



# State of economic development of households and its analysis

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ABSTRACT

This article highlights the importance of households and their role in the national economy and analyzes them based on statistical data. The article also mentions indicators of economic development of households today.

**Keywords:**

Households, economic development, family business, income, small business, micro-enterprises, small business entities, family capital

## Introduction.

Views on the role of households in the system of economic relations and their essence have changed over the centuries. Views on households were transformed from the first views of Greek philosophers (Xenophon) of BC (5th-4th centuries) to the new economic views on the family that emerged in the last 50-60s of the 20th century.

The generalization of scattered ideas about the household first took place in ancient Greece. Xenophon introduced the concept of "Oikonomia", i.e. "Management".<sup>1</sup> He believed that in order for every citizen to be rich, it is necessary to correctly distribute the tasks of managing the economy, to ensure that they are fulfilled on time, to create a reserve, and to build residences. In the ancient world, commodity-money relations were not yet deeply rooted, and since natural consumption was large, Xenophon believed that the household did not need to accumulate money. He pointed out that farming is based on the

traditions behind it. The economic process was considered a natural process. Because the relations characteristic of the traditional system that prevailed at that time happened depending on the change of customs. In the Address by the President of the Republic of Uzbekistan Sh.Mirziyoev, dedicated to the completion of the main works carried out in 2022 and the most priority directions of socio-economic development of the Republic of Uzbekistan in 2023, "...introducing free market mechanisms, ensuring healthy competition and the integrity of private property, supporting entrepreneurship It should occupy a special place in the Constitution"<sup>2</sup> it is specially mentioned. As the most popular economic entity in the world, the majority of the household sector is living in a difficult situation as a result of the negative effects of globalization processes. Increasing economic activity of these farms by providing them with financial and economic support and ensuring their full employment plays an important role in the development of

<sup>1</sup> История экономических учений : учебник и практикум для академического бакалавриата / под ред. С. А. Толкачева. - М.: Издательство Юрайт, 2015. - 511 с. - Серия : Бакалавр. Академический курс - С. 214-242.

<sup>2</sup> Ўзбекистон Республикаси Президенти Шавкат Мирзиёевнинг 2022 йил 20 декабрдаги Олий Мажлисга Мурожаатномаси. <https://president.uz/uz/lists/vievv>

the economy of the world and developing countries in particular.

### Literature review.

Aristotle evaluated the household as the basis of the political and economic system and considered the process of managing the economy as a condition for the family to live.<sup>3</sup>

Mercantilists emphasized trade and believed that the main task of households is to accumulate money and gain wealth.<sup>4</sup>

The founders of classical theory A. Smith<sup>5</sup> and D. Ricardo<sup>6</sup> noted that society's wealth will be distributed and that workers' households will have different wealth. D. Ricardo argued that the condition of workers is determined by the real wage and that it depends on money income and the price of consumer goods<sup>7</sup>. He sees it as a matter of course that the working capitalists and the landlords and households appropriate different parts of the wealth.

Representatives of the first neoclassical theory (marginalists) argue that household consumption is influenced by the law of diminishing returns. E. Gossen states that as goods are purchased in large quantities and consumption becomes saturated, the utility of additional goods tends to decrease<sup>8</sup>. Marginalists believed that it is necessary to select goods for household consumption, therefore, it is necessary to offer new goods with high utility to a saturated market. They noted that in this case, the activities of consumer households and manufacturing firms are aligned.

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<https://iphlib.ru/library/collection/newphilenc/document>

<sup>4</sup> Экономическая теория / Под ред. Е. Н. Лобачёвой. — 2-е изд. — М.: Высшее образование, 2009. — 51 -С. 242.

<sup>5</sup> Смит А. Исследование о природе и причинах богатства народов. - М.: Эксмо. 2016. – С. 87.

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[https://www.gumer.info/bibliotek\\_Buks/Econom/Maib/index.php](https://www.gumer.info/bibliotek_Buks/Econom/Maib/index.php)

<sup>7</sup> Рикардо Д. Начало политической экономии и налогообложения. М.:Эксмо, 2016..Ст. 127.

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[https://www.gumer.info/bibliotek\\_Buks/Econom/Maib/index.php](https://www.gumer.info/bibliotek_Buks/Econom/Maib/index.php)

After F. Leple, the Austrian economist E. Engel thoroughly studied the family budget. It justifies the relationship between the amount of family income and the composition of its expenses. The law embodying his theory in this regard was later named the theoretical "Engel's Law".<sup>9</sup>

### Discussion.

The main reasons for establishing a family business in the present conditions are the following main aspects: as a result of the family members losing their jobs in the operating enterprise, he starts a business together with his family members; the head of the family opening his own business and involving family members in it; mutual cooperation of family members and organization based on partnership agreement. All of them have different effects on the state and level of organization of the family business.<sup>10</sup>

In the new Development Strategy of Uzbekistan for 2022-2026, it is necessary to ensure reliable protection of private property rights and guarantees, to eliminate all obstacles and restrictions on the way of private entrepreneurship and small business development, to give it complete freedom, "If the people are rich, the state will also be rich and strong"<sup>11</sup> Special attention is paid to activities related to the implementation of the principle. The analysis of statistical data shows that the annual growth of the gross domestic product (GDP) of the Republic of Uzbekistan was 7.0 in 2005; 8.5 in 2010; 8.0 in 2013; 5.1 percent in 2018; 5.6 in 2019; In 2022, it was equal to 5.7 percent.

In 2022, gross domestic product - 5.7 percent, industrial products - 5.2 percent, construction works - 6.6 percent, agricultural

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<https://gallica.bnf.fr/ark:/12148/bpt6k61559g/f139.pagination>

<sup>10</sup> Юлдашев Д.Т. Оилавий тадбиркорликни ривожлантиришнинг иқтисодий механизмини такомиллаш-тириш. Иқтисодиёт фанлари бўйича фалсафа доктори (PhD) илмий даражасини олиш учун ёзилган диссертацияавтореферати.– Тошкент. 2019.

<sup>11</sup> Ш.Мирзиёев 2016 йилнинг 14 декабрь куни Олий Мажлис палаталарининг кўшма мажли-сидаги нутқи.

products - 3.6 percent, services - 15.9 percent, export - 15.9 percent, retail trade turnover - 12.3 percent growth rates were ensured<sup>12</sup>. In general, during 2005-2022, real GDP in Uzbekistan increased by more than 3.4 times. The household sector of the republic has a unique role in such positive changes. 5389.1 thousand in the Republic of Uzbekistan in 2010; There were 5885.4 thousand households in 2012 and 6520.4 thousand households in 2019, their number increased by 20.9% compared to 2010. According to statistics, there are more than 6.2 million households and more than 4.2 million peasant farms in the republic.<sup>13</sup>

On April 26, 2012, the President of the Republic of Uzbekistan adopted the Law "On Family Entrepreneurship" in order to create conditions for every family to engage in business and have a stable source of income. According to Article 3 of the Law of the Republic of Uzbekistan "On Family Entrepreneurship", Family entrepreneurship is an entrepreneurial activity carried out by family members with the purpose of obtaining income (profit) at the risk and under their own property responsibility. Family business is based on the voluntariness of its participants. A family business can be established with or without a legal entity. The organizational and legal form of a family business, which is carried out by establishing a legal entity, is a family enterprise. Without establishing a legal entity, family business is carried out in accordance with the procedure established by law<sup>14</sup> defined as.

Decision PQ-3777 of the President of the Republic of Uzbekistan dated June 7, 2018 on the implementation of the "Every family-entrepreneur" program<sup>15</sup> is an important normative document defining the legal,

<sup>12</sup> 2022-yilda asosiy iqtisodiy ko'rsatkichlar bo'yicha tahliliy axborotnoma. Toshkent 2023y.

<sup>13</sup> Ўзбекистон Республикаси Давлат Статистика қўмитаси маълумотлари

<sup>14</sup> Ўзбекистон Республикасининг — “Оилавий тадбиркорлик тўғрисида”ги қонуни, 2012 йил 26 апрель. 3-модда

<sup>15</sup> Ўзбекистон Республикаси Президентининг 2018 йил 7 июндаги «Хар бир оила-тадбиркор» дастурини амалга ошириш тўғрисида ПҚ-3777 сонли қарори.

economic and financial basis of increasing the economic activity of households in our republic. Within the framework of the program, preferential loans in the amount of up to 150 times the minimum wage, up to 1000 times for registered small business entities, and more than 1000 times for crediting investment projects of business entities were allocated.

Also, in 2023, programs for the development of family entrepreneurship ("Every family is an entrepreneur" program, the program for supporting farmers, farms and landowners, the program for the development of handicrafts, the program for supporting employment, the program for supporting women's entrepreneurship, youth entrepreneurship support program) to finance projects from the Recovery and Development Fund to Agrobank ADB, Mikrokreditbank ADB and AT Xalq Bank, according to the separately approved distribution, funds equivalent to 300 million US dollars will be allocated for a period of 7 years at a 10% rate with a 3-year grace period<sup>16</sup>.

**Table 2.1. Dynamics of the number of small enterprises and micro-enterprises operating in 2017-2022 (without farms and peasant farms), in thousand units**

T.p.	years	Number, in thousands	dynamics of the number of small business entities. (in units per 1000 inhabitants)
1	01.01.2018 й.	229,7	12,2
2	01.01.2019 й.	262,9	13,2
3	01.01.2020 й.	334,8	13,3

<sup>16</sup> Ўзбекистон Республикаси Президентининг “Оилавий тадбиркорликни ривожлантириш дастурларини қўллаб-қувватлаш бўйича қўшимча чора-тадбирлар тўғрисида” ги Қарори, ПҚ-18-сон 2023 йил 25 январь.

4	01.01.2021 й.	411,2	15,6
5	01.01.2022 й.	462,8	16,5
6	01.01.2023 й.	523,6	17,9

A small enterprise operating as of January 1, 2023 and

the number of micro-firms is 523.6 thousand, compared to the same period last year increased by 60.8 thousand or by 13.1%. Small business

the number of subjects was 17.9 units per 1000 inhabitants. In 2022, 90,200 new small enterprises and micro-enterprises (excluding farms) were established, which means 8.8% less than in the same period of 2021. As of January 1, 2023, the total number of small enterprises and micro-enterprises (excluding farms and peasant farms) was 523,556, of which 90,177 were newly established (Table 2.1).

As of January 1, 2023, the largest number of small enterprises and micro-firms operating in regions was 106,071 in Tashkent, or 20.3% of the total. In 2022, the highest number of small business entities per 1,000 inhabitants by region will be 35.9 units in Tashkent city, 24.8 units in Navoi region, 23.0 units in Syrdarya region, 21.5 units in Jizzakh region and 19.7 units in Tashkent region. reached

In 2022, the number of small business entities per 1,000 inhabitants in districts and cities is the highest in Yakkasaray district - 74.1 units, in Mirabad district - 57.7 units, in Tomdi district - 55.6 units, in Bektemir district - 50.9 units, in Qarovulbazar district - 50.1 units, Chilanzor district - 50.0 units, Guliston city - 42.5 units, Mirzo-Ulugbek district - 37.9 units, the average figure in Zarafshan city, Navoi region - 19.3 units, and the lowest figure in Narpay, Samarkand region in the district - 9.1 units.

It is known from the analysis of the dynamics of newly established small enterprises and micro-firms in the regions of our country that 8,709 new small enterprises and micro-firms were formed in the republic in

2022 compared to 2021. The highest indicator of the number of newly established small enterprises and micro-firms is Khorezm region - 741 with a positive difference, Jizzakh region - 132 with a positive difference, the lowest indicator is Bukhara region - 2005 negative difference, Tashkent region - 1000 negative differences. was (Table 2.2). In conclusion, it can be said that major changes in the foreign market, economic-financial and organizational difficulties in economic activity have an impact on the activities of newly formed entities.

In 2022, the largest share of newly established small enterprises and micro-enterprises by region in relation to the total is Tashkent city - 16.7%, Samarkand region - 11.8%, Fergana region - 9.8%, Kashkadarya region - 9.5%, Tashkent region - 7.5%, Khorezm region - 6.3%, Namangan region - 6.1%, and the smallest share is Surkhandarya region - 4.5%, Syrdarya region - 2.3%.

The analysis of the dynamics of the number of newly established small enterprises and micro-enterprises in January-December 2018-2022 shows that if in 2018 their number is 48,922, in 2019 - 92,874, in 2020 - 93,214, in 2021 - 98,886, and by the end of 2022 - 90,177 number of newly established small enterprises and micro-enterprises increased by 1.7 times in 2022 compared to 2018.

## Results.

Household income includes wages, business income, property income (rent, interest, rent payments, dividends), government transfer payments (pensions, scholarships, allowances, free education and health services) and income from other sources. Incomes form the purchasing fund of households. Therefore, it is necessary to earn money for the household and guarantee the purchasing power.

The total income of the population is permanent or recurring, and consists of cash and in-kind receipts received by the household or its individual members on an annual or shorter period of time.

The success of family entrepreneurship depends, firstly, on the material resources of the family, secondly, on the entrepreneurial ability of its members, the chosen direction of

activity, its object and demographic characteristics, the number of family members, gender, age, and state of health. Households implement these functions through the service system sectors of state and non-state organizations.

10. [https://www.gumer.info/bibliotek\\_Buks/Econom/Maib/index.php](https://www.gumer.info/bibliotek_Buks/Econom/Maib/index.php)
11. [https://www.gumer.info/bibliotek\\_Buks/Econom/Maib/index.php](https://www.gumer.info/bibliotek_Buks/Econom/Maib/index.php)
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7. <https://iphlib.ru/library/collection/newphilenc/document>
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