinancing current rate in Japan was lowered from 0,50 % to 0,10 %, in 2006 to 0,40 %, in 2007 to 0,75 %, and in 2008 to 0,30 %. Having had these measures between 2001 and

2008, Japan has experienced sharp decrease in inflow of the investment into real sector of economy and outflow of the investment into foreign countries, and the decrease in the volume of gross national product. Since 2000, the volume of the internal credit in Japan has decreased from 1233,2 billions yens to 1116,9 billions yens (or to 9,4 %) in 2008. The volume of the credits that the economy allocated into a private sector has decreased from 972,9 billions yens to 512,0 billions yens (or to 47,4 %). As a result, the real growth of gross national product ranged from 2,8 % in 2000 to 5,5 % in 2009 [2].

Also, the balance of payments deficit of the USA grew from 452,1 to 836,3 billion dollars between 2000 and 2008, and the budget deficit increased from 230,5 to 651,1 billion dollars in 2002. Also, the public debt growth, the mortgage loan volumes, the growth of bank and financial risks, the growth of the unemployment rate proceeded, and also other macroeconomic and financial problems increased. These factors have resulted economy of the USA in a recession condition. In Great Britain, the deficit of the foreign trade turnover has grown from 49,9 to 172,9 billion of the USA dollars between 2000 and 2008. The volume of output decreased from 0,8 % to 5,2 % between 2008 and 2009 [3].

Mistakes of these developed countries in implementing macroeconomic, investment, monetary, fiscal and social policy have strongly affected finance-banking system and the economy as a whole. It caused serious and difficult macroeconomic problems which cannot be addressed for a short period of time.

Foreign countries also paid particular attention to the allocation of mortgage loans in great volumes. Consequently, the share of mortgage loans in credit portfolios of commercial banks has considerably grown. Hence, it strengthened the growth of bank and credit risks, and it also became one of the major factors of occurrence of the Global Crisis in the World economy.

Thus, if the world economy has grown by 5,2 % in 2007, in 2008 by 3,0 %, in 2009 it decreased to %. The gross national product in the developed countries decreased by 3,4 %, in Eurozone by 4,2 %, in the countries of Central and East Europe by 6,7 %, in the USA by 2,7 %, in Japan by 5,4 %, in Italy by 5,1 %, in Germany by 4,2 % [4].

So, under the influence of global crisis the nominal volume of world gross national product decreased in 2008 from 61,8 to 58,6 trillions of the USA dollars in 2009.

(Figure 1) [5].

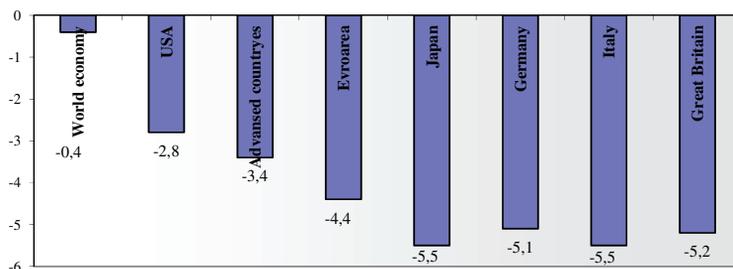


Fig. 1. The gross domestic product declined in the world economy and foreign countries in 2009 (illustrated in percentages).

Source: It's created by the author on the basis of data "The Economist, Economic and financial indicators". March 5, 2011, p. 101.

As seen from Figure 1, in 2009, the gross national product decrease was observed in the world economy and the developed countries. In our opinion, the following factors affected the gross national product to decrease in the world:

- In spite of the long-term gained theoretical and practical experience in macroeconomic, monetary, fiscal, investment and social policy of the developed countries, the serious mistakes have been committed over the last 10 years, and problems gradually went deep;

- Considerable growth of allocation of mortgage loans in great volumes in foreign countries. As a result, the share of mortgage loans in credit portfolios of commercial banks has considerably grown. Hence, it strengthened the growth of bank and credit risks, and it also became one of the major factors of occurrence of the Global crisis in the World economy.

- Growing problems of macroeconomic, monetary and fiscal character in the World economy, and also the growth of the unemployment rate, external debt, the balance of payments deficit, the export potential decrease, unstable economic growth.

- Globalization of developed and developing countries economy, where the economy is strongly interconnected through investments, the export and import transactions, and the financial markets strengthening against instability and the international financial markets. And they also impacts on many other factors.

One of the serious macroeconomic problems in foreign countries is the persistence of high rate of unemployment. Despite the measures taken on lessening the influence of global crisis consequences, the rate of unemployment still remains high, exceeding more than 10 % in 2009. So, this indicator was 20,2 % in Spain, 13,9 % in Greece, 13,6 % Colombia, 13,1 % in Poland. (fig. 2-3) [6].

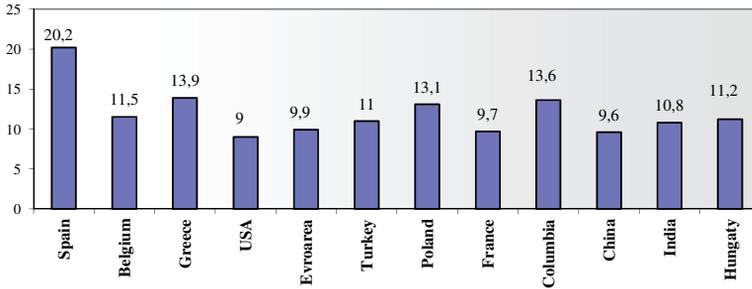


Fig. 2. The growth of the unemployment rate in 2009 in foreign countries, (illustrated in percentage).

Source: It's created by the author on the basis of data "The Economist, Economic and financial indicators". March 5, 2011, p. 101.

As seen from Fig. 2, despite the measures taken on lessening the influence of global crisis consequences, the rate of unemployment still remains high, exceeding more than 10 % in 2009.

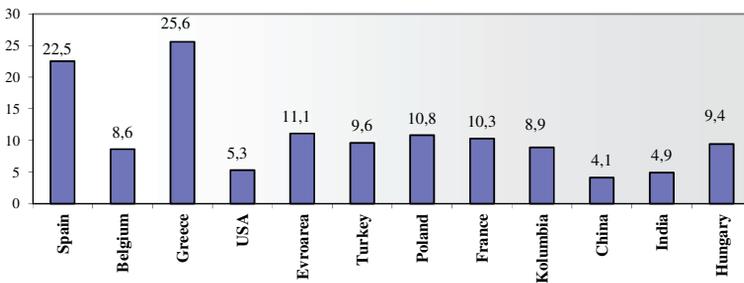


Fig. 3. Growth of a rate of unemployment for 6 months 2015 in foreign countries, (illustrated in percentage).

Source: It's created by the author on the basis of data "The Economist, Economic and financial indicators". July 25, 2015, p. 80.

As seen from Figure 3, the rate of unemployment in these countries remains high in 2015, exceeding 10,9 % on average. Only in the USA, China and India, the unemployment rate went down in 2015 in relation to 2009 incidence.

It should be noted that the persistence of the high unemployment rate in the economy is the negative phenomenon, and it negatively influences the government policy on maintenance measures of the full employment and economic growth. According to the analysis of these tendencies on the world countries, it'll be impossible to lower the unemployment rate within the next years.

It covers the following factors:

- As it is known that in the developed countries, the manufacturing sector and rendering services are considerably automated. Manual labour is not required, and the mechanisms and robots operate in the factories;
- The cars, mechanisms and robots unlike humans do not cause social and other problems.

As a result, there was a slump in production and decrease in tax revenues under the influence of the global crisis. There was a state budget deficit growth. It exceeded 8,8 % of GDP in 2009 in the USA, in Great Britain 9,1 % of GDP, in Japan 6,9 % of GDP, in Euro area 4,5 % of GDP, in Spain 6,7 of GDP, in Greece 8,1 % of GDP, in Malaysia 5,3 of GDP [7].

Also, whilst facing difficult macroeconomic problems of the global crisis, the tendency of slump in production and decrease in tax revenues, and also the growth of the state budget deficit in 2010 have persisted. So, in 2010 this indicator in relation to GDP in the USA exceeded 11,9 %, in Japan 7,7 %, in Great Britain 14,5 %, in Eurozone 6,5 %, in Spain 10,6 %, in France 8,2 %, in Malaysia 7,9 %, in India 8,0 %, in Venesuella-7,6 % [8].

It's known from the world experience that the state budget deficit that does not exceed 3 % of GDP does not cause the economic imbalance. If this indicator starts to grow more than 3 %, the economic balance will be broken, and it will then become dangerous for economic growth. So, the state needs to implement an optimal fiscal policy by gradually reducing the state budget deficit. In our opinion, for this purpose, it is necessary and advantageous for the economy to stimulate manufacturing sector, to increase tax privileges and preferences with all the countries as well as the volumes of investment into real sector of economy.

In 2009, the decrease in the world foreign trade turnover export was 13,6 % and the import was 13,7 % in the developing countries and the countries with transitive economy gross national product was 11,9 % , export was 7,2 % and import was 9,5 % in the developed countries [9].

Recession in the US economy at the outset of world financial and economic crisis strongly impacted the world economy, in particular, financially on banking system, and also on world stock markets. Particularly, it was strongly felt in March, 2009.

Also, the indexes of world stock markets have decreased. Mainly, the Dow Jones index declined for a month by 17,6 % from a mark 11133,60 from September till October, in 2008 by 9176,71, in March 2009 by 35 % to a mark 7235,47. In particular, the index of NASDAQ decreased for a month by 21,8 % from a mark 2213,20 from

September till October, 2008 to 1730,20, in March, 2009 on 32,7 % to a mark 1448,4. Also, hence, the index C&P 500 has decreased for a month by 20,6 % from a mark 1219,95 from September till October, 2008 by 968,80, in March, 2009 by 37,9 % to a mark 757,13 [10].

The analysis of foreign countries measures taken on decrease in budget deficit showed that closing to the end of 2015 the tendencies of budget deficit persistence resumed almost worldwide. It means that the budget deficit remains as one of the biggest macroeconomic problems of the states and the world economy as a whole. Irrespective of all measures taken within the limits of G20, the serious shifts in the world economy exit on steady rates of increase.

Also, in many countries there is a high level of external debts. So, this indicator was 243,5 % of GDP in 2014, in Japan, in Bahrain – 180 %, in Italy – 134,5 %, in the USA – 105,7 %, in Greece – 160 %, in Iraq – 130 %, in Eurozone – 95,6 %, in Canada – 87,4 %, in Great Britain – 91,5 %, in France – 95,8 %, Germany – 74,6 %. In Kazakhstan and Kyrgyzstan it exceeds 100 %, in Ukraine – 60 %, in Georgia and in Tajikistan is more than 55 % [13].

It is known from the world experience that the excess of an external debt more than 60 % of GDP will lead to an economic imbalance. Therefore, everyone in the state should carry out an optimal fiscal policy in relation to the external debt as it is advantageous to increase regularly at the expense of the investment manufacture and an export potential.

The anti-recessionary measures and a cheap money policy have been conducted with a view to preventing the consequences of the global crisis by all countries of the world. As a result of these measures, investment activity in the world economy and in the international financial markets intensified. It reached the economic growth in the world economy in 2010, and indexes of the international financial markets rose to crisis level.

In particular, the Dow Jones index in March, 2009 decreased by 35 % from 11133,6 points since September, 2008 to 7235,5 points, in April, 2011 grew by 12376,7 points, and in 22 July, 2015 increased by 17851,0 points. Index performance of CAC40 was 5082,6 points, DAX performance-index reached 11520,7 points, index of FTCE 100 rose by 6667,3 points, index of Nikkei 225 was 20593,7 points and exceeded the crisis level [14].

As a result, in 2010 the world economy growth was 5,2 %, in the developed countries 3,0 %, in the USA 2,5 %, in Japan 4,7, in Germany 3,9 %, in Canada 3,4 %, the Euro area 2,0 %. In particular, in 2014 world economy increased by 3,6 %, in the developed countries by 2,2 %, in the developing countries with transitive economy by 4,9 % [15].

Despite the influences of the global crisis in 2008, Uzbekistan reached the real growth of 9,5 % GDP, in 2009 8,1 % and in 2010 8,5 %. There was a recession

manufacture of 6,4 % on average in 2009 across the CIS countries, including Ukraine 14,8 %, Armenia 14,1 %, Russia 7,8 %, Moldova 6,0 %, Georgia 3,8 % [16].

Currently, Uzbekistan is considered to be one of the few countries, which has steady banking and financial system with a low level of external debt, a growing export potential and a promptly developing economy. In spite of the impact of the global crisis over the last 10 years in Uzbekistan, high steady economic growth with more than 8 % was observed.

Also, the policy was conducted on accelerating modernization, technical and technological equipment of real sector of economy for the attraction of investments and internal sources. Measures on further development of transport communications became an important factor for strengthening the macroeconomic stability.

Besides, as a result of measures taken on increasing the liquidity and the further intensification of the banking and financial system of the country over the last 5 years, the banks have had “a steady” place of leading international rating agencies as “Fitch Ratings”, “Moody’s” and “Standard & Pours”.

Therefore, the acceleration of institutional development of banking system and the improvement of bank assets quality, the expansion of services types, the increase of level of capitalization of banks, the accelerated measures on strengthening the financial stability and long-term resource base serve as a factor for the further development and maintenance of competitiveness of economy and the banking and financial system.

It should be noted that the developed countries constitutes the base of the world economy as it’s the largest interconnected economic system. Serious problems in their economy extend through export-import transactions of the world economy, the international financial markets and they impact directly on the banking and financial system. Therefore, decision making process to addressing such serious problems takes much time.

In our opinion, the serious problems connected with the occurrence of the global crisis are really a long process, especially it’s required to take the firm and accelerated measures in those countries, where the economy is connected through the world financial markets, the export and import transactions, the realization of rigid financial control in the financial markets. It also demands the sharp increase in the efficiency of a macroeconomic, monetary and financial policy.

Proceeding the research analysis, we can suggest the foreign countries’ scientific and practical offers for the prevention of serious and difficult macroeconomic problems, the growth of the unemployment rate, external debt, budget deficit and the balance of payments deficit in the world economy. Particularly, it is necessary to take the following measures in the developed and developing countries:

- To firmly carry out the state control over the banking and financial system and the activity of non-bank credit organizations on national economies, and also to strengthen the regulation and control methods over the banking and financial system;

- To implement the reforms and take measures directed towards the regular reduction of bank risks, and to take firm measures against the sharp reduction of volumes of mortgage lending and direct them to the real sector of the economy;

- In the long term by increasing the interest rates to involve external and internal resources in the bank and to direct them to highly profitable branches of economy;

- In the field of fiscal policy, it is necessary to implement tough reforms, especially to strengthen the receipts of taxes and other payments, to expand taxable objects, to reconsider the costs of the state budget, to gradually cut excessive and hopeless costs, and to reduce the budget deficit;

- With a view to maintaining the full employment in the economy and the reduction of unemployment by the state to support the sphere of small scale business, the service sphere and the entities of private business on a large scale, and the creation of new workplaces on a regular basis;

In the years 2013 and 2014, the majority of the world countries reached the economic growth, but under the influence of the global crisis in the world economy, very solemn and challenging macroeconomic problems still remain. They will remain for many years. There will be no accurate scientific decisions and practical measures yet.

The basic problems are the growth of the unemployment rate, external debt, budget deficit and the balance of payments, the unstable economic growth, the export potential decrease, and the devaluation of exchange rates.

In order to maintain the stable economic growth and strengthen the macroeconomic stability and balance in every country, the governments of all countries, first of all, use the macroeconomic, investment, monetary and fiscal policy effectively.

The world experience shows that the monetary policy plays an important role in averting the various crises, achieving economic growth, maintaining and strengthening the macroeconomic and financial stability in the country. Also, the monetary policy creates preconditions for achieving the priority purposes and the problems the country would face.

For the prevention of the global crisis problems along with the measures to be taken, the government needs to toughen the monetary policy in the world economy. Because, the central banks are using instruments of monetary policy that affect the balance of commercial banks, the real segment of the monetary market on liquidity, the condition of the balance of payments, the monetary weight, the credits, the prices and the economy as a whole.

The analysis of foreign countries experience suggests that the monetary policy always remains the most important and effective instrument for the regulation of economy of all countries. For this purpose, it is necessary for the central banks to improve regular market tools and methods for carrying out monetary policy.

The implementation of the above-stated measures and the recommendations provided on foreign countries is undoubtedly about providing the stabilization of economy and the exit from crisis impact. Thus, there are all necessary opportunities, experience

and sufficient means in foreign countries. However, some more years are required for foreign countries to fully overcome the consequences of the global crisis impact and the maintenance of macroeconomic stability in economy.

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SOME FORMATION ASPECTS OF AN EFFECTIVE NATIONAL INNOVATION SYSTEM

R.A. Djuraeva, L.M. Tashpulatova

In the context of increasing globalization, the key issue for further development of Uzbekistan's economy is to increase its competitiveness through the establishment of an effective innovation economy based on the use of high-tech science-intensive industries, modernization and technical renewal of leading sectors of the economy, the development of training highly qualified specialists and scientific staff and the formation of a commodity market of intellectual property.

Currently, the republic carries out a series of measures aimed to strengthen innovation – regulation through legislation and flexible taxation system, patenting and technology transfer, the creation of state and departmental funds, the implementation of major government programs and others.

Uzbekistan has all the basic elements for the implementation of innovative technology and the formation of the national innovation system (NIS). This is above all, **investment potential and increase of the share of industries that produce goods with high added cost**. In recent years, the structure of Uzbek exports has increased the share of high-tech products such as automobiles, electronics, which indicate an increase in the technical and technological level of domestic production and skilled attraction of foreign investment.

The World Bank published an updated ranking list of the countries in terms of economic development measured by the gross domestic product that was calculated on purchasing power parity, where among 190 countries Uzbekistan rose up from the 72nd place in 2010 to the 66th place. According to the rating that describes business conditions, in 2014 Uzbekistan rose by eight positions and by 61 positions in tax sphere. As UNDP states, Uzbekistan joined the top ten countries by a number of reforms in the area of business simplification for the last year [3].

Uzbekistan took the 122nd place in the Global Innovation Index among 141 countries of the world, a report “Global Innovation Index 2015”, dedicated to the impact of innovations to economic growth and development.

The Global Innovation Index (GII) 2015 covers 141 economies around the world and uses 79 indicators across a range of themes. Thus GII 2015 presents with a rich dataset to identify and analyses global innovation trends.

Uzbekistan moved six positions up in new index compared to 2014 and now holds the 122nd place in global index. In the ranking of Central and Southern Asia, Uzbekistan is on the 8th place [8].

Another important factor is **the training level of scientific and engineering personnel; the level of research institutions**. Uzbekistan is a large research center with

developed research base, extensive scientific foundation and qualified scientific personnel in the Central Asian region. There are more than 300 scientific research institutes, research centers, laboratories, designed research organizations employing more than 25,000 researchers. The priority areas of scientific research are defined and financed by the Government.

The participation of industry and business in financing research has increased in recent years. For instance, a number of innovative programs and projects carried out by the Academy of Sciences of Uzbekistan in 2014 increased by 1.5 times compared to 2010 – 2012. Numbers of priority outcomes of global significance in the field of basic and applied research have been reached in recent years. Applied elaborations were intensively developed and oriented mainly to the needs of key economic sectors of the republic.

An annual Republican exhibition of innovative ideas, technologies and projects contribute to the integration efforts of industrialists, scientists, entrepreneurs to solve the intensification of innovation development processes. In 2015, the 8th innovative forum presented about 500 designs, innovative ideas and projects. At the end of the exhibition more than 1.2 thousands contracts were signed that worth over 25 billion sums [10].

National model of continuous education plays an important role in training highly qualified specialists. Its main components are: personality – state and society – continuing education – science – production. The main task of education today is the formation of innovative thinking that can effectively perceive, understand and create innovations. The results achieved in this sphere received a worldwide recognition. Thus, in the world Uzbekistan ranked second (75.38 points), according to the innovative indexes in the area of education. Ireland takes the first place (75.70 points). Denmark, New Zealand, Iceland, Belgium, other developed European countries and countries from other continents occupied the following places. The USA takes the 31st place (61.34 points), China is in the 67th place (52.23 points). Russia with 55.18 points is in the 55th place, Kazakhstan is in the 69th place, Kyrgyzstan is in the 72nd place and Tajikistan is in the 107th place. According to studies, a number of indicators of the education system of Uzbekistan exceed many countries. Particularly, the analytical data shows that indicators of Uzbekistan concerning the following things are very high: the development of the education sector of the country, state expenditures on it, spending on capital construction and renovation of schools, the number of teachers as a %age to the number of students, number of graduates in the sciences and engineering, the average Student Assessment for GMAT and others [8].

Formation of the NIS countries should be based on the use of existing resources, taking into account the national mentality and national perception of innovation. At the same time, the models of innovation development of an existing experience in international practice should not be removed from the accounts.

World experience of NIS shows that there are three possible ways of formation and development of innovative models. The first model can be called “traditional” model,

which is represented mainly by the countries of the Euro-Atlantic region. This is a model of a complete innovation cycle – from the formation of an innovative idea till the mass production of the final product. As a rule, this model includes all the components of the structure of the innovation system: fundamental and applied science, researches and developments (R & D), production of prototype, and mass production, as well as different types of the structure expertise, funding and reproduction of personnel.

For example, the main national innovation system of the United States includes 150 universities that most of them take leading places in the world rankings.

Namely at US universities the majority of research centers in the field of basic science and a significant part of the applied researches are being focused.

Trying to hold high positions in the annual ranking of universities they put a lot of effort in order to attract students, the best professors and use the latest teaching methods. Besides the universities, there are research institutes which are also engaged in fundamental research activities. Their main task is to train highly qualified specialists, right after defending their PhD degrees by the way of organizing co-operation of selected and talented researchers with the stars of world science that work in these institutions on a permanent basis or invited for a few months.

Another feature of the US national innovation system is the National Laboratory that consists of enormous institutions with thousands of employees, dealing with an important issue of Applied Science. Besides, in the US there is a big amount of private research corporations that serve for the interests of the USA government agencies and private companies that are engaged in both basic and applied researches on a commercial basis.

Technology Transfer in the United States is generally made from the universities into the industry with the help of venture companies or through the creation research units inside the largest companies, which have almost all well-known companies.

Describing the whole national innovation system of the United States, the decisive role of universities should be emphasized. Due to very high salaries, they can attract the best professors from all over the world and consequently, the best students who may stay in the USA on a regular basis and get a US citizenship. This kind of structure of the national innovation system makes the USA almost a complete hegemon in the majority areas of knowledge and allows to concentrate on professionals achieving the highest scientific, technical and technological achievements.

The success of the American innovative companies is ensured not only due to their powerful research laboratories and well-organized business processes, but also because of the government support programs established in the framework of public sector of technological infrastructure [7].

Nowadays, three groups of instrumental commercialize innovations play a major role in fostering innovational activities in the United States: support for academic technology transfer, government procurement, and support innovation among small businesses. In fact, the last tool has been linked with the transfer of academic techno-

logy, because many graduates from the universities receive support by small business financial programs (for example, the program SBIR), and with government procurement, as far as some support programs in small companies (including SBIR) are related to public procurement [5].

Successful implementation of these instruments is ensured by deliberate conditions: a favorable regulatory environment for innovations, the presence of strong and coordinated complex research organizations, as well as a high degree of development of innovative infrastructure [6].

The second direction of development of the “traditional” model of NIS, called “European” type can be divided into two subtypes. The first subtype is typical for large European countries with a long intellectual and scientific tradition (UK, Germany, France and Italy). The nature of scientific and technological activities in permanent military conflicts has been mainly focused on military and applications innovations on the continent.

After World War II, these countries significantly changed the direction towards technological activities trying to concentrate on a relatively cheap way of producing high-value scientific and technical information. The most successful was Britain. Abandoning the costly investment in research on nuclear physics, Britain started to develop radio astronomy and biological properties of macromolecular substances, which in both cases led to scientific discoveries of great importance, the creation of two fundamental scientific disciplines of astrophysics and molecular biology, and receiving a significant number of the Nobel Prizes.

The UK innovation system focused on a small number of extra-class universities (Oxford, Cambridge, London) copied innovation systems from the United States. After the war, almost the same patterns were transformed into Germany’s and Italy’s innovation systems, which failed in comparison with the pre-war period. France has gone its own way, concentrating mainly on basic researches (with the exception of mathematics) in French Academy of Sciences titled CNRS (National Centre for Scientific Researches). Mathematical studies have been mainly concentrated on a few large universities, especially in Nancy and Sorbonne.

The second subtype of innovative systems is typical for small developed European countries with an exceptionally high level of basic researches, primarily funded by the state. Countries such as Sweden, the Netherlands, Denmark, Switzerland and Finland have world licensed universities, carefully choosing areas of research, which are really able to rise up the global level of science and technologies.

Similar scheme of national innovation systems in small developed European countries is a powerful fundamental university science with a limited number of areas, supported by the state, business support applied research, development and regional concentration of efforts in the field of science and technology. This explains the leading position of these countries in the rankings of the world competitiveness of national economies.

The second model of innovation development is very different from the “traditional” model. It represented mainly by the countries of East Asia: Japan, South Korea, Hong Kong and China. As a rule in East Asia innovation cycle there is no component of fundamental and partially applied science. These innovative models are usually export-oriented high-tech products with borrowed technology from the countries of the “traditional model”. The most striking example of this model of innovation development is Japan.

It should be noted that Japan’s national innovation system is far behind the US national innovation system and focused mainly on the technical innovation and the latest technologies [2]. The fact that the Japanese NIS is not too focused on fundamental knowledge, explains less importance of research universities in Japan compared to the role of research labs of major Japanese corporations.

The main features of modern Japan NIS are: gradual development of developed physical research in the field of semiconductor materials and nanotechnologies; focus on ensuring high-quality products for export in high-tech field; serious shortcomings of the Japanese system of higher education, overloaded cramming and not enough opportunities for the development of individual creativity in the basic sciences; Japanese mentality namely a unique Japanese ability for non-competitive co-operation, extremely high accuracy and their ownership, that allow Japanese to create a high-tech product that has no competitors in the world.

The third model of innovative development has been applied to the countries which do not have significant potential in the field of fundamental and applied science. It applies to the countries where agriculture still plays a significant role in the economy. Where there are no rich reserves of raw materials, where processing technology and sales could form the basis of national competitiveness, etc. Consequently, the block of fundamental and applied sciences does not exist in innovation cycles of these countries. There is almost no high-tech cycle.

As a rule, innovation policies of such kind of countries are focused on borrowing and distribution rather than on creating new technologies; on the development of education in the field of economics, management, sociology and psychology of labor, training of personnel for financial and banking spheres; on fragments in the development of light industry, creative industry and recreation. A lot of attention is also paid to nurturing the management of local offices of major multinational corporations, international banks, international political structures, etc., which allow these countries to achieve very high rates of economic growth. As examples of such kind innovative development can be shown national innovation systems of Thailand, Turkey, Portugal, Chile and Jordan.

Thus, the consideration of global experience in creating NIS in three basic models of innovative development allows making conclusions regarding the formation of the NIS in Uzbekistan. Compared with traditional or East Asian model of innovative development, requiring a significant investment of resources in a long period of time, the

third type is relatively little expensive, what is especially important for developing economies.

At the same time, the third model of innovative development is built in accordance with the characteristics of the national culture, national psychology, traditions and national perception of innovation, using national features as advantages.

In this context, it is possible to pay attention to this model in the context of the construction of NIS in Uzbekistan, focusing on the use (rather than elaboration) of new technologies in the development of education, management, services and tourism industries.

Formation of an effective NIS in Uzbekistan should be based on a systematic approach, including the following areas:

- Development of an integrated system of continuing education that meets the requirements of an innovative economy;
- Expansion of existing and creation of new mechanisms to attract and retain the science and innovation activities of young professionals through a system of grants, loans and venture capital;
- Activation an innovative business sector aimed at continuous improvement of production technology and the emergence of new high-tech industries;
- Development of public-private partnerships in addressing the challenges of technological modernization, taking into account the leading role of the government in ensuring a significant contribution to the enhancement of innovative business;
- Infrastructure development, aimed in providing technical, informational and methodological assistance, as well as in reducing the risks of innovation activity by engaging in projects of public funding.

An important component of the NIS is a comprehensive evaluation of innovative development, which includes not only the analysis of the level of scientific potential, but also economic, social and institutional aspects of sustainable development.

The concept of innovation development of the Republic of Uzbekistan for 2012 – 2020 years developed by the Institute of Forecasting and Macroeconomic Research in conjunction with the UNDP Project “Support to Innovation Policy and Technology Transfer”, states that one of the measures to improve the national innovation system (NIS) is to “continue and improve the tracking of innovative development through the development of regulatory guidance documents on innovation statistics for business. To develop indicators of innovation development, that is comparable with international and to carry out regular monitoring of the development. To conduct regular research on innovation industries and regions, enabling to give science-based guidelines of innovative development” [5].

Improvement of the methodology of statistical reporting in innovation sphere, development and introduction of indicators of innovative development involve consideration of NIS in collaboration with the global innovation system and innovation clus-

ters, taking into consideration local characteristics of geo-economics availability of resources and infrastructure.

One example of a comprehensive methodology for assessing innovation development is the *Innovation Capability Index* [9], based on an assessment of more than 60 factors that determine the level of economic and social environment contributed to innovation. This index has been calculated since 2009 and includes a rating of 131 countries.

Innovation Capability Index is the integral index, which determines the level of innovation development of the five sub-indices. They are the institutional environment, human capital and social integration, management and law, research and development, the use of ICT.

Each of the five sub-indices includes relevant indicators of economic well-being and human development, macroeconomic policy and business environment, effective management and technological progress in order to determine their contribution to the growth of the innovation potential of the country.

For example, the sub-index “institutional environment” includes the indicators characterizing the political stability and law in the country, the efficiency of public administration, and availability of legal framework conditions for the protection of property rights, the independence and transparency of the judicial authorities. In addition, the sub-index includes variables, evaluating the macroeconomic stability, public finances and debt levels, the share of FDI in GDP, etc.

Sub-index “human capital, training and social inclusion” assesses the level of education and social equality in the country based on parameters such as literacy rate, education spending as % of GDP, gender, income differentiation, etc.

It should be noted that the ICI is not the first attempt to solve such a complex problem as the evaluation of innovation. There are methods of assessing the innovative development of a specific region, nation, group of nations, and integrated approaches to the development of indicators, that cover the entire country and allow international benchmarking. Among them there are: Summary Innovation Index, Innovation Index, National Innovative Capacity Index, Global Innovation Index and Knowledge Economy Index.

In contrast to these indicators, Innovation Capability Index has several advantages that make it a promising tool. Firstly, 90 % of the data used to calculate the index, is an accurate measure of certain factors (such as the budget deficit, the cost of education, etc.) and, therefore, free from subjectivity. The remaining 10 % of the indicators based on the survey data for parameters which are difficult for measuring. Secondly, the method of calculation is based on the well-known theory of M. Porter, linking innovative development level with the degree of economic prosperity in the country, estimated income per capita. Thirdly, the level of country development and political stability that determine current politics, was considered in elaboration of an index.

Thus, the index of innovative potential allows evaluating the effectiveness of efforts complexly to promote the innovation in the country in view of its place in the global economy, which is extremely relevant for the competitive formation of NIS and sustainable economic growth in Uzbekistan.

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THE ROLE OF FREE ECONOMIC AND SPECIAL INDUSTRIAL ZONES IN ORGANIZING AND DEVELOPING NEW INDUSTRIAL FACTORIES IN UZBEK ECONOMY

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Nowadays, holding its own position and capacity in severely developing and changing economic situation of the world is one of the main targets of any country. Different countries are using different models to achieve these kinds of their goals. Creating free economic areas inside the country can be seen as the best way that leads to achieving them.

Free economic zones are the economic areas separated from countries' legislation under particular privileges and preferences. The areas are used when a country aims to develop its relatively undeveloped region or to use it as an experiment while conducting a specific policy. There are various types of free economic areas such as economic production zones, trade zones, offshore zones, free tourist areas, techno parks and so on. The experiences of the USA, Brazil, and People's Republic of China are considered the most important as they were able to choose the right and efficient models that met their interests [6].

The new way of running the economy, free economic zones, appeared at the end of 1950s, and started to gain popularity worldwide in 1970s. At the beginning, they were organized in such countries where industrial production was significantly developed: the US, Japan, Germany and Great Britain, then in Poland, Belgium and Bulgaria. It is known from the world experience that early free economic areas located in the ports of rivers and seas, in international airports, nearby railways and highways, in tourist and special areas, since free areas play vital role in selling produced goods and services to the other world and attracting foreign investments into the economy. Furthermore, living conditions and prosperity of life are strongly related to the creation and successful function of the areas mentioned above and it can be observed in developed economies with free economic zones. The reason is the fact that the more the privilege and help for functioning and developing of foreign investment and entrepreneurship, the higher the working capability of entrepreneurship [7].

At present, there are about 200 zones and sub-zones functioning in the USA, which are controlled by Department of foreign trade. Studies revealed after the permission is given, it takes from 6 months to 3 years for the area to open and start functioning [6].

Free production zones is a special social-economic program, the aim of which is to stimulate entrepreneurship in particular areas based on new production relations, to attract foreign investment into the important spheres of the economy and to organize modern technologies according to the principals of free competition, self-providing as

well as administrative and economic independence, which are obtained by building and exploitation of rented, cooperative and foreign companies [6].

It's worth to mention that free export production areas are also functioning successfully worldwide and export-production area in "Shannon" airport of Ireland is an example for this. Special features of this airport: large amount of tourists, location in cross-point of many airlines and others are allowing owners of foreign firms to get a great deal of profit there [6].

Chinese economy, showing enormous rates of development nowadays, also came to the stage with the help of free economic areas and China is showing the biggest results, compared to other countries, in organizing free trade zones. People's Republic of China is still one of the mysteries not only for the entrepreneur of our country, but also for those from all over the world because of its development, history and complicity. Furthermore, China managed to become successful in economic development, showing a huge GNP amount, which is really close to that of the United States. None of other countries had been able to achieve these figures for several centuries [4].

Organizers believe that free economic zones should "reflect the other world". Free economic zones of PRC are listed among the most successful ones. The attraction of capital, modern technologies, knowledge and managing methods and their usage in other parts the country were aimed with the help of free economic zones. Apart from that, the devaluation of national currency, construction of foreign firms and organizations with export-oriented production based on foreign investment also can be observed in economic affairs of the country [4].

These all proves once more that China has its own stable development model. However, economic, social development principals of China and Uzbekistan are definitely, alike. For example, both countries have chosen the evolutionary way of moving to market economy, in both of them, the government is considered the main reformatory in every economic reforms and both rejected the development by "shock therapies", lastly they are maintaining relationships in different sphere having been connected by the Great Silk Road for thousands of years. Today, there are 5 special free economic areas functioning in China, three of which are: Shenzhen, Zhuhai and Shantou. Hainan province, considered the 5th economic area was approved by the 1st session of the 7th NPC in 1988. Free economic zones and techno economic areas may differ from each other by only their location and legacy. Free economic areas mentioned above have gained significant importance for Chinese economy. Exactly the half amount of the products manufactured in these areas is sold in international markets.

Work organization and its security in free economic areas are different from those of other companies in the country. Compared to that of government sector, work efficiency of joint ventures in Shenzhen economic area is 5 – 6 times, the productivity of capital investments is 2 times higher according to the indicator of foreign technical and technological implementation to the production process. All conditions are organized for the sake of labors' good living conditions, high service indicators and usage of new

economic methods. Based on the information on dynamic development of free economic areas, it can be mentioned that the GNP growth in Beijing showed 11.3 %, in Shanghai 21.4 %, Guangdong 31.5 % and in Shandong it showed 33.4 %. GDP in those 5 cities accounted for 180 billion CNY, while the amount of export and import showed triple the amount of them 5 years ago indicating \$ 55 billion. Other free economic and technological development zones reached 76 billion CNY and \$ 3.8 billion accordingly. The proportion of foreign capital attracted into all free economic and development zones made up 60 % in industry and 61 % in non-state sector [7].

Usage of modern technologies in free areas, which allows experimenting scientific achievements in all free development zones, is not equally distributed throughout the country as they are organized on principals of self-providing and independence. Also, foreign investment in these areas has considerable importance since the amount of state-funds is miserable, hence making them to use credits of banks. Certainly, the organized zones have their peculiar problems, the collection of which can be taken by analyzing the activity of Hong Kong off-shore zone that was given back to China in 1997 [5].

Several measures are being taken to settle free economic areas in our country, as well. The law on “Free economic zones” adopted on April 25, 1996, together with the order of the President of the Republic of Uzbekistan on “Organizing industrial-economic zone in Navoi region” (December 2, 2008, PO-4059) can be considered the most important. Under the initiative of Islam Karimov, the President of the Republic of Uzbekistan, first among the CIS free industrial-economic zone “Navoi”, is being organized in the area of international airport of Navoi city. Transcontinental intermodal hub, one of the main success keys of the free industrial-economic zone, is now run by “Korean Air” that is considered the leader in cargo transportation since January, 2009.

Direction of the actions of free industrial-economic zone “Navoi” is indicated as widely producing products with high competitiveness in world market with the help of new modern technologies, technologic models and lines, innovational technologies with high efficiency in order to attract investments, specifically direct investments allowing to produce a product having high quality of world standard and demanded in world market in modern and innovative ways [3].

Moreover, these principals are adopted by the government as a priority for FRZ “Navoi”:

- The action period of free industrial-economic zone “Navoi” is 30 years and it can be prolonged later on. During this period, the regimes of currency, taxation and customs, entry and exit from the Republic of Uzbekistan of non-residents, in addition to the process of receiving permissions for their activities inside the country will be simplified to the minimum. Special legal tax and custom regimes function for the business entities acting in the area of special economic zones and registered by the directorate of free economic zones [3].

The operational management and coordination of the free industrial-economic zone “Navoi” is preceded by the Administrative council consisting of state representatives

and directory of the free economic zones. The list of members of the Administrative council is approved by the Cabinet of Ministers. During the function period of the free industrial-economic zones, the area where free industrial-economic zone “Navoi” is organized is given to the Administrative council as a whole to be controlled and used. The directory of free industrial-economic zone “Navoi” subleases the land areas, gives their own rights and obligations to other people, pawns rental rights without the right of adding them to the authorized capital as a share. The sale or other types of giving the land to others is forbidden in the area of the free industrial-economic zone. The registered business entities in free industrial-economic zone “Navoi” have many privileges, specifically, they can be exempted from land taxes, property taxes, income taxes, the taxes of improvement and socio-infrastructure development, the single tax payments, as well as the payment for the Republic road fund and the Republic mandatory payments for the development of school education, the period of which depends on the amount of direct investments [3].

7 years – from 3 million Euros to 10 million;

10 years – from 10 million Euros to 30 million Euros. During the next 5 years the single tax payment and income tax is fixed as 50 % of the current tax rate;

15 years – more than 30 million Euros. During the next 5 years the single tax payment and income tax is fixed as 50 % of the current tax rate.

The machinery, raw materials, other materials and components imported into the country by the business entities registered in the free industrial-economic zone in order to produce export-oriented products during the action period of the zone are exempted from the custom payments (except payment for customs formalizing). For the machinery, raw materials, other materials and components imported into the country in order to produce products sold in internal market of Uzbekistan, business entities are to pay the 50 % of the current custom payment (except payment for customs formalizing). They can make these payments in 180 days. In case when the machinery, raw materials, other materials and components brought into the free industrial-economic zone under the privileges mentioned above are sold or given for free, the custom payments are fully charged according to the legislation in the country [3].

Additionally, business entities registered in the free industrial-economic zone are allowed:

- To make and receive payments from one another based on contracts in foreign currency in the area of free industrial-economic zone;
- To pay for the good and services they receive from the resident business entities of the Republic of Uzbekistan in foreign currency that is easy to exchange;
- To use convenient conditions and methods of payment for the goods imported and exported.

Generally, as “Navoi” is the first experiment of free industrial-economic zones in Uzbekistan, its development plays a great role in the economy of our country.

Apart from that all, based on the order of the President of the Republic of Uzbekistan on “Organizing Special industrial zone “Angren” from (April 13, 2012, № PO-4436) special industrial zone “Angren” is organized in Tashkent region of our Republic, the aim of which is to shape good conditions for local and foreign investments for organizing innovative production providing with high competitive products with high added value that boosts the national industry.

The main objectives of special industrial zone “Angren” are:

- To establish high competitive modern, high-tech manufacturing demanded in both local and world markets and shape convenient conditions for investments, mainly direct investments for its effective functioning [1];

- To provide efficient and comprehensive use of resource and manufacturing potential of the special industrial zone’s area, establishing modern production based on further recycling of minerals and raw materials [1];

- To enhance the localization of high-tech manufacturing on the basis of maintaining close relations among the national enterprises and special industrial zones, as well as the developing industrial cooperation [1];

- To provide rapid development and effective use of the transportation, social infrastructure, engineering and communication, together with increasing the potential of logistic center “Angren”, and further development of the system of freight transportation with automobiles and containers and widen their scale of utility.

Many measures are taken to establish such industrial areas in our country. In accordance with the order of the President of the Republic of Uzbekistan on “Organizing Jizzakh special industrial zone” (from March 18, 2013 № PO-4516), a memorandum was adopted in order to use the production and resource potential of Jizzakh and Syrdarya regions, hence establishing new workplaces and increasing the population’s income, combined with organizing an Uzbek-Chinese industrial park in Uzbekistan. Main objectives of the special industrial zone “Jizzakh”, are to establish modern, high-tech manufacturing with high competitiveness in both internal and external markets and to attract investments, specifically direct investments for its effective functioning.

These actions have already shown their results attracting many investors into the area. Good examples of them are “ZTE (H.K.) Limited” company manufacturing and exporting mobile phones and their accessories and “Wenzhou Jinsheng Trade Co., Ltd” company that put the full cycle of recycling secondary waste into practice provide waste-free production in leather recycling and footwear production. The joint with “Peng Sheng” Ltd, “ZTE (H.K.) Ltd” and “Wenzhou Jinsheng Trade Co., Ltd” ventures are exempted from property taxes, income taxes, the taxes of improvement and socio-infrastructure development, the single tax payments, as well as the mandatory payment for the Republic road fund under the Ministry of Finance for 5 years [2].

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ANALYSIS OF LABOUR MARKET OF THE REPUBLIC OF UZBEKISTAN

Sh.G. Djabbarova

Employment is the most acute social issue in Uzbekistan. According to the strategy of transition to the market economy developed in the republic, employment of the population gradually and consistently combines with the system of market relations. The Law of the Republic of Uzbekistan “About employment of the population” was adopted. The Labour Code of the Republic of Uzbekistan developed a number of normative and legislative acts regulating the issues connected with the infrastructure of labour market, specific programs on creation of workplaces and employment.

The demographic tendencies which were developed at the beginning and in the middle of 1980th and 1990th have direct impact on employment and labor market. For this period high rates of the increase in population which was formed at the expense of the high level of birth rate were characteristic. The system of general, universal employment constructed on gross approach to manpower didn't possess sufficient flexibility and wasn't capable of involving the available labour capacity of Uzbekistan. On employment formation strong negative impact was made underestimation at placement of new productions of social and demographic and ethnic factors, labor motivation of indigenous people.

Thus rates of an increase in population of working-age remain high, in a consequence of high level of birth rate and an increase in population. As a result, the population share in working-age I increased from 49,1 % in 1991 to 61,8 % in 2013.

The growing population share in working-age determines growth of the offer of labor, strengthening need for new workplaces. The greatest number needing employment is the share of regions with a large number of manpower: Samarkand, Fergana, Andizhan, Namangan, Kashkadarya, Tashkent area and Tashkent city.

For implementation of the complex and interconnected measures for employment of the population by involvement of capacity of territories and branches of economy on creation of workplaces, rational use of a manpower taking into account demographic factors and structural transformations in economy, every possible assistance to development of effective forms of employment and business, it is annually developed and approved Programs of creation of workplaces and employment of the population on which more than 950 workplaces annually are created.

However, a gain of employment of the population in 2013 has grown by 299,4 thousands people and the number of all busy population made 12,5 millions people. Thus, employment in official sector of economy grew by 100,6 %, in informal sector grew by 106,1 %.

In Uzbekistan the population and manpower are a major factor of ensuring stable economic growth. In the country growth of population happens generally at the expense of a natural increase, i.e. preservation of high level of birth rate.

The Republic of Uzbekistan on population is one of the largest states in the territory of the CIS. For 2015 the number of resident population of the republic made 31,0 millions people that is 1,5 times more than for the beginning of 1991.

One of large demographic and territorial production the region of Uzbekistan, is the Samarkand area where on 16,8 thousands square meters live 3444,8 thousands people. On population the Samarkand area takes the second place in the Republic, after the Tashkent area.

The number of a manpower in the republic makes 18,0 millions people, of them 13,5 millions economically active the population, 12,8 million the busy population. In relation to last year population of area grew by 69,2 thousands people and made 3514,8 thousands people from them as of January 1, 2015 in the cities lives 1 336,9 thousands people (38 %).

The main share of a natural increase of the population is necessary on Urgut (15,2 %), Pastdargom (9,4 %), Samarkand (7,3 %), Kattakurgan (7,0 %), Ishtikhan (6,6 %) areas and the city of Samarkand (6,5 %).

Birth rate indicators across Nurabad (to 28,9) Payarik (28,6), Urgut (28,4), Bulungur (27,6), and also Djambay (27,2) areas make above an average value on area.

For the last five years the natural increase of the population averaged 60,4 thousands people. Growth rate in relation to 2010 made 107,5 %.

The average value of birth rate on area grew from 23,5 promille in 2010 to 25,2 promilles in 2014, and the mortality indicator for this period decreased with 4,5 to 4,4 promilles, thus a natural increase of the population increased from 19 per milles to 20,8 promilles.

The analysis of age structure of the population following the results of 2014 showed that the share of the population is younger than working-age makes 31,5 %, working-age – 60,4 %, is more senior than working-age – 8,1 %.

Population of working-age for 1991 – 2014 increased twice and made in 2014 2 122,8 thousands persons.

The main share of the working-age population is necessary on Urgut (12,5 %), Pastdargom (9,0 %), Kattakurgan (7,1 %), Samarkand (6,6 %), Ishtikhan (6,4 %) areas, and also the city of Samarkand (15,1 %).

Manpower for 2010 – 2014 grew from 1 815,7 thousands people to 2 015,5 thousands people (height of 113,5 %).

Economically active part of the population grew in comparison with 2010 by 113,5 % and made in 2014 1 485,1 thousands people. The number occupied for this period grew by 114 % and made 1 402,5 thousands people.

Thanks to the created conditions for development of small business, improvement of business and investment climate and introduction of world practice, the share of the busy population in small business for 2010 – 2014 grew from 82 % to 83,6 %.

The main share in small business is the share of individual entrepreneurs which share for 2010 – 2014 has grown from 59,5 % to 61,4 %.

The population wishing will find a job grew from 78,4 thousands people in 2010 to 82,6 thousands people in 2014 (105,4 %).

The share economically not of the active working-age population in the total number of the working-age population in 2014 made 35,7 % and grew in comparison with 2010 by 104,5 %.

During research it is revealed structure of the busy population in 2010 – 2014 the following.

So, if in 2010 the number of the busy population made 1 229,9 thousands people, this indicator in 2014 made about 1 402,5 thousands people (height of 114 % by 2010).

The main growth of employment of the population was observed in the sphere of the housing and communal services (HCS) and household services (132,5 %), transport and communication (124,0 %), construction (118,5 %), rural and forestry (117,1 %), and also in the sphere of trade and public catering (116,8 %).

According to regional body for work the share occupied in informal sector annually on average increases by 104,4 %.

In 2014 the high share occupied in informal sector is necessary on Urgut (12,3 % of everything occupied), Samarkand (8,8 %), Pastdargom (8,6 %), Kattakurgan areas, and also the city of Samarkand (15 %).

Realization of concrete measures for increase of employment of the population socially useful work, in particular formation of new workplaces by approach of the industry to rural areas will give the chance to create new workplaces. There are positive shifts in structure of employment in the sphere of small business which is considerably increasing and creating job places for 76 % of all busy population. In a place with that, exist in employment problem labor market what demands the following decisions:

1. Creation of workplaces, in the sphere of small business, private business and farms. These workplaces are not stable and bring in rather low incomes.

2. Disproportions in regional labor markets take place. In certain areas the main thing and almost only source of employment are development of self-employment of the population.

Implementation of programs of creation of workplaces, and also special target programs can have direct impact on development of sector of employment in the long term: investment, structural transformations, development of industrial potential, localization of production, development of social infrastructure, National program for training, etc.

The priority direction of employment and regulation of labor market are mobilization of factors of economic growth for generation of creation of new effective work-

places, development and implementation of active programs of regulation of labor market.

In this context ensuring rational employment of the population has to be carried out in the following main directions:

1. Creation of workplaces due to input of production objects in the following main directions:

- creation of the new production objects equipped with the modern high-performance equipment and technologies providing a full cycle of production of final consumption with a high export potential;
- primary placement of new production objects in regions is a lot of manpower and in rural areas, providing the necessary level of balance of supply and demand in labor market;
- Orientation to the small enterprises by the size capable as fast as possible to adapt for the market environment to use flexible technologies for production considering quickly changing market condition;
- commissioning of the new objects working mainly at local natural and raw and material resources, including, the enterprises of the light and food industry specializing on processing of agricultural production, and also providing primary employment of women.

For this purpose in the long term it is necessary to provide:

- realization of the concrete measures directed on increase of investment activity of the organization, commercial banks and other financial institutions in creation of new objects of the sphere of production and infrastructure;
- ensuring further development of the mechanism stimulating the population and small investors to put own savings and means in creation of new objects.

2. Increase in employment on the existing workplaces due to increase of efficiency of use of capacities, a reshaping, modernization and reconstruction of the enterprises.

Now at the separate enterprises the outdated equipment which isn't allowing making qualitative, best-selling production owing to what the available capacities are used not at full capacity is used that in turn doesn't allow using the labor potential of data of the enterprises effectively.

For increase in employment on the existing workplaces due to increase of efficiency of use of the production equipment, a reshaping, modernization and reconstruction of the enterprises, it is necessary:

- to define, in a section of each area, opportunity and resources for fuller use of the available production equipment and to develop concrete measures for modernization of technological processes, taking into account orientation of the enterprises to release of competitive production;
- to carry out financial support, and also for preservation of the operating workplaces of modernization, a reshaping and reconstruction of the perspective enterprises which are temporarily experiencing economic difficulties;

- to strengthen economic sanctions for inefficient use of processing equipment, excess of standard terms of installation and preparation for operation of new, especially import equipment.

3. Growth of employment in the sphere of small business.

For increase in employment due to active development of small business implementation of the following measures is necessary:

- to provide the accelerated development of small business enterprises in processing of local raw materials and agricultural products in release of competitive consumer goods and rendering services;

- to create in each regional center the leasing companies, and in the large regional centers their branches and offices specializing on granting processing equipment only to subjects of small business and private business, the providing clients means of small-scale mechanization, machines and other simple equipment;

- to create a network of advice centers on assistance to businessmen in the organization and development of own business, informing on a situation on sales markets;

- to develop concrete measures for further development of workmanship, national and art crafts and improvement of quality of the souvenir products providing creation in the main tourist centers of associations of national masters and handicraftsmen.

4. Special measures for employment of the population in areas with a critical situation in labor market.

The major factors causing an intense situation in the sphere of employment in certain areas are:

- discrepancy of growth rates of number of able-bodied population – to labor demand;

- the uneven territorial structure of capital investments and investments caused by the primary direction of investments into regions with developed economy and infrastructure;

- diversified character of economy of certain areas, especially their exclusive agricultural orientation.

- Removal of intensity in labor market of the above areas requires acceptance of concrete and purposeful measures for increase in the volumes of investment into these areas, including creation of preferential terms for investments and capital investments.

5. Improvement of quality of labor and its competitiveness in labor market.

The solution of questions of improvement of quality of labor as component of development of human resources assumes the further development of system of professional education provided by the National program of training.

Thus, within the established directions of training in professional colleges it is necessary to provide closer coordination of their specialization and placement with the directions and parameters of the structural transformations providing the accelerated development of new branches of economy, processing industries, social and market infrastructure, small business and private business.

Considering that in the long term the situation in the field of employment of the population will depend substantially on increase of competitiveness of the population, in labor market which will provide implementation of the following tasks:

- restoration and development of system of intra production and course training of the personnel, including on workplaces. Thus standards of the minimum annual expenses of the employers directed on training at the enterprises have to be provided;

- further development and improvement of system of a vocational education of craft activity, on the Master-learner method;

- development of services of bodies for work regarding training, retraining and professional development of jobless citizens.

- As a result of realization of the main priority directions of employment will take place:

- growth of economic activity and employment rate of the population;

- decrease in number needing employment and unemployment rate;

- formation of rational structure of employment of the employment which is shown in growth in real sector and its decrease in informal sector, in increase in number working in industries, construction, a services sector and communications;

- coherence of supply and demand of labor, increase of its competitiveness in labor market in connection with training of qualified specialists taking into account needs of employers and demand of branches and regions;

- it is necessary to defuse tensions in separate local regional labour markets with high unemployment rate of the population;

- expansion of the sphere of productive, profitable employment at the expense of increase in number working at new highly paid workplaces in branches of production of goods, the sphere of small business and private business.

In total and finally the predicted results of development of sector of employment will act as a factor of the prevention of poverty and have to provide increase of a standard of living of the population on the basis of creation of prerequisites and conditions for formation of steady sources of growth of the income, first of all needy and socially vulnerable groups of the population.

PROPORTIONAL DEVELOPMENT OF EDUCATION AND LABOUR MARKET IN UZBEKISTAN

F.T. Egamberdiyev, J.Kh. Khamraqulov, M.S. Saidrasulova

Human development plays a significant role in socio-economic development of country. Economy cannot be imagined without human factors. All processes happened in economy closely depend on intellectual and physical capability of human. Human factors appear as work force in the labour market, and as a customer or producer in the good and service markets at the same time. As we see, stable development of national economy depends on how effective and intelligently the country uses its human resources.

As in the other markets, in the labour market the proportion of demand and supply determines the market equilibrium. Providing the proportion between labour demand and labour supply depends on developing educational system and the system of measures directed to provide public employment. Therefore, every country aimed to provide that its population live in peace and prosperity, at first, must solve the matter that their entrance the labour market as highly qualified specialists and having suitable workplaces – revenue sources.

Nowadays in any country, providing public employment is one of the most important problems. Public employment matters, in their turn, depend on developing educational system, not just developing, but also developing it suitably the labour market demands in the country. Intensely increasing of the world population and their needs at the same time requires the world countries to be much more prudent and watchful in solving these matters.

After independence in 1991, Uzbekistan became the master of its own way of economic and social development and had the task to construct a democratic state and open civil society, a socially oriented market economy. All this entailed a radical reform of the educational system in Uzbekistan. Education had to be reoriented towards meeting the common national interest and ensuring competitiveness in the world market. Uzbekistan became a member of the international community and was keen to develop modern system of education.

From the first years of independence, measures directed to reform the education and personnel training system, adapt it to the new economic system and structural changes in economy had implemented. In this regards, the chief editor of the “Tafakkur” magazine gave a question to the President Islam Karimov: “You, as the leader of the independent country, since the first day of your activity, have been directing too difficult and important work that reforming educational system in our country... What is the reason for such a big attention for education in your policy?” and the President answers that: “Without reforms on education we couldn’t start to change any other field of our

society. The future and effects of our reforms depends on the qualifications of our specialists, how they could be suitable for the development and the requirements of the present time. It is not difficult for any modern thinking people to understand our country's future is dependent on firmly solving these problems" [1].

In the years of independence, in the educational system of Uzbekistan radical reforms implemented. In these regards, followings were the most important tasks had to implement:

- to create the legal bases of the reforming and developing of the educational and personnel training system;
- as in all other fields, to finish and give up the old system's traditions in the educational system;
- in conditions passing to the market economy stage by stage, to adapt the state personnel training policy to resumes and structural changes in economy;
- considering the fields of national economy would widen to train personals on new specialties and retrain the existed ones;
- deeply analysing foreign experiences on the personnel training to create national methods of education in the country;
- to finance the reforms in the system.

We can analyse the reforms on the educational system dividing four stages.

The first stage – being the preparing level, it went on from 1991 to 1997. This stage was characterized with learning the main problems and creating the legal bases of reforming the educational system. Particularly, on December 9, 1992, the Law of the Republic of Uzbekistan "On education" was adopted. The basic factors caused to declare the law "On education" were:

- changing the socio-economic system;
- changing the attitude to production and property;
- the measures being implemented in educational establishments required to be organized as suitable for the world standards, to train perfect, well-educated specialists based on national traditions and traditions common for human.

The priority of the sphere of education in social economic, spiritual and cultural development is stated in the law. The law also includes the main guidelines of educational policy, structure and system of administration, as well as the rights and obligations of participants to education. Updated version was declared in August 1997.

The second stage – it consisted of 1997 – 2001 years. It is directly dependent on declaring "National Programme for Personnel Training".

On 29 August 1997 the President of the Republic of Uzbekistan, Islam Karimov signed the Law "On the establishment of a National Programme for Personnel Training", which provides long term strategy for strengthening education and the development of a continuing education system. "Being created according to the law "On Education", National Programme for Personnel Training of the Republic of Uzbekistan is based on national experience analyses and the worldwide achievements of the educati-

onal system and is oriented to shape the new generation of the persons who have high general and vocational culture, social and creative activities, proficiency to plan social-political life independent” [2].

The programme is a unique one, which sets out the fundamental principles of the reform strategy, outlines the problems and sets their priorities.

The aim of the programme is the fundamental reform of education system, the complete reversal of its ideological routine, elaboration of the national educational system for the training of highly qualified specialists up to the level of developed democratic states.

In the second stage (or we can say it is the first stage of the implementation of the Programme, because it was implemented in 3 stages) a new legal, personnel, scientific-methodological and financial bases for reforming and developing the education system has been created; the implementation of the National Programme for Personnel Training has become an integral part of the activities of all public, scientific, industrial and non-governmental structures and a new system of continuous education.

As a result of structural reconstruction of education system and reorganization of existing educational institutions into academic lyceums and vocational colleges during the first phase of implementation a number of 65 high education institutions and approximately 1100 vocational colleges and academic lyceums have been established and functioning in Uzbekistan.

There should be mentioned that vocational colleges train students for different professions. After graduating a vocational college young people can start their career on speciality the college gave them. They also can continue their study at a university if they want. Notable, the number of vocational colleges has increased up to 1408 by 2013. In 2000, there were 241 vocational colleges. Comparing these two numbers we can see that it has increased nearly 6 times during thirteen years.

The third stage – it went on from 2001 to 2005. The main aims of that stage were:

- at full-scale implementation of National Programme for Personnel Training;
- monitoring the results of the previous years;
- overall improvement of education quality and upgrading of pedagogical staff.

It was particularly oriented to full implement the programme according to the formed socio-economic and poverty attitudes. Economic fields getting wider demands to provide the labour market the workforce as they need.

The fourth stage of the reforms in the educational system has been continuing since 2005. In that stage the government has paid a great attention to the matter of improvement and further development of the personnel training system analysing the experiences of the previous years.

In the previous stages, the main attention was paid to train highly qualified specialists, in the fourth stage the emphasis is given to train competitive persons.

At the present providing stable development of the economy and forming social-oriented market economy relations in Uzbekistan is the main strategic aim of the state.

Intensifying of integration processes of the world countries, increasing the industrial degree of the economy and developing servicing branch is entailed forming high competition in the labour market.

In Uzbekistan every year nearly 550 thousands youth graduate vocational colleges. Notable, the main part of them have studied economics, connection, industry and servicing. In high educational establishments study over 250 thousands students, and most of them are trained for industry and public education.

In order to provide gradulators' employment more effectively and increase public employment the government declares employment programmes for a year. As the President Islam Karimov has mentioned, "...nowadays Oliy Majlis, according to the government's recommendation, is looking through the programme oriented to create new workplaces and provide with work and affirming it, controlling its implementation" [3].

Particularly, because of the wide measures to implement the programme for 2014 year, in that year over 980 thousands of new workplaces were created. Over 480 thousands of them were created on small business and private enterprising. Notable these days in Uzbekistan small business and private enterprising has become the main factor of providing public employment. Especially for young people graduated vocational colleges, wanted to run their own business have all opportunities, such as credit privileges, tax privileges and so on, to begin their economic activity.

As an example, the gradulators who decided to start their own business were given the privileged microcredits amount of 200 billion sums in 2014 [4].

In addition, according to the employment program oriented to 2015 there has been planned to create over 987 thousands of new workplaces in 2015.

Nowadays the system of education and personnel training is close dependent on implemented reforms, modernization and diversification processes in our society. Moreover, it is, in its turn, entailed to form the supply for the specialists suitable for the requirements of the present time, competitive personnels in the labour market.

Education directly influences to economic development with the following components [5]:

1. Inculcating scientific discoveries, innovative projects and modern technologies;
2. The quality of labour force;
3. Inculcating and using the knowledge on basis of environment protection, increasing ecological culture;
4. Effects of industry, agriculture, transport, production and servicing to pass to the production that uses high technologies from traditionally production.

Attracting scientific discoveries, modern technique and technologies plays a significant role in increasing effectiveness of using production resources in production activity. Effectively using new technologies in education provides effectiveness, competitiveness, innovative attraction and safety of the national economy.

It is clear that the amount of investments oriented to develop human potential and increasing the quality of education must be more than the capital directed to production and servicing fields. In these regards Malaysia, Mauritius, South Korea, Singapore that spent great force to form developed educational system in the first stage of development can be examples. In these countries, active reforming the educational system has started when the national income per-capita was low, economic reformings and the current of the foreign investments were just appearing [5].

The defects existed on investing and financing the educational system can cause not to take the expected effect from the reforms. Paying attention these factors, in our republic remarkable funds are assigned every year for the social branches from the National Budget, especially education system. As an argument, in order to enrich the content of education and boost its quality, according to the program of development of material and technical capacities of higher education institutions in 19 high education establishments building, reconstruction, capital repairing and equipping works that is amount of 230 billion sums implemented. In the Andijan State University, Bukhara Engineering-technologic University and the National University of Uzbekistan new buildings have been constructed [4].

The 22 July 2014 resolution of the head of state “On the Establishment of Tashkent State Dental Institute” has come to be an important event in the sphere of medical education. The institution’s creation on the basis of dental faculty of the Tashkent Medical Academy is to prove instrumental in the perfection of training highly qualified cadres for this area of healthcare, in the consolidation of educational and material-technical capacities of the learning process, in the introduction of developed educational and information-communication technologies.

In addition, Inkha University opened in Tashkent as partnership with South Korea deserves attention; in near future it will supply in the labour market high-qualified specialists suitable for the world standards on information-communication technologies branch, production of programme provider products, managing information systems and computer sets.

Should be mentioned, it is planned that in 2015 in order to develop social field 60 % of government costs from the budget will be oriented to social branches, particularly 34,3 % is only for education system.

In last few years, in order to provide proportional development of labour supply and labour demand a few documents on personnel training and increasing public employment have been adopted.

One of them is the President’s Decree “On measures to further improve the mechanism of the admission parameters of high education establishments”, on June 23, 2015. According to the plan of the measures to provide this Decree’s implementation:

- continuing admission for exactly direction and specialists to high education establishments deepening the works that comparing and providing to be suitable to the future demand to high-educated specialists;

- the aim should be creating balance between admission to high education establishments and real work places there will be formed for gradutors after four years;
- as a result of this balance to derive exact demand paying attention structural changes and labour productivity in economy during four years according to the demand of the employers and the specialities of gradutors of high educational establishments and other tasks are planned.

There we also can add the followings as the priority tasks that should be done:

- to adapt the teaching system in educational establishments to the world standards in order to train highly qualified competitive personals ;
- to reinforce the control on the function of educational establishments in order to increase the quality of personals;
- to direct the growing generation to specialities based on their interests, abilities and skills in order to provide them to become the master of their specialities;
- to form the work force supply deriving the modernization and diversification processes in the country;
- to use effectively the personals' potential in providing stable development in economy.

In the process of reforms in education, the main task of the educational system is shaping highly qualified specialists deriving from the current needs and the demand across diverse sectors of the economy. Securing the integration of science, education and production has been facilitating the growth in the aspiration of youths to raise their knowledge level. As we see, enough privileges and opportunities are created for the youth in order to increase their employment. Special significance is attached to the organization of education in new specializations of growing demand in all the socio-economic spheres, such as servicing, information technologies, engineering, management etc.

In conclusion, the reforms in the educational system and the labour market have been giving their positive results. In order to provide the labour market equilibrium and shape the personals suitable for the requirements of the present time to continue the reforms deepening is getting more and more important. Especially increasing the population also rises the importance of this matter and requires forming healthy competition in the labour market. Therefore, in the condition of globalization providing proportion between labour market and high education, new methods of personnel training never loses its importance for any society and country in 21st century. Because human development and development of education determines the development basis of every country in future.

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STUDYING OF THE AGE GROUPS OF YOUTH: SCIENTIFIC APPROACHES

M.I. Askarova, S.B. Abdusattorova

There are different approaches to studying of the processes connected with age of the person. These approaches are: biological, legal, social and economic, and, also demographic.

The point of biological view characterizes age groups according to growth, development and formation from the moment of a child's birth. The Biological age is considered from a child's birth to certain time of duration. The biological age groups are classified as follows:

1. Neonality period – 1 – 10 days;
2. Chest period – from 10 days to 1 year;
3. Early childhood – from 1 year to 3 years;
4. Preschool age – 4 – 7 years;
5. Younger school age – for boys ages of 8 – 12; for girls ages of 8 – 11;
6. The teenage period – for boys ages of 12 – 16; for girls ages of 12 – 15;
7. Youthful period – for young men ages of 17 – 21; for girls ages of 16 – 20;
8. Mature age (1st period) – for men ages of 22 – 35; for women ages of 21 – 35; Mature age (2nd period) – for men ages of 36 – 60; for women ages of 36 – 55 [1].

The legal point of view for age groups is an important factor, which the person participates in any process of law and special attention is paid to their (his or her) age. Besides the age of 18 is a youthful period on biological point, this age is considered to be the age of maturity on legal point. A person can use political rights, including marriage at this age. The codex of Family of the Republic of Uzbekistan (article 15) indicates the limiting age of marriage as the age of 18 for men, and the age of 17 for women.

Point of social – economic view classifies age groups as follows:

1. Children – (from the birth till the age of 15 inclusive) – they cannot not participate in labor processes, but they improve their abilities on work for future.
2. Younger generation (ages of 16 – 24) – these persons may work at an initial stage of their activities and they study at lyceums, professional colleges and higher education institutions.
3. Middle aged (ages of 25 – 30) – able bodied main part of population. They choose their ways of life and gain great achievements (in their lives and) in society.
4. The demographic approach is divided into three groups of age groups: young, middle aged and old. P. Press describes that: “These three groups carry out different roles in society and they have distinctly differentiated needs” [2].

Philosophers have given different characteristics to every period of the age groups. One of the most ancient philosophers Pythagoras likened the age groups to seasons. So,

from birth to the age of 20 is spring, from 20 to 40 is summer. Actually, the period of formation of human life is similar to spring. The moment of a child's birth (the nature 'is born' in spring), and their actions (swelling of buds on trees), their early steps (growing of roots') are all proofs of Pythagoras's opinions.

And also, it is important to note a great poet Alisher Navoi's opinion: "years from seven-eight to twenty... represent early spring of life and blooming of life", "from twenty to thirty five... it is the time of summer /youthful first possess of spring, "from thirty five to forty five, the time of fall for the leaves of life's garden fall down", "and from forty five to about sixty is the time of winter" [3].

Z.G. Frenkel, an American demographer, explained the ages of population as follows:

1. From 5 to 15 – youth;
2. 15 – 24 years – early working age;
3. 25 – 44 years – the main working age [4].

An American demographer D. Boug describes the age of population as follows:

1. youth – ages from 9 to 17;
2. an early maturity – 18 – 24 years;
3. a maturity – 25 – 44 years [5].

An economist and sociologist L. Rozenmauer differently from a demographer D. Boug, considers that the young age has the following borders: Ages from 13 to 24 – these age intervals are divided into two periods: ages from 13 to 18 and from 18 to 24 as adults [6].

In an encyclopedic dictionary of population age groups are divided into these periods:

Table 1.

Characteristic of age

Calendar of age	Period of life of age groups
1 – 7 days	New born
7 days – 1 year	Chest age
1 – 3 years	Early childhood
4 – 7 years	First childhood
8 – 12 years (boys)	Second childhood
8 – 11 years (girls)	
13 – 16 years (boys)	Teenage age
12 – 15 years (girls)	
17 – 16 year of the young man	Youthful age
16 – 20 years of the girl	
22 – 35 years of the man	Mature age (1 period)
21 – 35 years of the woman	

Source: Population: The Encyclopedic Dictionary. Moscow, 1994, p. 49.

One of the largest international organizations, the UNO classified age groups as follows:

1. Children: below 18;
2. Teenagers: from 10 to 19
3. Young: from 15 to 24;
4. Younger generation: 10 – 24 years [7].

In the international practice and statistics determines the maximum border of young age as 25 years old. The statistics of the CIS countries carries to youth of persons aged from 16 till 30 years [8].

Now well-known scientists-demographers classify age groups as follows (Table 2).

In the law of “About political State basis of young of the Republic of Uzbekistan” it is determined that young people are the people between the ages of 14 and 30. [9] The Ministry of Labor and Social Protection of the Republic of Uzbekistan distinguishes employment of young people according to the age groups: children below 16, and the ages of 16 – 29.

In the Laws of the Republic of Uzbekistan the three demographic groups are distinguished:

1. 16 – 19 years;
2. 20 – 24 years;
3. 25 – 29 years.

Table 2.

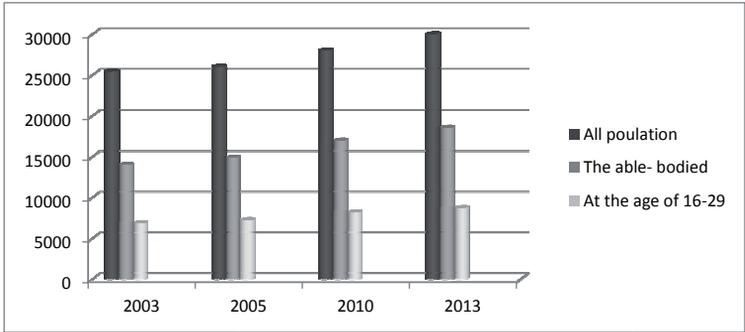
Characteristics of youth’s ages

	Age calendar	Period of life of age groups	
I.	0 – 6 years	Preschool age	
II.	7 – 17 years	School age	1. 1. 7 – 10 years – younger school age
			2. 2. 11 – 13 years – middle school age
			3. 3. 14 – 17 years – the developed school age
III.	18 – 30 years	Civil age	1. 1. 18 – 20 years – younger civil age
			2. 2. 21 – 24 years – middle civil age
			3. 3. 25 – 30 years – the developed civil age

Source: Youth of Uzbekistan: Social portrait. Tashkent, 2008, p. 12.

According to the Labor codex of the Republic of Uzbekistan permission to work is given to 16 year-olds and above. According to the Convention 138 of the International

Labor Organization (1973) determines that the minimum age for employment must be 14 [10].



Picture 1. Part of youth in the population of Uzbekistan.

Source: Information of The State Committee of Statistics of the Republic of Uzbekistan.

Between 2003 and 2013, the population of Uzbekistan rose up to 17 %. People between the ages of 16 – 29 increased to 27, 2 % in those years. Nowadays, 36,7 % of the population live in cities, and 63,3 % live in the countryside. 26,4 % of the population consists of youth ages between 16 and 29, and 27,0 % out of them live in the countryside.

Thus, the analyses show that young people are the most part of the population of Uzbekistan. In 2003 the percentage of young people was 26, 8%, and in 2013 it rose up to 29,0 %.

Table 3.

Young share as a part of able-bodied population in Uzbekistan (%)

Years	The able-bodied	16 – 29 years	Including:		
			16 – 19 years	20 – 24 years	25 – 29 years
2003	100	48,8	16,8	17,2	14,8
2005	100	48,5	16,8	17,2	14,5
2010	100	48,2	15,5	18,0	14,7
2013	100	47,2	13,7	17,04	15,8

Source: Information of The State Committee of Statistics of the Republic of Uzbekistan.

This table shows us that youth takes a large %age in the able-bodied of the population of Uzbekistan. This table also shows that the %age of youth in the able-bodied population decreased in the last decade. And this situation is related to the new demographic situation which has been developing during the years of independence.

So, Table 3 shows us that the able-bodied part of youth in the population is increasing. In 2003 – 2013, youth of 16 – 19 ages – pupils of academic lyceums and professional colleges increased up to 107, 6 %.

Some of the young people of 20 – 24 ages are students of higher educational institutions, and the rest also belong to economically active part of the population. Their %age increased up to 33, 8 % in recent years. In 2003, the number of young people of 25 – 29 ages was 2060,5 thousands people, and in 2013, it was 2927,5 thousands people. In other words, it has increased up to 42,1 % within these years. Smaller part of youth of this group continue postgraduate education, other most part have to be busy, as most of youth at this age have family and children.

Uzbekistan, unlike the CIS countries, differs in the high level of young. According to the UN compares young structure of population of Uzbekistan to world level, shown, the greatest high level of children will be observed. Uzbekistan on a scale of demographic aging is included into one of the “young” countries [11].

Aforesaid opinions determine that representatives of each area tried to clear up, generally in definition of age groups of young on social security, working capacity, degree of opportunity and professional development.

In the conclusion, on the legal point of view, the young consists of people aged from 16 – 18 to 25 – 30, on socio-economic, biological and demographic points of view, the young are the people aged 0 and 25 – 30.

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DETERMINANTS OF POPULATION'S HEALTH FOR HUMAN CAPITAL ACCUMULATION: SURVEY RESULTS

Sh.G. Akramova

Nowadays, human capital has become one of the main factors of economic development of any country and well-being of any nation. It is known that the growth of the level of economic development influences on the structure of the national wealth. As a result, in the more developed economies, the proportion of natural raw materials in the structure of national wealth significantly decreased, while the contribution of human capital in the form of various intangible assets is continuously increasing. The increase of the share of human capital in national wealth needs fully account of the physical, spiritual, moral and social needs of people, providing opportunities for everyone to live a healthy, meaningful, creative, active life. This leads to the need to form a radically new strategy of the state policy that aims the social development, reproduction of human capital and the growth of human potential of the nation. The state and society can improve the quality of human capital, which is one of main factors of socio-economic development of the country in modern conditions, just by improving the quality of life, changing requirements to the personal characteristics of the person.

The practice shows that improvements in income has come hand-in-hand with improvements in health. Health has become as a kind of human capital as well as an input to producing other forms of human capital. Being unhealthy depresses the ability to work productively and/or the ability and incentives to invest in human capital. Taken together, these mechanisms imply that worse health implies lower income.

The correlation between health and development is hard to interpret simply as the causal effect of health on income. Factors such as bad government or geographic disadvantages might impede both productivity and disease control. Health is also a normal good: when people get richer, they invest more in their own health, and exhort their governments to spend more on public health. The correlation between health and income might be one of circular and cumulative causation: health affects income and income affects health and so on [1].

In fact, human capital is an integral resource which is consists of stock of inborn abilities, education and skills, intellectual, cultural, moral, creative and professional abilities, accumulated experience, sheer professionalism, and health, motivation that ensures higher productivity and income growth, which are continuously accumulated and improved in the process of investing in them.

The development level of human capital and its main components is not only a driver of economic growth and competitiveness, as well as a factor of human development and well-being, which is the main objective and purpose of each state in the new millennium. On this basis, we made an attempt to estimate the level of human capital

development in Uzbek society and identify the problems hindering its development through the survey.

This survey was conducted in local level (only in Tashkent city) among 509 respondents employed in various sectors of the economy. National composition of the respondents is – Uzbeks – 80.8 %, Russians – 5,4 %, Kazakhs – 3.2 %, Tatars – 2.7 %, Koreans – 4.1 %, Tajiks – 1.1%, others – 27 %. Gender structure is – men – 45.8 %, women – 54.2 %, and age structure is as following: respondents aged 16 – 20 years – 2.2 %, 21 – 25 years old – 17.7 %, 26 – 30 years old – 24.8 % 1 – 40 years old – 24,2 %, 41 – 50 years old – 16,4 %, 51 – 59 years old – 10.8 %, 60 years and over 3.9 %. structure of respondents according to the level of education: secondary – 17.7 %, secondary special – 36.6 %, tertiary – 43.1 %, holds a degree – 2.6 %. Distribution of respondents by field of activity: entrepreneurship – 13.4 %, industry – 9.6 %, construction – 6.5 %, transport – 2.8 %, communication – 2.2 %, bank and finance – 11 %, education – 9.6 %, science – 10.2 %, health care – 7.9 %, trade – 11.3 %, household services – 3.9 %, others – 11.6. By marital status: married – 72.9 % unmarried (single) – 27.1 %.

The respondents were asked several questions to identify their attitude towards their health and investing in it, determining their assessment of the current health care and educational systems, as well as questions which enabled to determine their educational level.

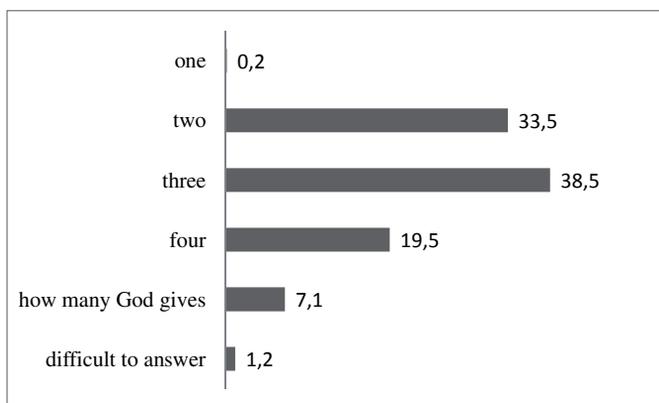
It is proved that the reproduction of the labor force, as well as reproduction of human capital, first of all, depends on demographic factors. Since human capital cannot exist without its host, that is, human being. According to a number of recent World Bank studies, physical capital (produced assets) is not the main – much less the only – component of a country's wealth. Most important for all countries are human resources, which consist of "raw labor", determined mainly by the number of people in a country's labour force, and human capital [2].

During the years of independence (1991 – 2015) the population of Uzbekistan increased by 10.4 million people and at the beginning of 2015 amounted about 31 million people [3]. According to the number of population the republic occupies the 3rd place among the CIS countries (after Russia and Ukraine), 43rd in the world and 18th in Asia. The main source of population growth over the last decades is the natural growth. So taking this fact into consideration in order to determine the average size of the family, respondents were asked about the number of children in their families. In addition to our main purpose, the determination of the number of the children in the family gives us an opportunity to identify how effectively the government policy on promoting healthy lifestyle and reproductive attitudes is put into practice.

Consideration of the results makes it possible to say that the most common are a family with 2 or 3 children. Also we found out that there was insignificant dependence between the number of children and the level of education or income of respondents. The only factor that had an influence is a nationality. According to the results of the

survey, the number of children of the respondents belonging to non-indigenous nations defined in this order – one child – 42.5 %, two – 50 %, three or more – 7.5 %. For comparison, in families of indigenous nations, the answers distributed as following: 24.1 %, 39.1 %, 27.6 % and 9.2 % respectively. The high level of families with one child among the respondents is due to the age of the respondents, as well as national structure of them, which is Tashkent’s specific. The results of our local survey were approved partly by the results of the surveys of the Center for the Study of Public Opinion «Ijtimoiy Fikr». Center for the Study of Public Opinion «Ijtimoiy Fikr» was established in 1997 and since that time holds the permanent monitoring of public opinion in various fields of social and economic life of the country in all regions of Uzbekistan, Tashkent city and the Republic of Karakalpakstan. «Ijtimoiy Fikr»’s survey results showed that whole around the country the average number of children in families is as following: one child – 9.9 %, two – 26 %, three – 34,6 %, four – 16.6 %, five – 8.3 %, six – 3.6 %, seven – 0.2 %, eight – 0.1 %, nine – 0.1 % and ten – 0.1 % [4].

It should be noted that majority of respondents believe that the optimal number of kids in family is two or three.



**Fig. 1. In your opinion, how many children better to have in the family?
(Respondents in %)**

Source: Social Center «Ijtimoiy Fikr» (2015). Alternative Report to fulfill obligations of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). Tashkent, 2015, p. 20.

Analysis of statistical data makes it possible to assert that the general trend in reproductive attitudes is a vital fertility decline, and as it was shown by sociological survey that reproductive attitudes of population aimed at creating family with middle size.

Along with demographic factors, there are many factors determining the reproduction and development of human potential and capital of the country. The level of development of health services, the health of the population and their attitudes to strengthen their health, the healthy lifestyle, bad habits, etc... All this defines the lifetime of the human capital. Along with demographic factors, there are many factors determining the reproduction and development of human potential and capital of the country. The level of development of health services, the health of the population and their attitudes to strengthen their health, the healthy lifestyle, bad habits, etc... – All this defines the lifetime of the human capital. In the poll, respondents were asked the question “How would you rate your health?”. Analysis of the responses showed that 83.2 % of respondents rated their health as “excellent” and “good” and only 1.4 % as “bad”. Because health depends largely on the age, and taking into account that about 70 % of the respondents were under the age of 40 years, it is quite valid result. Overall as it is known that 64 % of total population of Uzbekistan is under 30 years we can state that Republic has great potential for the development of human capital, which in today's world, defines economic and social sustainability.

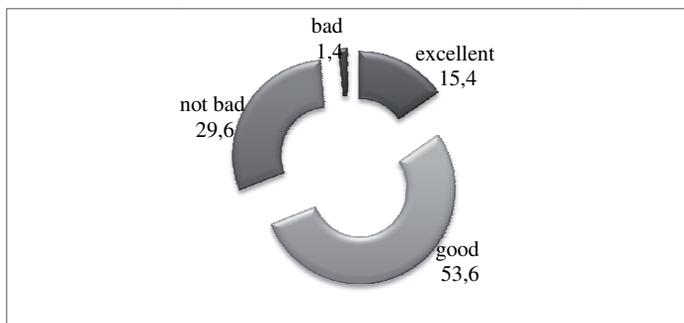


Fig. 2. Answers to the questions «How do you rate your health?», in % of respondents.

Source: Author’s own computation from the local sociological survey “Estimation of the quality of human capital”.

According to experts of the World Health Organization (WHO) human health depends on the genetic and hereditary factors by 20 – 23 %, environmental (ecological) conditions by 20 – 25 %, and on the efficiency of work of the national health care system by 8 to 12 %, while the remaining 50 – 55 % are determined by person’s lifestyle (that is nutrition and food choices, physical activities, bad habits (such as tobacco smoking, drinking alcohol, illicit drug use), healthy body weight, prevention of stress, traditional and non-traditional methods of hardening and others). So, the greatest human

health depends on lifestyle, then, we can assume that the general line of building and strengthening of health is a healthy lifestyle.

Thus, in order to determine how much attention the respondents pay to their health they were asked the question: “Do you do sports?”. As a result, it was found out that the educational level of the respondents correlated with level of involvement in sports, as well as a positive attitude to the sport increased significantly with the growth of educational level of respondents. If 9 % of respondents with higher education do not feel the need for sports, among respondents with secondary and secondary special education, these figures were 23.3 % and 13.6 %

Table 1.

Answers to the question “Do you do sports?”, in % of respondents.

Answers	Total	Educational level of respondents		
		Secondary	Secondary special	Tertiary
Yes, I do sport at home	32,2	33,4	29,5	33,0
Yes, I always go to the gym	7,8	46,7	4,7	9,0
I don't do exercises; I think my duties about home fully substitute me the sport.	36,7	23,3	38,6	37,8
I don't feel need to doing sport	11,4	23,3	13,6	9,0
Other	11,9	13,3	13,6	11,2

Source: Author’s own computation from the local sociological survey “Estimation of the quality of human capital”.

It is known that the prevention of the illness is much more easier and cheaper rather than treatment. Depending on one’s beliefs about the body and the causes of disease, such prevention (or ‘prophylaxis’) may take many forms. In our opinion visiting the doctor before becoming sick is one of the ways to prevent an illness and creates an opportunity to identify disease at an early stage. Therefore we asked the question “In what cases do you visit the doctor?”. As a result of answers to this question, it was revealed that 60.7 % of respondents visit a doctor only in case of illness, 18.8 % – only when procedures at home have no effect, and only 15.1 % of respondents visit a doctor for prevention, and the remaining 2.3 % do not trust the doctors at all and prefer to visit to the traditional practitioners (*tabibs*) and 3.1 % of respondents hesitated about the answer.

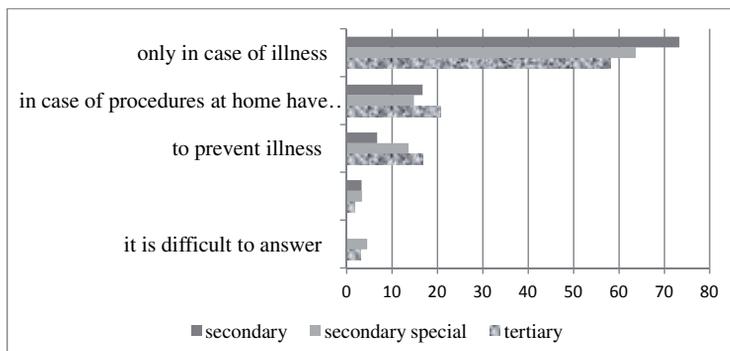


Fig. 3. Distribution of the causes of doctor visits, depending on the level of education, in %.

Source: Author’s own computation from the local sociological survey “Estimation of the quality of human capital”.

So we can see that the number of people who cares about his/her health before getting ill is still not in an appropriate level. Change in the educational level of the respondents showed its influence on the answers. So if respondents with higher education prefer attending physician for prophylaxis (16.7 %), respondents with secondary and secondary special education prefer to visit traditional practitioners in twice more than respondents with high education.

During the survey it was aimed to assess the quality of medical services provided in family health centers. As a result, 27.9 % of respondents rated as excellent, 48.7 % of them as satisfactory, and 23.4 % of respondents are not satisfied with the quality. According to a study of this question it can be concluded that about 80 % of respondents are satisfied with the quality of medical services.

According to the respondents the improvement of the quality of medical services is largely dependent on the training and retraining of medical personnel (57.5 %). The next factor is a control over the quality of health services (37 %), increase in salaries of medical personal (29 %), equipment of medical institutions with new medical equipment (24.5 %) and 6.8 % of respondents were undecided.

In our country along with government health agencies also operate private health care institutions that provide a wide range of medical services. The study revealed that the majority of respondents use health services of public medical institutions, but at the same time every fourth respondent uses the services of private medical institutions. In answer to this question is not clearly defined the impact of any factors (level of educa-

tion, financial status, etc.), there has been only a factor of private choice of the respondent.

Thus analyzing the results of a poll, we came to the following conclusions:

- demographics and birth rates in the country provides a reproduction of the population, including reproduction of human capital at an optimal level;
- state policy on formation of a healthy generation, healthy lifestyle among the population, bearing fruit, but should further promote a healthy lifestyle and to carry out preventive work to improve the health of the population and prevent serious diseases;
- improving the quality of training and retraining of medical personnel, equipping health facilities with modern equipment will improve the quality of medical services;
- we believe that the introduction of compulsory health insurance system also contributes to the quality of medical services.

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UZBEKISTAN: FAMILY AND FAMILY RELATIONS UNDER GLOBALIZATION

H.H. Mamadalieva

The historical aspect of the problem. The modern family customs and traditions have deep historical roots. In pre-revolutionary Uzbekistan conjugal right was expressed by Islamic Law (Shari'at) and traditions, the basic principles that comes out of the economic relations of the feudal period. The presence of patriarchal-feudal relations, including and in the family, the dominant religion of Islam creating special conditions for women. Marriage is essentially a contract of sale between the parents, and the object of the agreement is largely a bride. Woman's desire to marry, as often as men, at the conclusion of the marriage contract was not taken into account, so the bulk of the marriage according to the Shari'at wearing compulsory. The age of marriage according to Shar'iat was set for boys from 12 years for girls from 9 years.

At the end of the XIX century on the territory of modern Uzbekistan, the average marriage age was 15 – 17 years. According to the 1897 census, in Central Asia, 64.2 % of girls 17 – 19 years old were married, whereas in the Caucasus – 52.6 %, in the European part of Russia – only 20.9 % [3]. Most married men 30 – 40 years of age. Marriage required the funds to pay the dowry, so poor in some cases, might not have a family to the elderly. In 1897, the proportion of married men 15 – 18 years old was 10 times less than that of married women of this age [3].

Persistent ancient tradition of early marriage among women, primarily due to economic factors. Backward economy did not require any education, so the pursuit of early marriages is largely due to the opportunity to get another pair of hands. Earlier registration of the family as a social – production cell, a certain range of crucial economic problems, it is quite justified, because in this case the marriage is a form of redistribution of the workforce [9]. It has traditionally been a high birth rate of the population, even in the early 30s of the twentieth century the total fertility rate in Uzbekistan remained at the level of 44 – 55 ppm [7].

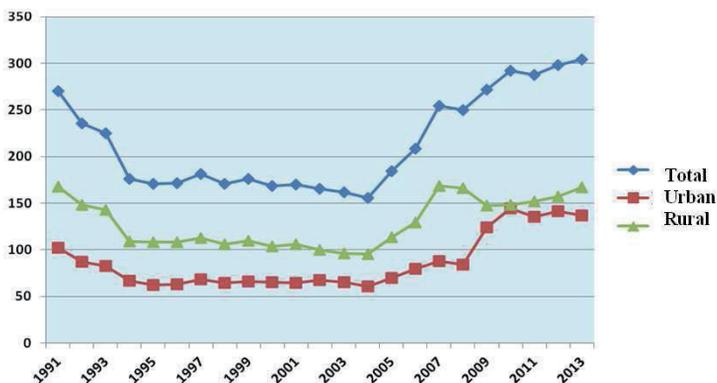
Shari'at legalized polygamy. Under the conditions of feudal society institute polygamy was favorable cost: the second and subsequent wives were subordinate to the first wife and performed all the hard work on the farm. Polygamy was feasible only for the wealthy segments of the population, since the purchase of several wives demanded considerable resources. In this regard, polygamy was not the prevalent form of marriage, and was of a class character and causes the property of men. In 1897, 8 – 10 % of all married women lived in polygamous families. According to a demographic survey of the population of the Fergana Valley, conducted in 1911 – 1913, Polygamous families accounted for only 4.8 % [6].

A number of post-revolutionary decrees introduced a new impetus to the development of family and marital relations, in particular, it introduced the principle of voluntary marriage, set the age of marriage (for men at 18 years for women – 16 years), banned polygamy, and the payment of “bride price”. In February 1925 the Presidium of the USSR Central Executive Committee issued an appeal to the peoples of the Soviet East, stating the need to combat all forms of enslavement of women in the economic as well as family and household. At the same time the new law was the basis for the formation of families in the Central Asian republics to the same standard, without considering the peculiarities of the economy, culture, and daily life in the region. However, in reality the population of Uzbekistan was still supported by many traditions and customs while retaining their identity, many of which have so far retained their value.

Family in the system of values in life in Uzbekistan. The family is the most important component of the social structure. It is a kind of social institution designed to meet specific social needs of the population. The main demographic events (births, deaths) occur within the family. The family carries out reproduction of the population, child care, forms the spiritual, moral, and ethical standards of education of new generations. It supports the historical traditions, customs, and performs economic functions. In addition, it performs a communication function and recreational – leisure and recreation, maintaining the health of family members, and the physical development of children. In fact, the family largely determines the level of human and social capital.

In Uzbekistan, the value of the family is traditionally very high. In spite of global macro-transformation, the transformation of many of the foundations of economic and social life, new and not always positive trends and conflicts occurring around the world, the family in Uzbekistan continues to be the most important value in life, the guardian of national traditions and customs, the basis for the formation of personality and healthy society .

Modern family in Uzbekistan – a democratic, monogamous form of marriage, based on equality between men and women. The voluntary nature of marriage between men and women is enshrined in the Constitution of the Republic of Uzbekistan “Only a marriage registered in registry offices, engenders the rights and responsibilities of spouses” [4]. Marriages between close relatives or persons already married prohibited by law.



Picture 1. Dynamics of registered marriage.

Source: State Committee on Statistics of Uzbekistan.

Every year the number increases of people entering into a marriage (see: Pic. 1) Between the years of 2000 – 2014, there were 3.5 million registered marriages. Newlyweds were about 6.7 million people.

In an era of change, strong family is a huge wealth of the country, as it has a significant impact on the social, economic, cultural and spiritual renewal process. Not by chance that in modern Uzbekistan issues of strengthening and improving the situation of families considered at the level of state policy.

Impact of the family structure on the demographic characteristics. In the example of Uzbekistan, it clearly shows that a dependence on the existing family structure and changing the mode of reproduction, as well as family traditions and customs of the country. The Republic is characterized by a high level of marriage. According to all the Soviet censuses, the highest proportion of people living in households were in Uzbekistan. In 1989, for example, it amounted to 95.3 %, while in the republics of the European part of the country alone and separate living family members accounted for at least 13 – 14 %. Uzbekistan, for a long time, maintained a high birth rate, which determines the size of the family. Because of the high birth rate, rural families are more numerous than urban.

In 1989, the average family size was 4.2 in the cities, in rural areas – 6.7 people. In recent decades, reproductive processes slowed down considerably. According to the SSC, between 1991 – 2011, the birth rate has decreased the overall coefficient of from 35.1 to 21.4 ppm [8], so about 1.6 times. Total fertility – from 4.2 to 2.7 births per woman of childbearing age for the entire reproductive period.

Accordingly, a lot has changed in the family structure of the population. First of all, this has resulted in the reduction of large and complex families. At the end of the Soviet period, the country was dominated by the family of 6 or more people (53.3 % of all households, including urban 47.5 %, rural – 73.3 %). The families of 10 or more people were, respectively, 17.8, 13.0 % and 21.3 %. Currently, every family has 1 – 2 child less than 20 years ago. What is happening is that, fertility decline slowed markedly demographic growth, and with it, reduced the potential for creating new families.

Family structure reflects the difficult socio-economic and demographic processes. It represents the totality of relationships between family members, including, without kinship, a system of moral relations, including the system of power and prestige [5]. These factors, in turn, depend on changes in socio-economic development of the country, as well as demographic changes situation, state and dynamics of fertility, mortality and migration of the population size and composition, the processes of family formation and destruction.

Reduction of extended families in the country takes place everywhere. In the cities of budding young families is largely due to the fairly large scale housing construction in rural areas – with the accelerated development of infrastructure. Farms started to develop, small businesses, which led to the village to divide large families.

Modern family in Uzbekistan have a unique structure. According to the 1989 census, 28.0 % of households in rural areas is a mere family (3 – 5 people), 30.9 % – medium-sized family (5 – 7 people) and 41.1 % – complex families (7 or more). In urban areas, 57.0 % were simple family, 24.9 % and 18.1 % of the average family complex. According to surveys, now, in the city is dominated by families consisting of 3 – 5 people, in the village – from 4 – 6 people. This indicates the reduction of the average size of the family (from 5.5 to 5.1 people), the proportion of families, the tendency to increase the share of small groups, and a step of continuous growth. Such dynamics are inseparable from the changes that have occurred over the decades in a society in the political, economic and cultural fields, the impact of globalization and the main directions of evolution of the family in all countries of the world. Regional differences in average family size in Uzbekistan are insignificant, but they exist.

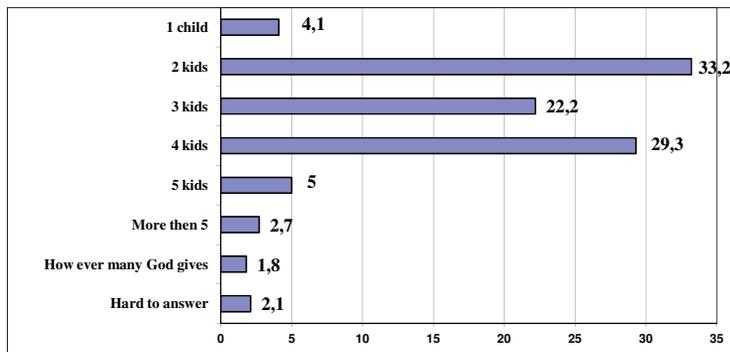
Most small family size for this period were formed in the capital and cities of Fergana, Navoi, and the largest – in the towns and villages of Kashkadarya and Surkhandarya regions. The relatively low proportion of families – is a new, but already steady trend. Large families are more common in regions with the highest concentration of the titular population. As you know, the Uzbeks preserved and transmitted to descendants custom residence in the form of multi-generational families. According to the customs, in the family with his parents live primarily the married sons.

Thus, the reproduction of the population in Uzbekistan, including the composition and structure of the family, developed in accordance with modern global trends, but it is largely preserved national peculiarities and traditions.

Reproductive behavior of the population. The dramatic changes in the social - economic situation in Uzbekistan over the past decade have led to changes in the mode of reproduction of the population, the essence of which is expressed in the reduction of the needs of families in children. The increasing prevalence receiving intra-birth control. Unplanned birth is uncommon today, but there is a clear trend to reduce them.

According to the famous Russian demographer A.I. Antonov, in relation to Russia reproductive attitudes and decrease the average number of births per woman in 1990's was not only influenced by the deterioration of living conditions, but also due to the decrease in the proportion of those who felt the need for two or more children [1].

For Uzbekistan, similarly we can talk about reducing the need for family of five or more children. Another two – three decades ago, most of the population of the titular nationality preferred large families, but now two-thirds of the respondents are going to have 2 – 3 children in the family, and only a small proportion (7 – 8 %) is set to 5 or more children (see: Pic. 2 and Pic. 3).



**Picture 2. Reproductive intentions of the respondents (2011).
The desired number children, in %.**

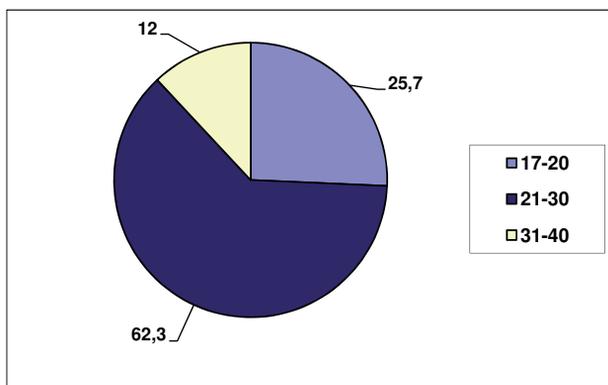
Source: compiled from the results of a sociological survey in 2011.

According to the survey, older women recommend to young families to active fertile period birth control and regulate the number of children in the family. Changing needs of the children affected the reproductive behavior of the population, with the system actions and attitudes that determine the birth or the birth of a child abandonment of any order in or out of wedlock [2].

Reproductive behavior of the population in modern Uzbekistan has been investigated in relation to the influence on the demographic and socio-economic factors. Research base served as a scientific sources, statistical data, as well as materials of sociological surveys conducted by the Republican Scientific and Practical Centre “Oila”

(Family) in 2011 (“Tomorrows’ family in Uzbekistan”) and in 2012 (“Socio-demographic the state of young families”).

For the survey, were chosen the most difficult regions: Andijan region (the most populous area of the republic), Khorezm region (environmentally unfriendly habitat), Navoi region (Industrial Zone), Syrdarya and Jizzakh region (with a specific national composition of families). This option allows to investigate the changes in the family – marriage relations of population-specific socio – economic living conditions. The main part of the array (82 %) were family Uzbeks, 5.8 % – Tajik, 2.6 % – Kazakh, 1.9 % – Karakalpak, 6.7 % – other nationalities families. Research accentuated mainly on young people (88 %), the share of the population older than 30 years accounted for only 12 % (see: Pic. 3).



Picture 3. Distribution of respondents by age, in % (2011).

Source: compiled from the results of a sociological survey in 2011.

According to a survey of 2011, respondents reproductive intentions vary greatly depending on the age. Thus, according to every third (33.2 %) of women between the ages of 17 – 20 the family with two children was enough. At older ages, the proportion is much smaller. Between ages of 31 – 40 years, for example, it amounted to 26.5 %, but more than 40 % of respondents in this age believe that the family should have 4 children.

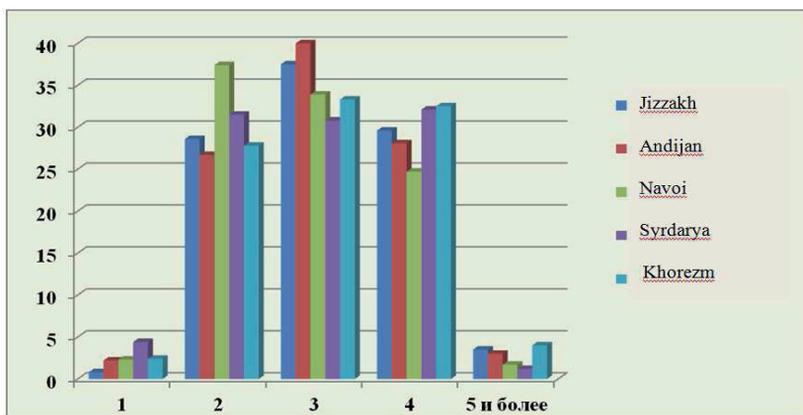
The ideal and desired number of children in the family are somewhat different. Those women 31 – 40 years in fact want to have fewer children than the perfect title. So, 4 children are going to have only 37.9 % of women of this age (ideal – 40.9

%). The same can be said about the youth age. Ideally, 58.4 % women under 30 want to have four children, while those who have four children were only 53.8 %.

The survey found that, despite the new tendencies, the tradition of large families in the country is still quite strong, especially in rural areas. A certain portion of young people is focused on five or more children (7.3 %) and how God will send (1.8 %). These figures were generated mainly by the views of older women. In real life, an increasing number of women 31 – 40 years is considered appropriate to have five or more children in the family than in the ideal (respectively 10.6 and 6.0 %).

Studies allow concluding that in modern Uzbekistan formed reproductive attitudes with average of 3 child family. In the 2011 survey, more than half of respondents (55.4 %) would like to have 2 – 3 children in the family, in 2012 – 63.0 %. Moreover, these trends are developing in all regions (Pic. 4).

The reproductive behavior of the population is strongly influenced not only by the reproductive intentions, and the age of marriage, but also by the education of the population. Thus, the majority of women with higher education (56.3 %) focused on 2 – 3 children in the family, while with incomplete secondary education – 51.5 %. Intent on large families are most pronounced among less-educated women: respectively, 34.9 and 43.4 %.



Picture 4. Reproductive intentions of respondents desired number of children in the family, by region, in % .

Source: compiled from the results of a sociological survey in 2012.

State support for the family. Uzbekistan as an independent sovereign state, consistently carries out its social policies as part of an overall strategy of economic trans-

formation to a market way of development. It has built up sufficient capacity and a number of factors involved, allowing to fully implement the principles and priorities of social policy, in particular with regard to the family. It is flexible and well thought-out, at every stage of lining concrete priorities and outlined measures to achieve the objectives. Adopted by the basic principles of family policy aimed at creating a favorable space for the functioning of the family, giving the reforms “family perspective”, the transformation of families in the driving force of the reforms. Establish a reliable legal framework governing the family and marriage relations in the country. It also defines the legal responsibilities of husband and wife, parents and children, as well as legal provisions governing divorce.

Uzbekistan has consistently implemented a program to provide the population with natural gas and drinking water, employment, health care reform, training and development of school education, the development of the service sector. These programs aimed improving the level and quality of life in urban and rural families.

In the process of implementation of the policy of strengthening the institution of family is enhanced orientation of economic measures to support families in need of government support. In the provision of social assistance to poor families in Uzbekistan, State allocates substantial funds, which account for 9 – 10 % of the country’s budget. In other CIS countries, and in most developed countries the cost for such purposes do not exceed 2 – 5 % of the state budget. From year to year the budgetary costs of providing material assistance to needy families has been increasing. Different types of targeted support for lonely elderly, disabled and low-income families have numerous non-governmental organizations, foundations, organizations and enterprises of different ownership forms, as well as entrepreneurs and ordinary citizens, which corresponds to the traditions and customs of the Uzbek people.

Government programs concerning family interests, provide for the implementation of measures to protect the social, economic, legal and spiritual interests of the family. To strengthen the roots of family leadership brings to the current program and successfully implemented the tasks by assigning years in a certain status. Year of the Mother, Family Year, the Year of Wellbeing and prosperity, the Year of Child Health and others - directly aimed at developing and strengthening the family.

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ECONOMIC PRECONDITION FOR UNIVERSITY RESEARCH AND INDUSTRY COLLABORATION: THEORITICAL ASPECTS

S.A. Otakuzieva

The cooperation between universities and industry is currently in the focus of attention globally. The governments, universities, and industry are interested in good and effective collaboration which would be beneficial for all parties. To foster university-industry cooperation, and hence the knowledge and technology transfer between these two parties, academics, politicians and companies are paying attention to science and technology policies more than ever [1].

Now universities are becoming one of the most active providers of scientific research. As a result of the new concept of higher education a priority of universities is not only a training of high-qualified specialists, but also a development of science and commercialization of gained research.

A modern university – is not only an educational institution, but also a structure reproducing and generating knowledge, a point of attraction of young minds, a professor of new ideas, which are absorbing the university studies and can carry them out. Such university is a foundation of knowledge society, a basis of the triple helix model. So, research activity of universities allows them closely collaborate with industry, and stand out from other research institutes, which were initially originated to develop new technologies.

Thus, there is a new function of university – preneurial, which, along with the main function (education) assumes the function of transfer technology. Specialists note the following causes of this function:

1. global interconnectivity of politics, economics and technology, which is most clearly exemplified by so-called “economic miracle” of Japan, Germany, Korea;
2. increasingly dependent of the material production sector from the current level of knowledge;
3. increasing rates of R&D transformation;
4. high qualified specialists are becoming critical economic resources.

The knowledge transfer between universities and enterprises is conducted through various channels and practices. Therefore, in analysing and evaluating the cooperation between academia and industry, it is important to consider the diversity of connections [1].

Polt et al. have considered the following channels of knowledge transfer and university-industry cooperation in their research [3]:

- collaborative research;
- contract research and technology-related consulting;
- staff mobility between firms and public science institutions;

- co-operation in the education of graduate students;
- vocational training for employees;
- use of intellectual property rights (IPR) by public scientific organizations;
- spin-offs;
- informal contacts and personal networks.

According to the surveys of some European universities there are eight types of university – industry collaboration [4]: student mobility, academic mobility, curriculum development, lifelong learning, commercialization of R&D results, collaboration in R&D, entrepreneurship and governance.

Creating a mechanism of sustainable development of industrial enterprises, it is advisable to use university scientific potential, but most of the scientific research conducted in higher educational institutions are not used by industrial enterprises. This is due to an existence of some specific barriers as in industrial organizations, such as in universities. Obstacles to the using of university scientific research by industrial enterprises are shown in Table 1.

Table 1.

Obstacles to the using of university scientific research by industrial enterprises

Industrial enterprises	Universities
Innovative passivity of enterprises, the main reasons are: lack of necessary funds; an ageing industrial base unprepared to the introduction of scientific developments; lack of high-qualified specialists	Lack of material and technical base for research, incompleted ideas for experienced industrial design
Attitude to universities as an educational institutions, personnel suppliers, but not as the creators of innovation	The absence of the necessary information about industry needs in scientific research
The absence of the necessary information about the scientific research carried out by universities	Most of the research ideas are not brought to industrial design not only due to the lack of such possibility, but also due to the fact that Universities do not see any real prospect their implementation
Industrial enterprises haven't a demand for research ideas (no matter how promising they may be), they prefer complex innovation projects, providing the production of unique, competitive innovation.	Lack of economic incentives for developers at commercialization of research ideas

The complexity of collaboration of industrial organizations with universities because of the differences in professional culture of industry workers and researchers	An ineffectiveness of the protection of intellectual property rights.
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Currently in Uzbekistan the most common forms of collaboration between industrial companies and universities are the following:

- Transfer of university-generated IP (such as patents) to firms;
- Use of some codified scientific knowledge within industry;
- Formation of social relationships (conferences, meetings) and etc.

University – industry collaboration is considered an important source of knowledge transfer for innovation companies. Empirical studies confirm that the cooperating companies (irrespective of size) are more innovative than non-cooperating. But research by the OECD show that in collaboration with research organizations large enterprises are more active than small and medium enterprises. In most countries large firms are usually two to three times more likely to engage in this type of collaboration than small and medium-sized enterprises (SMEs) (Fig. 1). Collaboration among SMEs with these types of institutions is more likely in Slovenia, Finland and France, and much less likely among innovating firms in Turkey, Italy, Brazil and Chile [2].

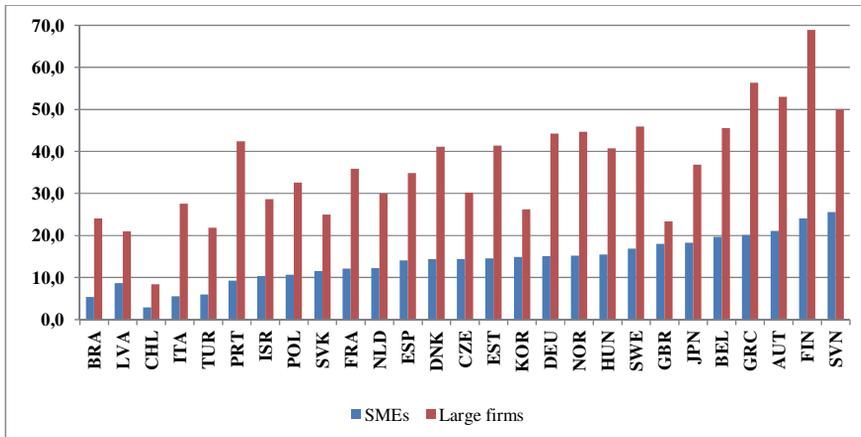


Fig. 1. Firms collaborating on innovation with higher education or research institutions, by firm size [1].

The main reasons for this phenomenon are:

Firstly, SMEs do not possess the same amount of financial and human resources as large enterprises. As a result, most SMEs can't adapt to innovations.

Secondly, in some SME's lacks management skills and the ability to absorb knowledge (absorptive capacity).

Third, many SMEs lack of motivation, as they do not expect a significant "impact" of R&D.

Also, there are other aspects that can significantly affect the thinking of SMEs to collaborate with research organizations in universities:

- Many businesses avoid "legal language";
- Companies avoid bureaucracy;
- Many owners of SMEs "impatient" with regard to "long-term" research;
- Entrepreneurs need swift, final design for a specific decision.

So, there are a variety of different cooperation types between universities and industry ranging from simple collaboration in R&D to lifelong learning and curriculum development. Apart from the universities oldest mission of teaching and educating skilled professionals, the universities have become more and more entrepreneurial today. Universities are willing to see their knowledge set to practice and they are joining forces with industry to do so [1].

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SPECIFICS OF THE SOCIO-ECONOMIC ANALYSIS AND FORECASTING OF REGIONS OF UZBEKISTAN

N.Y. Ochilov

Scientific prediction is based on a knowledge of the laws of nature, society and thought; intuitive – on hunches rights; ordinary – the so-called life experiences with analogies, signs, etc. Religious foresight is called prophecy, that is, the belief in supernatural forces, superstition and more.

Forecasting – a scientific, reasonable system established causal relationships and patterns to identify the condition and possible ways of development of the phenomena and processes. Forecasting involves the assessment of indicators that characterize these phenomena.

Economic forecasting – is the process of the development of economic forecasts. It is based on the study of patterns of development of different economic phenomena and processes, and identifies the most likely alternative ways of development and provides the basis for the selection and justification of economic policy in the future [1].

The objects of prediction are the economic, social, scientific, technological and other phenomena and processes in the economy, its industries and complexes. The subjects of economic prediction are qualitative and quantitative changes in the economy under the influence of aggregate or individual factors within the forecasted period.

The object of the economic and social forecasting favor the economic and social potential of the country, which comprises a set of proven, undiscovered, and use of natural resources, energy, scientific and technical potential, covering the totality of labor, material and financial resources of science and scientific service, the accumulated knowledge the social, natural and technical sciences, as well as best practices, which owns and can use the state industrial and production potential, covering the totality of branches of industry, construction industry, transport and communications, and their production capacity, fixed assets and human resources; agricultural potential – the totality of the labor force employed in agriculture, hardware equipment, resources, crop and forest and water resources; the potential social development, which includes sectors such as health, culture and art, sports, tourism, various types of social activities, space and facilities, which provide livelihoods of the population.

The subject of prediction is the state represented by the state controls certain hierarchical level, the economic life of local governments, as well as economic services of the enterprises and organizations of various forms of ownership.

Forecasting is a scientific and analytical stage of the strategic planning process, the research basis for the preparation of planning decisions and jobs plan. The main functions of forecasting:

- A comprehensive analysis of past achievements, strengths and weaknesses of the organization, analysis of economic, social, cultural and political factors that affect the ability to realize its mission;

- Assessment of the actions of these trends in the future and anticipating new economic and social conditions and problems to be resolved;

- Identification of possible alternatives in the long term, the accumulation of scientific material for the fully informed choice of a particular opportunities for the development and adoption of optimal planning solutions, providing its active influence on the development of the organization itself, and improving significant social environment.

Development forecasts for the company involves the use of various specific methods:

- The method of expert assessments (individual and collective);

- Logical modeling techniques;

- Methods of mathematical modeling.

Indeed, our achievements – the formation of the national statehood, stable economic growth as a result of ongoing large-scale, successive reforms, increase the level and quality of life, increasingly transforms the appearance of our towns and villages, increasing the credibility of the country and widespread recognition of our achievements in the international arena - cause we all have a sense of pride [2].

Analyzing the development of the regions of Uzbekistan can make the following conclusions. The volume of investment in the country's economy grew by 9.6 %. At the same time more than 20.2 % of all capital investments made by foreign investments and loans, of which three-quarters – foreign direct investment. Over 70 % of all investments aimed at industrial construction and about 40 % for the purchase of machinery and equipment. On this basis, there was an increase investment in all regions except Jizzakh, Navoi, Ferghana and Khorezm regions. Relatively high growth rates recorded in Tashkent, Kashkadarya, Surkhandarya, Namangan, Samarkand, regions and Karakalpakstan. This is due to significant investments directed to these regions for the development of industry, the creation of social and productive infrastructure, particularly roads and facilities services (Tab. 1).

Table 1.

**Dynamics of the main indicators of socio-economic development of regions
(the growth rate of the previous period in comparable prices, in %)**

Gross Regional Product (GRP) [3].

Product Name Regions	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Republic of Karakalpakstan	106.9	107.7	107.8	107.5	108.2	110.0	112.0	112.7	111.5	108.4
region:										
Andijan	110.2	110.1	110.6	111.3	109.6	110.5	111.3	108.4	110.4	107.5

Bukhara	109.9	105.6	109.8	104.5	104.9	109.6	109.1	107.9	108.0	108.2
Jizzakh	108.3	107.6	107.6	108.1	106.9	110.2	110.6	108.0	110.2	108.6
Kashkadarya	108.0	107.0	109.2	111.2	108.2	103.9	106.3	104.5	105.6	107.9
Navoi	102.2	105.6	104.3	105.0	108.2	102.5	106.1	104.5	104.5	104.0
Namangan	107.0	107.7	109.7	109.0	109.9	112.4	110.0	110.0	111.2	110.3
Samarkand	106.1	109.2	111.2	107.8	109.7	113.6	110.9	110.7	110.4	110.5
Surkhandarya	105.5	110.0	107.7	105.1	106.8	111.2	110.9	109.0	109.5	109.3
Syrdarya	111.1	101.5	104.4	108.1	105.2	110.2	109.4	109.9	107.0	107.0
Tashkent	103.8	108.5	108.9	102.7	106.4	110.1	109.2	105.2	107.8	107.5
Fergana	106.5	106.4	106.2	106.0	106.8	105.8	107.9	106.3	109.4	108.4
Khorezm	103.4	107.3	106.2	106.1	106.4	110.2	108.4	109.8	109.1	111.7
Tashkent	106.6	109.5	111.5	118.6	113.0	112.4	116.7	110.2	107.1	109.0
Republic of Uzbekistan	107.0	107.5	109.5	109.0	108.1	108.5	108.3	108.2	108.0	108.1

However, despite the intensification of investment processes in the region, the share of foreign investments into fixed capital in many regions, especially in Andijan, Jizzakh, Navoi, Samarkand, Syrdarya, Kharezm, Andijan, Namangan and Syrdarya regions is negligible. The high proportion of foreign investments are Bukhara (54.2 %), Kashkadarya (25.0 %), Navoi (23.9 %) regions and the Republic of Karakalpakstan (31.7 %), which are mainly concentrated implementation of major investment projects for the development of the industry in particular fuel and energy and chemical complex.

The share of Tashkent, Kashkadarya, Bukhara, Tashkent regions and Karakalpakstan, on average, more than 60 % of all investments. Of particular note is the investment activity associated with the creation of free industrial zones “Navoi” and “Angren”. The lowest level of this indicator are Jizzakh, Syrdarya and Khorezm region. (Tab. 2)

Table 2.

Dynamics of investment in the regions [4].

Product Name Regions	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Republic of Karakalpakstan	76.2	113.6	2,2r.	106.4	70.5	63.1	159.9	120.4	179.6	143.4
region:										
Andijan	129.2	97.2	122.3	151.5	104.4	108.9	128.4	128.6	96.7	105.2
Bukhara	120.7	112.7	185.2	129.3	2,6r.	72.0	117.7	107.5	100.4	101.8
Jizzakh	111.5	115.5	95.4	158.4	102.9	145.8	123.5	117.3	129.4	97.1

Kashkadarya	116.2	144.9	98.2	174.1	110.6	63.3	104.9	126.6	102.5	105.6
Navoi	141.9	133.5	108.3	100.0	113.8	250.0	70.2	110.4	96.9	87.2
Namangan	97.1	112.3	134.8	119.3	139.0	103.9	105.5	114.7	121.7	140.2
Samarkand	110.6	101.4	110.3	106.2	120.1	140.7	111.5	110.9	120.0	103.4
Surkhandarya	136.4	108.9	119.6	104.9	123.1	104.2	100.2	112.9	123.0	106.3
Syrdarya	89.6	132.2	96.1	147.4	140.0	148.6	130.0	100.2	108.1	105.1
Tashkent	112.7	89.9	136.2	137.5	140.2	104.1	124.9	77.0	143.4	116.8
Fergana	119.2	97.9	129.7	138.0	114.8	126.1	118.8	108.4	112.2	96.3
Khorezm	44.1	153.2	123.1	91.7	101.7	172.1	123.0	106.3	136.0	97.9
Tashkent	88.4	97.1	114.5	148.7	102.7	158.8	97.1	129.8	80.9	108.0
Republic of Uzbekistan	105.7	109.3	125.8	134.1	124.8	109.2	107.9	111.6	109.8	109.6

In the regions, according to the investment program, completed the implementation of 154 major projects the total cost of production trends 4.2 billion. Organized modern textile complexes. Modernized and technically rearmed regional food industry. The construction of a new electrified railway Agren-Pop. Stimulate domestic consumer demand gave a powerful impetus for the expansion of the volume of consumption of goods and services. The growth rate of retail turnover in 2014 was quite high in all regions. With increase of the average national level of 14.3 % in Surkhandarya region was – 17.3 %, Jizzakh – 17.0 %, Kashkadarya – 16.2 %, Sirdarya – 15.4 %, Navoi – 15.3 %, Samar-kand – 14.9 % and Bukhara – 14.5 %. High growth rates of retail trade turnover in those regions were achieved thanks to the growth of solvency of the population. Indices of retail trade turnover per capita increased in all regions, except for Namangan, Syrdarya, Tashkent, Fergana and Khorezm regions. Differentiation between the highest and lowest level regions in retail turnover was 4.9 times.

Table 3.

Dynamics of paid services in the regions [5].

Product Name Regions	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Republic of Karakalpakstan region:	118.6	120.0	128.7	118.6	110.7	120.3	112.7	116.3	117.5	112.5
Andijan	117.6	120.8	121.9	120.1	112.2	113.3	110.1	110.2	115.2	113.1
Bukhara	119.0	116.3	112.4	112.0	103.8	118.0	110.8	113.5	116.4	112.1
Jizzakh	118.0	117.1	110.7	154.8	112.3	118.1	114.1	104.9	117.8	115.4

Kashkadarya	134.9	125.8	130.3	128.3	105.5	114.3	111.5	116.6	116.8	111.7
Navoi	117.9	115.4	117.1	123.0	110.0	120.2	112.6	110.4	116.7	114.9
Namangan	120.4	127.2	127.3	127.4	116.4	116.1	116.5	116.8	119.3	117.7
Samarkand	126.2	126.2	124.9	123.4	112.2	113.3	113.0	116.6	118.3	117.6
Surkhandarya	112.8	115.0	109.1	109.5	118.2	114.8	117.4	113.5	118.5	116.1
Syrdarya	127.8	143.0	135.7	105.2	107.1	108.7	112.8	118.6	114.8	112.6
Tashkent	117.9	115.7	117.1	125.6	114.6	117.3	116.0	115.0	118.6	115.3
Fergana	122.7	122.0	117.1	127.1	106.9	119.9	116.0	113.9	119.3	112.2
Khorezm	127.0	132.0	116.8	117.6	105.4	115.1	109.8	111.8	115.3	113.7
Tashkent	110.6	117.1	116.0	128.7	106.8	107.2	120.8	112.6	111.9	109.3
Republic of Uzbekistan	116.3	120.1	120.0	124.5	108.5	113.4	116.1	114.3	113.7	111.4

In recent years, the country is a priority for the sustainable development of the economy of services. Implementation of policy measures of the service sector for 2012 – 2015 with a focus on rural areas have yielded positive results. The high level of growth of paid services recorded in all regions of the country except for the city of Tashkent. They are due to sustainable development in the banking and financial services, home services and communication and information (Tab. 3).

Index assessment by paid services per capita has shown that only Andijan, Navoi region and Tashkent index of paid services to higher against the republican level and in 11 regions below. The highest index in Tashkent city, the lowest – in the Syrdarya and Surkhandarya regions. The main problem is to ensure the sustainable development of services in rural areas.

Implementation of a complex of measures for sustainable development and the distribution of industry, services, housing construction in rural areas, transport infrastructure, increase in investment activity in specific regions made it possible to reduce regional disparities. By gross regional product, industrial production, investment, there has been a real reduction. However, the level of inter-regional differentiation in agricultural production, retail trade and paid services remained stable.

On the whole, achieved positive changes in the socio-economic development of the regions linked to the stimulation of domestic consumer demand, the implementation of a package of investment projects for the sustainable development of industry and services, the expansion of housing construction in rural areas, as well as the revitalization of small business and private entrepreneurship. In 2014 significantly increased the role of territories in the sustainable development of the country. At the same time, a number of imbalances in the provision of complex development of the regions associated with the development of the market of consumer goods and services, balanced development of social and productive infrastructure, employment and the creation of new jobs.

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COMPETITIVENESS AND MODERNIZATION OF THE REGIONAL INDUSTRY IN THE NATIONAL ECONOMY OF UZBEKISTAN

M.S. Kosimova, M.M. Ziyayeva

During the process of globalization, the most important indicator characterizing the degree of implementation of high technologies, considered the proportion of high-tech products in industrial production. The main producers of such products in 2014 were the United States, Japan, Germany and Israel. Production of high-tech products is growing at the highest rates in Germany. They achieved the greatest magnitude of the value created by science-intensive industries in GDP – more than 12 % (in Japan – 11 %, USA – 9 %). World trends show a gradual formation of a new model of a market economy based on permanently implementing innovations and commercialize the achievements of scientific and technological progress. In Uzbekistan, gradually continue the process of market-transformational changes aimed not on demolition of command-administrative system, but on the «fine-tuning» formed institutions of a market economy. The key priorities of today, in our opinion, is the profound structural changes, ensuring dynamic and balanced development, modernization and diversification of the leading sectors of the economy, the formation and intensification of investment and business climate, development of high-tech, competitive products with high added value, strengthening the export position. Innovative modernization of the regional economy is a practical implementation of the new model «economy based on knowledge», intended to increase the integration of science, education and industry, the complexity of human interaction in the research and production process, the acquisition by investments and innovation orientations, etc. [2].

Uzbekistan, as a country that is just beginning to develop a market economy, not much to influence this process, but can only adapt to it to form a competitive national economy.

An important task of the economic policy of Uzbekistan is the diversification and modernization of production, the creation of high-tech products with high added value, as well as increasing competitiveness and strengthen its position in the global market.

Uzbekistan has achieved significant successes in the development of development of the regional manufacturing sector. Among them – the creation and enhancing the competitiveness of industries, favorable conditions for the development of new fields. With regard to the industrial complex of Uzbekistan this predetermines further development and modernization of the regional competitiveness of the productive sectors through the introduction of developed technologies in-depth in the economy. A successful strategy of sustainable development of domestic economy depends primarily on the objective assessment of the actual conditions and the development of new methodolo-

gical approaches to the understanding of competitiveness of the economic system and its control mechanism.

Systematic methodological approach, based on the recognition of the competitive market environment is adequate as the imperative of different economic systems. That is accounting for the effects of all the factors on the sustainable development of the economy to construct a complete system of modernization of the national economy. These trends against the backdrop of the changing world order bring to the fore issues of liberalization of economic systems and the use of national competitive advantage of the modernization of its economy.

As a result of comprehensive measures for the implementation of the most important tasks and priorities of economic program for 2015, as well as the consistent implementation of the medium-term programs of reform, structural transformation and diversification of the economy and its sectors in the first half of the year ensured the preservation of sustainable high rates of economic growth, macroeconomic balance, and positive the dynamics of the main macroeconomic parameters [3].

The concept of the government of Uzbekistan is the country to the middle of this century, reached the level of industrialized countries essential elements of this transformation include:

- firstly, improving the efficiency and competitiveness of the economy and reduce dependence on export a number of commodities;
- secondly, strengthening the financial sector in order to support self-employment;
- thirdly, diversification, aimed at increasing the production of goods and services of higher added value, which can be demonstrated comparative advantage;
- fourthly, creation of new jobs for the rapidly growing number of educated young people;
- fifthly, improving management practices in order to improve the efficiency of industrial development;
- sixthly, and improving the efficiency of public administration, including better access to information about government policies and measures their results.

Government approach to achieve these goals is to continue the gradual transition to a market economy, ensuring regulation uniform of economic growth in regions of the republic, as well as the maintenance of infrastructure and social services. The strategy of medium-term growth and development is reflected in the five-year program of industrial modernization and infrastructure development in 2011 – 2015 and has recently issued a decree of the President. These documents identified four cross-cutting objectives and directions of development of priorities:

- improving the efficiency of infrastructure, especially energy, transport and irrigation;
- improving the competitiveness of certain industries, such as agro-processing, petrochemical and textile industries;

- diversification of the economy and thus decrease its dependence on export a raw material;

- improving access to education, Public health and other social services, as well as improving their quality and further refine indicators.

Compared with the first half of 2014 gross domestic product increased by 8.1 %, industrial production – by 8.1 %, agricultural production – by 6.5 %. At the same time further strengthening of macroeconomic stability was accompanied by a state budget surplus of 0.2 % of GDP, a positive trade balance in the amount of 83.4 million dollars, as well as a consistent decline in the tax burden from 17.7 % to 17.4 % of GDP.

Strong economic growth boosted domestic total income by 10.8 per cent, along with measures taken to stimulate consumer demand was reflected in the increase in the volume of retail trade turnover by 14.8 % and paid services – by 10.4 %.

Creation during the first half of this year, more than 7.5 thousands objects of service in the framework of the Program of development of the service sector for the period 2012 – 2016 contributed to the growth of services as a whole at 13.1 per cent and increase the share of this sector in GDP to 52.9 % (52.7 % in the first half of 2014) [1].

Factors assuring sustainable economic development of the republic of Uzbekistan during 2014 – 2020:

- retaining macroeconomic stability, domestic and external;

- economy of the balance Active industrial policy, aimed for structural changes, rapid growth of the share of processing industry with the production of high value added goods;

- implementation of modern innovative technologies including environment-friendly and energy- saving;

- Modernization and development of the industrial infrastructure, particularly transport, power industry water use and sewer systems, as well as means of communication;

Intensification of agricultural sector at the expense of the introduction of new water technologies conservation farming efficiency and crop productivity;

Further liberalization of the economy and of the improvement business environment for promoting small business and private entrepreneurship, as well as attracting foreign investment;

Stimulation and support for export;

Active investment on raising human capital in education, health and physical training spheres.

Table 1.

Uzbekistan: Key Economic Indicators, 2011 – 2015.

	2011	2012	2013	2014*	2015
GDP growth, %	8.3	8.2	8.0	8.1	7.6
GDP per capita, current US\$	1,545	1,719	1,878	2,038	2,14
Population (mid-year), million	29.3	29.8	30.2	30.8	31.1
Gross investment in fixed capital, % of GDP	23.5	22.8	23.2	23.3	26.1
Inflation (officialCPI, eop), % change	7.3	7.0	6.8	6.2	6.3
Current account balance, % of GDP	5.8	1.2	1.9	1.6	0.3
Fiscal balance, % of GDP	8.8	5.1	3.8	2.6	2.0
FDI (net), % of GDP	3.6	1.7	1.7	1.0	1.0
Labor remittances (net), % of GDP	5.9	6.8	6.4	5.1	3.6
External debt, % of GDP	18.6	17.3	16.5	17.0	17.1

Source: Uzbek authorities; Bank staff calculations.

The Government has been gradually reducing marginal rates on a number of taxes. For the personal income tax, the top rate has been reduced from 40 % in 2000 to 23 % in 2014 – 2015, and the tax rate for incomes up to five times the minimum wage was reduced to 7.5 % in 2014. Starting in 2015, the tax rate for incomes up to the minimum wage is reduced to zero. The corporate profit tax was reduced from 31 % in 2000 to 8 % in 2014 and 7.5 % in 2015, and payroll tax was reduced from 40 % in 2000 to 25 % in 2014 – 2015, and further to 15 % in 2015 for micro- and small firms as well as for agriculture farms. Commercial bank share still subject to a 15 % rate.

Influencing factor on the competitiveness of industries in Uzbekistan:

- high level of material costs on production;
- the level of energy intensity of production of industrial products is higher than the world average value;
- high level of wear of the main production funds, insufficient funding for research and the innovation provision of modernization processes, technical and technological updates for industrial production.

Table 2.

Dynamics of change in structure of exports (%), 1990 – 2012.

Structure of exports, in %	1990	2011	2012
1	2	3	4
Cotton fibred	59,7	9,0	9,3

Food products	3,9	13,2	6,4
Chemical products	2,3	5,6	5,6
Energy and oil products	17,1	18,5	34,6
Ferrous and non ferrous metals	4,6	7,4	7,8
Machines and equipment	1,7	6,6	6,5
Transport and construction services	1,3	11,8	17,3
Others	9,4	27,8	12,5

Source: Data of the State Committee of the Republic of Uzbekistan on Statistics.

The main factors of the competitiveness of the modernization industry: skilled workforce and low cost labor, a long tradition in the textile production; availability of high-quality raw materials (cotton, yarn); stability of energy (gas, electricity), the availability of infrastructure; support of the state, including privileges and preferences, investment environment; access to the major markets, CIS countries; high level of cooperation with other sectors of the economy, including agriculture, engineering, finance, and logistics; international character, participation in the global division of labor, foreign investment, foreign trade. In order to deregulate sectors of the industry-machine building, light, food, fuel and energy complex for retaining and improving the competitiveness of the average economy of country in these sectors in Uzbekistan a long-term strategy for socioeconomic development should be created, the main objective of the Strategy should be ensuring the sustainable development and competitiveness of the country.

Globalization has led to the need to develop and implement economic policies that would maximize the benefits and minimize the risks. For this, the country should be able to: compete successfully in international trade and attract foreign capital; quickly and adequately respond to changes in the international environment; state with macro-economic and structural imbalances and vulnerabilities, risks losing the confidence of domestic and foreign investors, causing the rapid outflows of capital. Protect actively domestic and foreign investors' rights in the relevant bodies and mechanisms of the WTO and other international organizations [4].

The main directions and targets of structural transformation of industry to expand the competitiveness of the sectors of the economy are as follows:

- ensuring structural diversification of the industry on the basis of innovative technology development, the effective transfer of developed foreign technologies;
- enhancing the competitive advantages of the industrial sector of Uzbekistan in traditional industries through product diversification and a shift from the export of primary commodities for export processed products;
- mobilization of internal reserves and opportunities for developed development of manufacturing industries, production-oriented finished products by further enhancing

the competitiveness of the automotive and textile sector, enhancing the capacity of knowledge-intensive industries, machine building and chemical industry, the creation of new high-tech industries to produce competitive and export-oriented products;

- diversification of export structures, ensuring export growth by increasing the share of finished products with high added value by strengthening the competitive advantages of light, textile and food industries;

- the system solution of tasks to create innovation-oriented, high-tech industry structure will significantly increase the competitive potential of the economy as a whole by establishing and developing its comparative advantages in science, education, the development of scientific and technological capacity-building and the development of high technology and tap into new sources of economic growth;

- accelerating the upgrading obsolete equipment of large enterprises, further advancing the modernization of production facilities, the introduction of modern successful proven technology on the world market.

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ORGANIZING AN EFFICIENT MANAGEMENT OF COMMERCIAL BANKS' ASSET TRANSACTIONS

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In conditions of economic modernization and currently continuing structural and quality changing times, increasing banking capital reserves, rapid expansion of circle of services, strengthening competition due to extensive use of innovation technologies, development of interrelations between world finance and banking institutions and conducting projects within the innovation segments of banking and finance, appears as being the most important link of banking system.

Commercial banks' investment attractiveness, level of capitalization and increasing the liquidity of a bank, securing their financial stability, provides solid ground for improvement of key indicators and complying with international standards. Furthermore, while conducting wide range of reforms it also depends on developing a strategy on effective of use commercial banks' asset allocations.

While managing bank assets, increasing the effectiveness of assets, not having an expected incomes, issues with regards to reduction of problem loans are present.

Considering last 10 years of data in our country, GDP growth is in linear relationship with the growth of total banking assets (see: Tab. 1).

From the table given below it is fairly obvious that on January 1, during 2005 – 2014 we can see our GDP has grown 9,7 times and this indicates that economy of the country is growing. Like other fields banking sector has also had positive achievements during this period and its 8.1 times growth is a clear example of this.

Nevertheless, we can also see some contraction of GDP during 2005 – 2014, in order to eliminate these issues, improvement of banking asset allocation, application of modern bank management methods while assessing the integration of banking system with international standards is required.

Table 1.

**Republic's commercial bank total asset changes in relation to GDP
(report is up to January 1, 2014)**

Indicators	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Growth rate in 2014 against 2005 (%)
GDP (bln. sum)	12189,5	15210,4	20759,3	28186,2	36839,4	48097,0	61831,2	77832,0	96612,1	119002,0	9,7
Total banking assets (bln. sum)	5400,0	5631,0	9200,0	9276,0	12065,0	15703,1	21110,6	27453,2	35744,0	43868,0	8,1
Rate of banking assets against GDP	44	37	44,3	32	32,7	32	33,5	35,2	37	36,8	-0,8

***Source:** Prepared by the author based on data from www.cbu.uz/stat.uz

On this occasion, the importance of managing asset transactions conducting organizational-economic mechanisms, and the role of the regulators of bank management i.e. assembly of main stockholders, Board of directors and Management was stressed in provision "About Corporate Governance in Commercial Banks". Namely, this provision highlights that Board of directors covers the process of establishing a committee in order to manage banking asset and liability transactions; within loan policy, assessing the internal assessment of loans; policy on dividend payments; investment policy and developing a policy on issuing securities [1].

In addition to this, budgeting and the planning of profits from banking activities by Bank councils; capital planning; internal supervision of accounting reports; supervision of complying with the rules (banking programs and activities are in alignment with Central bank's rules and provisions); internal audit program; external audit program; designing additional foreign currency operations policy is essential.

From this perspective main responsibilities are laid upon bank management i.e. executive body, while arranging the mechanisms of asset management in commercial

banks. In turn every single agency present its reports to executive body, analysis them, takes emergency measures in case of potential losses.

On improvement of bases of organizing effective management in asset transaction strategies:

- arranging a mechanism that can provide preventing the internal and external risks
- developing a portfolio of a bank with the aim of achieving high returns with minimal level of risk;
- implementing the instant monitoring system
- defining the measures on loans with deadlines and their liquidation;
- providing an increasing volume of effective asset transactions;
- analyzing world financial markets and implementing progressive methods that is in accordance with international standards to the practice of issuing loans;
- assessing the risk that arise while issuing a loan in accordance with accepted decrees and regulating norms that are designed to regulate loan transactions, studying, their analysis, monitoring the execution of indicators given in the business plan;
- providing strict compliance with norms related to asset transactions in order to protect customer interests
- it implies to resolve issues around toxic assets and signing rules and decrees to prevent problems arising due to this [2].

Nowadays, bank management is considered to be developed in foreign banks, in asset management fields executive bodies designed their strategies, and forming special committees to implement them. These committees gather every day or every week to develop instant plans with regards to asset conditions.

Its purpose – protecting shareholders and depositors, maintaining liquidity of the bank, managing the rates of pulled funds that was attracted to raise the profit, obtaining a return from exchanging currencies while leveling the risk, providing sufficient capital base, monitoring the types, shares of loans and their collateral base while changing, ensuring that it is in accordance with bank's loan policy, also it includes maintaining the sensitivity of the interest rates' of assets and liabilities.

Currently, transactions with 100 % high risks that are included in commercial banks' asset transactions are loan issues and their management is of paramount importance. In order to prevent the probable loss of issued loans, portfolio of a commercial bank will constantly be revised. Problem loans negatively impact the activities of the commercial banks. Functions of banks are becoming to secure the payoff of issued loans on deadlines instead of extending them. Because problem loans reduce the assets that bring a profit, hence this indicates that bank may not achieve its planned results in perspective. Main purpose of diversification of bank's portfolio is to avoid creating a problem loans, developing a strategy on bank's loan strategy, analyzing the quality of loans and seeking efficient ways to improve them. Loan portfolio of a bank – it is the composition of loans based on some risk factors and separated by an indicator or quality. Optimal arrangement of loan portfolio is considered as the main aspect of running an

efficient banking and its loan investment policy. Quality allocation of present resources profitably, has a positive impact on banks' financial situation.

Fluctuations in the volume of expired loans with respect to total outstanding loans of commercial banks, serves as the main indicator of efficiency of bank's loan policy.

Problem loans are the result of financial crises. However, in many countries there are some classes of borrowers who are viewed as bad borrowers or the ones, who do not pay the loan back, despite this classes of borrowers are able to close the loan, they will not because they would not want to do so. Risks involving money arise unexpectedly but develop steadily. Personals in the loans departments are the first link to oppose the probable financial losses. They must be able to identify and analyze the arising risk and stand against it. For the purposes of preventing problem loans, personals of loan department should pay close attention to the following:

1. Carefully studying the application of a client
2. Studying and analyzing the presented documents by client, list of attached compulsory and important documents (financial report of a borrower, loan contract, collateral contract, guarantees and guaranty contracts).
3. On the bases of presented documents by client, studying client's financial situation and be able to asses it.
4. Appropriate appraisal of the collateral presented by client.
5. Running an appropriate loan documents.
6. Appointing a certain person for loan deals and having a full responsibility for their job.
7. Running constant monitoring over loans and preventing the dangers of probable losses [3].

Working with problem loans in commercial banks is very complicated endeavor, one the main factors that can seriously affect its functionality is the human factor. In order to avoid these situations, independent internal audits were arranged that can periodically, objectively check and identify deliberately hidden risks by bank's personal, as well as signs of problem loans. Regulatory and monitoring work helps to identify undetected problem loans. In the process of effectively managing loan risks, internal monitoring system of the bank serves as the main body identifying problem loans.

If the report about client's financial information is delayed without a reasonable excuse, especially when deadlines are given with regards to presenting this information in the loan contract, nonfinancial signals pop up and concerning signals imply exactly these circumstances. Attempts to explain the delay of this information by clients, already means that signs of problem loans are appearing. Other nonfinancial signs might be the sudden change of plans of clients' activities, expected radical changes within the management of the company or else uncomfortable developments in debt markets. As a consequence of one or other aforementioned reasons, clients are not interested to explain their excuses to the bank and thus, it may be considered as a reason to dissolve the trust between bank and a client and their relations. The worst part is that when client is

adamant to explain the problems eventually serves the unpleasant information, which has been deliberately hidden. On the contrary, sometimes client may explain his behavior about avoidance on exposing the information and reason as a potential protection from competitors. Depending on the existence of financial and nonfinancial signs of problem loans, these signs should encourage the loan officer of the bank to stay prepared for them. Their early appearance gives an opportunity to collect necessary information and develop a strategy. When worse circumstances of loans are identified by the loan department personal:

- analyzing the issue of the borrowers;
- consulting with the personal or senior management of the problem loans department;
- advising to assign the lowest ranking on the loan and devising a rate of return from this for the bank;
- while working with current client, bank must collect information about the possibilities where else it can face such risks;
- constant monitoring of client's account;
- revising all loan documents, collateral levels;
- if loan is not backed by collateral, studying the possibilities of obtaining it;
- need to devise measures on correcting mistakes.

In early stages of developing a plan, it is important to define who is going to manage it. Some banks suggest that this process must be managed by the same person who is responsible for this loan in the department. Because this person knows better about the client and think that if this person found himself in a situation then only he can find a solution to get out of this situation. Foreign countries' banks form special departments for this type of situations and these departments devise objective methods that will not interfere with client relations. Both ways have more disadvantages than advantages. Working with problem loans requires plenty of time and losses. The bank officer with descent knowledge about markets could spend his time more productively by writing new loans instead of trying to recover problem loans. Additionally, special department staff will be forced to use their precious time to study the company and the sector where client is employed. Here, no universal rule is present, no matter how unique features may problem loans have, there are wide range of ways to deal with them that are given below:

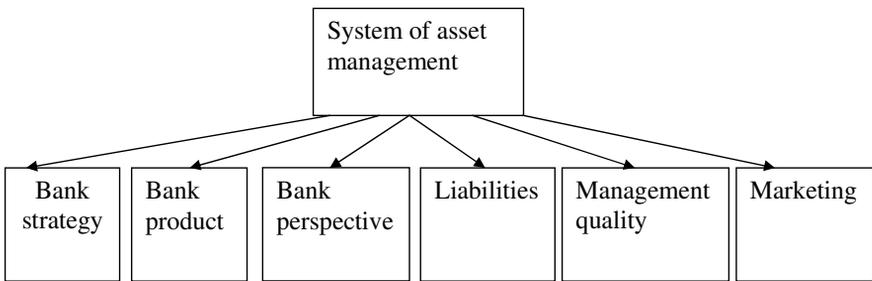
- developing a program on change of debt structure;
- obtaining additional guaranty and documents;
- holding an additional contingencies;
- deposits of additional funds;
- selling other assets;
- liaising with guarantees;
- developing a program on cost reduction etc.

Categorizing real existing large volume problem loan assets, arranging reserves on loans, requires executing the measures on write-offs and registering problem loans.

In addition to this diversification plays key role while managing bank assets. Asset diversification is used not only via insurance of asset portfolio against unpleasant environment but also worsening certain asset qualities can yield efficiency in times when opposite economic circumstances arise. It arises in cases when probability of reduction in toxic assets are increased and periods when additional profit making circumstances coincide. In these instances large banks may prefer to employ assets with low power systems and with their maximum level of prevailing potential.

From above, we can conclude that there are several factors having an impact on the efficiency of asset management system (Pic. 1).

From the picture above it can be seen that system of asset management in many ways depend on the quality of general management, while management from its part grasps areas like strategic management and strategic planning.



Picture 1. Factors impacting on the efficiency of asset management system.*

***Source:** Devised by the author.

Concluding from above, we will recommend following points to republic's commercial banks' responsible departments on assets and liabilities management, in order to improve their efficiencies:

In the field of assets and liabilities management:

- assigning optimal level of asset and liability structures;
- assigning main parameters on minimizing the level of random risks in order to achieve maximum level of revenue;
- providing conduct of analysis about the return of bank's assets and liabilities, their volume and diversification according to their rates;

- providing conduct of efficient policies about the management of bank's deposit and investment portfolio;

In the field of managing random risks:

- developing an efficient management system of emerging random risks in the process of managing banking activities;

- while analyzing foreign and locally functioning banks, establishing measures on transactions related to banking and finance institutions;

- establishing limits on possible losses incurred by banking activities;

- establishing measures with regards to authorization of taking decisions related to banking activities;

- revising tasks on pricing and research with regards to newly created bank products;

- depending on stock, credit and capital market environment, establishing interest rates on banking asset and liability transactions;

In the field of regulating banking activities in branches:

- introducing instant analysis of financial situation of branches;

- analysis on f asset and liability transactions of branches, analysis on volume of assets and liabilities, deadlines and alignment with interest rates;

- monitoring the execution of indicators set forth in the business plan;

- executing measures on resolving the issues of branches working with a loss etc.

To conclude, improving the management of republic's commercial banks' asset transactions not only serves the efficiency of bank' assets, but also as the main field of market economy – loan extensions, serves to form solid market infrastructure.

It is worth to add that commercial banks system's mastery of capitalizing on opportunities and fully satisfying country's economic needs is due to its efficient management. Every task must professionally be organized and commercial bank's activities are not an exception either. Stable growth of republic's banking system, easily adaptive, satisfying the needs of society should be achieved via monitoring the required level of cautiousness in commercial bank's activities.

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CONCLUSION

Between 2013 and 2014, the majority of the world countries reached economic growth, but under the influence of the global crisis in the world economy, very serious and difficult macroeconomic problems still remained. They will remain for many years, there will be no yet exact scientific decisions and practical measures.

As it has been emphasized in the article of R.T. Shomurodov, the basic problems are a growth of unemployment rate, external debt, budget deficit and the balance of payments, unstable economic growth, export potential decrease, devaluation of exchange rates. For the maintenance of steady economic growth and strengthening macroeconomic stability and balance in each country the government of all countries, first of all, effectively used the macroeconomic, investment, monetary and fiscal policy.

World experience shows that the monetary policy plays an important role in prevention of various crises, achievement of economic growth, maintenance and strengthening macroeconomic and financial stability in the country. Also, the monetary policy creates preconditions for achieving the priority purposes and problems in the country.

For preventing the problems of the global crisis along with measures, the government needs to toughen the monetary policy in the world economy. Because, the central banks, using the tools of monetary policy, influence the balances of commercial banks, real sector, liquidity of the monetary market, condition of the balance of payments, monetary weight, credits, the prices and in economy as a whole.

The analysis of experience of foreign countries shows that the monetary policy always remains as the most important and effective instruments of regulation of economy for all countries and as an independent level of development. For this purpose, it is essential for central banks to regularly improve market tools and methods of carrying out monetary policy.

The realization of the above-stated measures and recommendations in foreign countries is to undoubtedly provide the stabilization of economy and the exit from crisis influence. For this purpose, there are all necessary potentials in foreign countries, experience and sufficient means. However, it will take some more years for foreign countries for fully overcoming the consequences of the influence of global crisis and the maintenance of macroeconomic stability in economy.

R.A. Djuraeva, L.M. Tashpulatova examined the world experience of innovative development models in diverse countries. Though these models have different tactic targets and tasks, they have a common strategic goal – formation of innovative economy, which would meet the requirements of increasing competitiveness. In their opinion, the most appropriate model of innovative development for developing the economy of Uzbekistan is the third one. It is less costly in comparison with other models, and at the same time, it takes into account national specialties and advantages.

For the further improvement of NIS in Uzbekistan it is necessary to implement innovative development indicators in the national statistic systems, which are comparable with the international ones. One of these indicators is Innovation Capability Index, which helps define the science-based targets of innovative development.

As a conclusion, according to D.S. Nasirkhodjaeva and A.O. Khalilov, it's necessary to operatively create and widen the scale of convenient investment climates and privileges for foreign and local investments so as to fulfill the objectives mentioned above.

Firstly, we should provide efficient and comprehensive use of resource and manufacturing potential of the special industrial zones, establish modern production based on further recycling of minerals and raw materials, as well as maintain close relations among the national enterprises, special industrial zones and economic areas. Furthermore, we should accelerate the process of localization of high-tech manufacturing on the basis of local raw materials.

Secondly, we must implement high-tech manufacturing on the production process of competitive high quality goods in both national and world markets.

Only in these cases, our country can achieve the development of modern industrial enterprises and the creation of many workplaces.

If all the industry sectors fulfill the objectives set properly and perfectly, our country will also join the list of countries with developed industry in 10 – 15 years.

According Sh.G. Djabbarova, the predicted results of development of employment sector will act as a factor of prevention of poverty and have to provide increase in living standard of the population on the basis of creation of prerequisites and conditions for the formation of steady sources of income growth, mainly, needy and socially vulnerable groups of the population.

F.T. Egamberdiyev, J.Kh. Khamraqulov, M.S. Saidrasulova pointed out that in the process of reforms in education, the main task of the educational system was to groom highly qualified specialists emerging from the current needs and the demand across the diverse sectors of the economy. Securing the integration of science, education and production would facilitate the growth in the aspiration of youths to raise their knowledge level. As we see, enough privileges and opportunities are created for the youth in order to increase their employment. Special significance is attached to the organization of education in new specializations of growing demand in all the socio-economic spheres, such as servicing, information technologies, engineering, management etc.

In conclusion, the reforms in the educational system and the labour market have given their positive results. Providing the labour market equilibrium and grooming the suitable personnel for the requirements of present time in order to continue deepening the reforms is getting more and more important. Particularly, increasing the number of the population also raises the importance of this matter and requires the formation of a healthy competition in the labour market. Therefore, in the condition of globalization providing proportion between labour market and high education, new methods of

personnel training never loses its importance for any society and country in the 21st century. Because, the human development and the education growth determines the basis of development of every country in the future.

M.I. Askarova concluded her opinion on the legal point of view, the young consists of people aged from 16 – 18 to 25 – 30, on socio-economic, biological and demographic points of view, the young are the people aged 0 and 25 – 30.

Analyzing the results of the survey, Sh.G. Akramova has come to the following conclusions:

- demographics and birth rates in the country provides the reproduction of the population, including reproduction of human capital at an optimal level;
- state policy on formation of a healthy generation, healthy lifestyle among the population, bearing fruit, but should further promote a healthy lifestyle and to carry out preventive work to improve the health of the population and prevent serious diseases;
- improving the quality of training and retraining of medical personnel, equipping health facilities with modern equipment will improve the quality of medical services;
- we believe that the introduction of compulsory health insurance system also contributes to the quality of medical services.

According to the conclusion of H.H. Mamadaliyeva a high marriage rate in contrast with a low divorce rate of the population of Uzbekistan distinguishes from most countries of the world. The result of maintaining the optimal family relations is to achieve and maintain a decent family life and a healthy lifestyle of young people. In the Republic of Uzbekistan, young people consume significantly less alcohol, drugs and the incidence of HIV / AIDS – one of the lowest in the world¹. A healthy family is the foundation of a healthy future generation.

There has been significant change in the development of family actually, marriage relations. It reduced the number of large, complex families to average family size. New trends are due to the radical changes in the status of women in society and the family involving them in productive activities increases the level of education and culture of the population and the availability of modern contraceptives. The necessary preconditions have been created to increase the role of the family in a quality reproduction of the younger generation.

Changes in the family-marital relations have a major impact economic factors. Market transformation, reform and social-economic sphere have created new opportunities, new priorities in life, new views and preferences of population.

The changes are presented in the positive aspects of the development of the family. In the upcoming years, it is advisable to fully enhance the work on strengthening the family-marital relations, most fully implement social policy in relation to the family, to extend state support for young families with young children, to enhance the qualitative

¹ World Population Data Sheet. Population Reference Bureau, 2010.

aspects of education, and healthcare. All this will contribute to the development of the family and its role in society.

M.B. Muminova, S.B. Bobokhonov recommend the following points to republic's commercial banks' that are responsible departments on assets and liabilities management, in order to improve their efficiencies:

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