

**PRIVATIZATION OF PUBLIC ENTERPRISES AND ITS IMPACT ON  
DEVELOPMENT**

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**Abstract:** This article examines the process and stages of privatization of state enterprises and its impact on economic development. Privatization is the transfer of ownership of state property from the state to private individuals, and these reforms are carried out in order to increase competitiveness and ensure efficiency in the state. The article analyzes the positive impact of privatization, typical of Uzbekistan and other countries, on economic growth, ensuring a competitive environment in market conditions, and investment attractiveness. This article also discusses the negative and positive aspects of privatization. It is important for the development of the private sector to serve the sustainable growth of the country's economy by reducing the monopoly in the state economy, introducing new technologies and strengthening such basic programs.

**Key words:** privatization, private sector, competition, state ownership, monopoly

Privatization of state-owned enterprises is one of the important processes implemented in the framework of economic reforms in many countries. The main goal of this process is to reduce the share of the public sector in the economy, develop the private sector and increase efficiency. Privatization, that is, transfer of public assets to the private sector, has positive and negative effects in various areas.

Privatization is the purchase of state-owned objects or shares of state joint-stock companies by citizens and non-state legal entities from the state, the transfer of ownership of state property from the state to private individuals. In addition to privatization, expropriation of property implies the creation of other types of non-state property at the expense of this property.

Privatization of property, i.e. expropriation of the property, is carried out in the following ways.

- turning state enterprises into joint-stock companies, selling the state enterprise and turning it into collective property;
- provide free property to citizens based on checks issued according to the value; sale of property to some entrepreneurs and business managers;
- sell or lend some state enterprises to foreign companies and citizens;
- sale of state property at auctions.

One of the main goals of privatization is to increase the efficiency of the economy. State-owned enterprises often face problems related to bureaucracy, corruption, and mismanagement of resources. The private sector, on the other hand, is profit-oriented and seeks to manage resources efficiently. Since privatized enterprises operate in a competitive environment, they are forced to reduce their costs and improve the quality of their products. This, in turn, helps to develop the market, attract new investments and introduce innovations.

Privatization is an effective way to attract investments for economic growth. Unlike the public sector, the private sector is more efficient in attracting capital to the market. Private enterprises are efficient for investors, allowing for technological innovation. For example, in the Eastern European countries, as a result of privatization, many sectors were renewed, economic efficiency increased, and development took place in a competitive environment. Another important point is that the reduction of state control also reduces the budget burden, as the financial support and management of state-owned enterprises require significant resources.

However, privatization does not always bring positive results. In some industries, especially natural monopolies, privatization can reduce competition and lead to monopoly. For example, in areas such as energy or transportation, the dominance of one or more enterprises in the private sector can lead to higher prices and harm the interests of consumers. This, in turn, causes social protests.

Another negative side of privatization is the increase in unemployment. Often, the private sector, unlike state-owned enterprises, implements reorganizations to optimize the number of employees. As a result, the short-term unemployment rate may increase. Post-Soviet privatization processes in Poland, Russia, and other Eastern European countries have in some cases led to mass layoffs and social unrest.

In addition, improperly implemented privatization can lead to the transfer of public wealth into the hands of a group of elites. As a result, economic inequality increases and a sense of injustice appears in society. The process of privatization carried out in Russia in the 1990s is known as one of the largest and most complex processes in economic and political history. This process was related to Russia's transition from the Soviet system to a market economy, and was mainly aimed at transforming the country's economy by transferring state property to the private sector. Although this process caused many problems and conflicts, its impact on economic development and changes in the political system was great.

In Uzbekistan, the process of privatization by the state has been going on since the years of independence. Privatization is aimed at developing the private sector by transferring the economy to market relations and reducing state ownership. In particular, large enterprises were privatized in such sectors as the industrial sector, agriculture, energy and fuel sector, banking and finance sector, communication and telecommunications, and transport. They are: "Uzbekneftgaz", "Uzkimyosanoat", "Uzbekistan Airways", "Uzbekistan Railways" and other large enterprises.

While privatization of state-owned enterprises creates many opportunities for development and economic growth, it also has its own risks and limitations. The success of this process depends on how the government implements political and economic reforms, the level of transparency and the creation of a competitive environment. If the privatization is properly managed, it is possible to achieve great success in increasing the efficiency of the economy, attracting investments and introducing innovations. At the same time, it is important to pay attention to preventing monopolies, controlling unemployment and maintaining social equality. The main task of privatization is to contribute to economic development while balancing the interests of the state and society.

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