

## **Theoretical Foundations of Economic Functions of Households in the Market Economy**

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In the conditions of the market economy, the types of households, its functional connection with the family, the social and economic functions of the household in the development of human capital and the methodological aspects of their implementation are based. Also, as the basis of the family's standard of living, the trend of changes in household income was evaluated, and the importance of their savings in the circulation of financial resources was studied.<sup>1</sup>

The future development of households and the ways to ensure the employment of family members and increase their income are shown. It is intended for leaders and specialists of management bodies, academic staff, teachers of higher educational institutions, senior academic staff - researchers and graduate students.<sup>2</sup>

The effective economic policy, structural changes, including gradual and clearly targeted reforms in the banking system carried out by our government, create a solid foundation for the stable development of the financial and banking system of our country. "Reforms in the banking system have become the most important factor in ensuring stable growth rates of our economy. As a result, the total capital of commercial banks increased by 25%. The strengthening of the banking system created the necessary opportunities to reduce the refinancing rate of the Central Bank from 12% to 10% in 2020, and the interest rate of commercial banks on loans accordingly."<sup>3</sup>

The functioning mechanism of the market economy has been formed and formed over many centuries, has acquired a cultured form in the present time, and has become the dominant economic system in many countries. The stability of this economy is explained by the fact that during the long-term economic evolution, the main classical rules of its operation have been preserved. The emergence of private ownership and the occurrence of social division of labor are the general conditions for the origin and existence of the market economy.<sup>4</sup>

One of the main pillars of the economy of any country is a financially strong and stable banking system. The level of socio-economic development and future development of each independent country depends, first of all, on the activity of the banking system established and regularly improved in this country. Today's economic environment of the Republic of Uzbekistan requires the creation of commercial banking services in accordance with international banking practice and the creation of a mechanism to fully satisfy the needs of customers, preventing existing problems in the activity of commercial banks, increasing the efficiency of the banking system of our republic.<sup>5</sup>

To further improve the procedure for the formation of state development programs, to ensure the efficiency and transparency of project financing and selection, as well as in accordance with the tasks

<sup>1</sup> V. Yodgarov, D. Butunov; Uy-joy kommunalxo'jaligi iqtisodiyoti va boshqaruvi, darslik/«noshir» Toshkent 2012

<sup>2</sup> Gaibnazarova Z.T. Iqtisodiyot nazariyasi. Iqtisodiyotning umumiy nazariy asoslari. O'quv-uslubiy qo'llanma.- T.: ToshDTU, 2013.- 122 b. 4.

<sup>3</sup> Мамаризо Нурмуратов. "Газета.uz. ЦБ может снизить ставку рефинансирования в 2020 году. 26 ноября 2019, Экономика

<sup>4</sup> [https://uz.wikipedia.org/wiki/Xususiy\\_mulk](https://uz.wikipedia.org/wiki/Xususiy_mulk)

<sup>5</sup> G.Zulhaydarova TMI. Moliya bozori va unda tijorat banklarining o'rni. "Science and Education" Scientific Journal / May 2023

defined in the Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021: financed from centralized sources, including regions and the procedure for the implementation of projects on the development of economic sectors based on the development state programs of the Republic of Uzbekistan approved by the President of the Republic of Uzbekistan is introduced.<sup>6</sup>

Private ownership and division of labor require the commodity form of the social economy, and the existence of commodity production automatically implies the market nature of money circulation, exchange, distribution, and consumption. The development of the production of goods is the basis of the development of the market economy. One of the important conditions for the effective functioning of the market economy is the independence of production, freedom of entrepreneurship, free exchange of resources. Market economy is an economic system that is organized and controlled based on the laws of commodity production, exchange and money circulation.

Such an economy is based on free commodity-money relations, it is based on the movement of goods and money in various forms, and it rejects economic monopolies. In the current economic theories, market economy is defined as the free and independent economic actions of the subjects of the market economy and their coordination through the commodity-money mechanism.

Market relations in the market economy cover the entire system, all its stages of production, exchange, distribution and consumption processes and all subjects of economic relations. Subjects of the market economy include entrepreneurs, hired workers, final consumers, owners of loan capital and owners of securities. Usually, all the main subjects of the market economy are divided into three groups: households, enterprises, the business sector and the state. Households are the main structural unit operating in the consumption sector of the economy. Goods and services created in the spheres of material production and service are consumed within households.

In a market economy, households are property owners and suppliers of production factors. Monetary income from the sale of economic resources is used to satisfy personal needs. The business sector is the primary link of the economy that operates for the purpose of obtaining income and profit. It requires the use of equity capital or borrowed capital to operate, and the return on capital is used to expand production activities.

Problems related to ways of improving the economic functions of households in the conditions of the market economy from foreign scientists, Savitskaya G.V., Kaplan R, D. Bell, J. Naisbitt, Don Tapscott, Zherebin. It was expressed in the scientific researches of V.M., A.N. Romanov.

Important and common features of a market economy include:

- the existence of different forms of ownership and the predominance of private ownership;
- entrepreneurship and freedom of choice;
- existence of competition;
- limited intervention of the state in the economy;
- adaptability of enterprises and firms to changes in internal and external conditions.<sup>7</sup>

It is necessary to distinguish two types of market economy that have been formed historically.

The first is called the classical or pure market economy, which took shape over a long period of time and lasted until the end of the 19th century in the developed countries of the West.

Its main features are:

- Economic activity based on private ownership;
- generalization of capital and production at the enterprise scale;

<sup>6</sup> Ўзбекистон Республикасини янада ривожлантириш бўйича Ҳаракатлар стратегияси тўғрисида

<sup>7</sup> V. Yodgarov, D. Butunov; Uy-joy kommunalxo'jaligi iqtisodiyoti va boshqaruvi, darslik/«noshir» Toshkent 2012

- personal freedom of entrepreneurs, workers, producers and consumers;
- Entrepreneurs struggle for high profits;
- ranking of the economy based on supply and demand, free market prices and competition;
- lack of social protection of the population, increase of unemployment and social stratification of the population

The second type of market economy is called the modern market economy and has been in effect since the end of the 19th century and the beginning of the 20th century.

Its main features are:

- conducting economic and business activities based on different forms of ownership, that is, private, state, collective, mixed and other forms of ownership;
- capital and production are highly generalized, part of the property is concentrated in the hands of large monopolies and the state, and is generalized at the national and international level;
- active participation of the state in regulating the economy.

Taking into account the state scientific and technical development and other factors, determining various economic measures and development prospects.

Performs the tasks of defining measures to regulate the ratios between different sectors and industries;

- increased use of the planning method in the management of farms (management through a business plan, marketing system);
- strengthening of social protection.

In this case, the creation of various social security and social insurance funds belonging to the state, communities and private individuals.

Today's market economy is based on the interaction of private and public sectors. The following models of the modern market economy are distinguished based on the level of intensity of influence on the economy and the priority tasks solved by the state (Fig. 1).

Figure 1. Modern market economy models<sup>8</sup>

Models of modern market economy			
Criteria	Socially oriented market economy	Mixed economy	Corporate economy
Target orientation of state programs	Protection of citizens' interests	Creating conditions for the development of entrepreneurship	Protecting the interests of large production
Principles of economic regulation	Development of long-term programs	Predominant use of tactical methods	Determining the main priorities

In the market economy, along with the signs and procedures indicated above, there must be a number of conditions typical of all modern economic systems. These are: large-scale use of advanced technology and new technical means; specialization of production. Production of goods and services of the necessary quantity and type for the needs of the population in the conditions of the market economy;

<sup>8</sup> V. Yodgarov, D. Butunov; Uy-joy kommunalxo'jaligi iqtisodiyoti va boshqaruvi, darslik/«noshir» Toshkent 2012

production based on new techniques and technologies using existing resources effectively; the production of goods necessary for the consumption of the population is the most important task.

The operation and development of the market economy as an effective and stable economic system is related to its advantages. The advantages of the market economy can be expressed through the following aspects. - Efficiency of resource allocation. The market system helps in efficient allocation of resources. The essence of this is that the competitive market system directs resources to the production of goods and services most needed by society. It requires more efficient methods of harmonizing resources for production and the use of new, more efficient technology for production. In short, the market system manages personal interest in such a way that it ensures the production of necessary goods in the amount of demand for the society from available resources. - Freedom. One of the important advantages of the market economy system is that it prioritizes the role of personal freedom.

Summary. At the expense of the proceeds from the sale of goods through the market, producers will have the necessary material and labor resources to replace the spent means of production through the purchase of resources and to expand production. The free movement of resources is ensured through the market and their distribution among sectors takes place. The market regulates the economy with the help of demand, supply, competition and prices.

### Literature

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