



**THE ROLE OF FINANCIAL RESOURCES IN IMPROVING THE
QUALITY OF ECONOMIC GROWTH: THE CASE OF
UZBEKISTAN**

Xomidova Kamola G'olib qizi

Doctoral Student of Tashkent State University of Economics, Uzbekistan

A B S T R A C T	K E Y W O R D S
<p>This article analyzes the impact of financial resources on the quality of economic growth using the example of Uzbekistan. In the current environment, although many developing countries are achieving high rates of economic growth, the issue of improving its quality is becoming increasingly urgent. From this point of view, the issues of effective distribution and rational use of financial resources - investments, bank loans, government spending and foreign direct investment - are studied. At the same time, it was found that not all types of financial resources affect the quality of economic growth to the same extent. This indicates the need to improve the efficiency of financial resource management and institutional factors. Based on the results of the study, practical proposals were developed aimed at the targeted allocation of financial resources, increasing financial inclusion, and ensuring sustainable economic growth.</p>	<p>Quality of economic growth, GDP dynamics, financial resources, investment structure, GDP per capita, cross-sectoral balance, digital transformation, systemic analysis.</p>

Introduction

In recent years, the issue of ensuring not only the pace of economic growth, but also improving its quality has become increasingly important in the world economy. Practice shows that an increase in the volume of gross domestic product does not always fully reflect the stability and effectiveness of socio-economic development. Therefore, when assessing economic growth, special attention is paid to such factors as its impact on structural changes, its contribution to the well-being of the population, and the efficiency of resource use.

Financial resources occupy a special place as one of the main factors affecting the quality of economic growth. The formation, distribution and level of use of financial resources determine the development rates of economic sectors. In particular, the direction of investments, loans allocated through the banking system, state financial policy and foreign capital flows, in addition to stimulating economic activity, directly affect the qualitative indicators of economic growth.

In the context of economic reforms being implemented in Uzbekistan, the issue of effective use of financial resources is becoming increasingly urgent. In particular, although there is an increase in the volume of investments attracted to sectors of the economy, the extent to which they serve to create

high added value, contribute to ensuring employment and increasing the income of the population has not been sufficiently studied. This requires a comprehensive analysis of the impact of financial resources on the quality of economic growth.

Based on this, the main goal of this study is to scientifically substantiate the relationship between financial resources and the quality of economic growth, and to develop proposals for improving the mechanisms of their effective use. Using statistical and econometric methods, the distribution of financial resources in the national economy and their effectiveness are evaluated within the framework of the research.

Literature review

The quality of economic growth and its relationship with financial resources are at the heart of modern macroeconomic research. According to classical economic theory, Solow (1956) in his exogenous growth model identified technological progress and capital accumulation as the main factors of economic growth. According to his views, the sustainability of growth is determined not by the amount of capital, but by its technological efficiency (Total Factor Productivity).

Later, proponents of endogenous growth theory, Romer (1990) and Lucas (1988), directly linked the quality of economic growth to human capital and the knowledge economy. According to their conclusion, a qualitative transformation in the economy occurs only when investment resources are directed not only to physical assets, but also to high technologies and education. Especially in the context of the digital economy, the role of information and communication technologies (ICT) is increasing as a driver of growth.

Acemoglu and Robinson (2012), who studied the institutional aspects of economic growth, point to "inclusive institutions" as a key factor ensuring the quality of growth. According to the authors, the equitable distribution of financial resources and income among members of society is the foundation of long-term sustainable economic growth.

In modern scientific views, the quality of economic growth is assessed not only by GDP size, but also by "green" and "inclusive" growth indicators. Studies published on the ScienceDirect platform have extensively covered the issue of the dependence of economic growth on sources of financing: research by Arestis et al. (2015) analyzed the relationship between financial market development and economic growth. According to their conclusion, growth rates in countries with low participation of the banking system in investments remain highly sensitive to external capital flows. In his recent work on the ScienceDirect database, Barro (2021) analyzed the difference between the "GDP deflator" and "real incomes" in measuring the quality of economic growth, proving that nominal growth may not reflect real well-being. Uzbek economists have also extensively studied the issues of structural reforms and investment attractiveness of the country's economy. In particular, Mustafakulov (2017) emphasizes the importance of the stability of the investment climate and the attraction of foreign capital to the real sector in assessing the quality of economic growth. Also, Jumaev (2021) in his research focused on the issues of increasing the role of the banking and financial system in financing economic growth and optimizing dependence on external debt. Experts from international financial institutions, in particular the World Bank (World Bank, 2024) and the International Monetary Fund (IMF, 2023), in their reports on the economy of Uzbekistan, emphasize the need to increase the share of the private sector and diversify the financial market in order to improve the quality of economic growth.

Research Methodology

In this study, the qualitative aspects of Uzbekistan's economic growth were analyzed as a holistic system based on dynamic indicators for 2016–2025. The research methodology is aimed at assessing the effectiveness of financial resources attracted to the economy in creating gross product, based on systematic, structural and comparative methods of economic analysis. In the process of empirical analysis, the relationship between quantitative growth and qualitative drivers was studied based on inductive and deductive logic, using official indicators of the Statistics Agency.

Analysis and results At the modern stage of development of the Uzbek economy, the assessment of the quality of economic growth requires not only quantitative indicators, but also through the prism of structural transformation and resource productivity. As a result of large-scale reforms implemented in recent years, the country's economy is experiencing a transition period from an extensive development model to a qualitative, innovation-based growth model. In this process, the efficiency of financial resources in creating gross product and the level of their transfer to the well-being of the population are the main indicators.

Table 1.¹ Structure of investments in fixed capital in the Republic of Uzbekistan by financing sources (in share, in %)

	Indicators	2016	2018	2020	2022	2024y
1	share of the state budget	4.3	4.5	6.8	8	4.6
2	share of foreign investments and loans	20.7	24.3	42.7	42.8	69.4
3	share of own funds of enterprises and the population	54.4	42	40.8	40.6	23.1
4	share of bank loans and other borrowed funds	10.8	17.8	7.6	6.6	2

In Uzbekistan, fundamental structural changes are observed in the structure of sources of financing economic growth. In particular, according to the table, in 2016-2024, foreign investments and loans emerged as the main drivers of investment (the share increased by more than 3 times). This confirms the decisive role of external financial resources in ensuring the quality of economic growth. At the same time, the stable maintenance of the share of the state budget (around 4-6%) is the result of market reforms aimed at reducing the direct financial burden of the state in the economy.

As of January 1, 2026, when analyzing the enterprises and organizations with participation of foreign investments operating in our republic, the leading place5,044The People's Republic of China is the leader with 1,000 enterprises. This is the largest number of enterprises with foreign investment in the republic.27.8percent. Among the countries contributing their capital to the economy of Uzbekistan are Russia (17.5 percent), Turkey (11.8 percent), Kazakhstan (6.7 percent), South Korea (3.8 percent) and Afghanistan (3.5 percent) also occupies a special place.

¹ <https://stat.uz/uz/> compiled by the author based on information

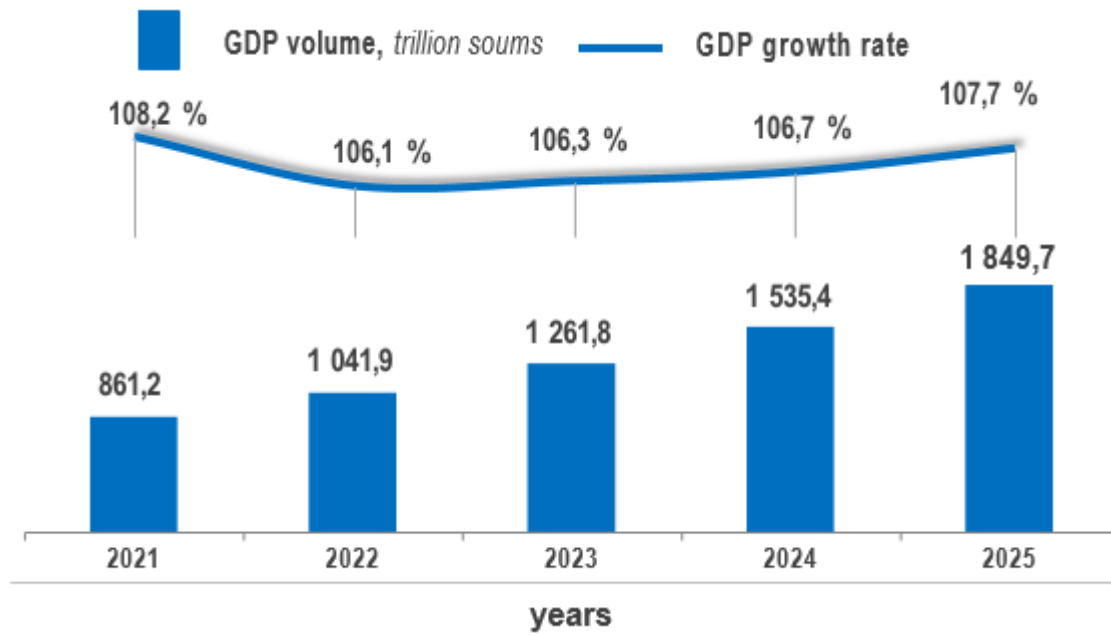


Figure 1² Dynamics of gross domestic product

The graph (Figure 1) shows the macroeconomic development trends of the Uzbek economy over the past five years. The graph data allows us to analyze two types of economic growth indicators: quantitative and qualitative.

First, the quantitative growth of GDP. The histogram in the graph (blue bars) shows a steady increase in the nominal GDP. In 2021, the size of the economy amounted to 861.2 trillion soums, while by the end of 2025 this figure reached 1,849.7 trillion soums. That is, in five years, the nominal size of the country's economy has increased by almost 2.1 times. This indicates an expansion of the macroeconomic scale and an increase in the level of capitalization.

Secondly, the dynamics of GDP growth rates. The line in the graph represents the real growth rate of the economy (compared to the previous year). While a high growth rate was recorded in 2021 (108.2%), in 2022 it decreased slightly to 106.1%. However, starting from 2023, there was a stabilization and recovery of growth rates (106.3% and 106.7%). By 2025, the growth rate had increased again to a high level — 107.7%.

Graphical analysis shows that the doubling of GDP (quantitative growth) is taking place while maintaining real growth rates at a stable level (6-8%). The sharp increase in nominal volume, on the one hand, reflects the impact of price changes (inflation), and on the other hand, indicates that the efficiency of financial resources entering the economy into gross volume is maintained. The recovery of growth rates after the decline in 2022 indicates that financial resources have provided the economy with resilience.

²<https://stat.uz/uz/Newsletter> Socio-economic situation of the Republic of Uzbekistan Tashkent - 2026 9-b

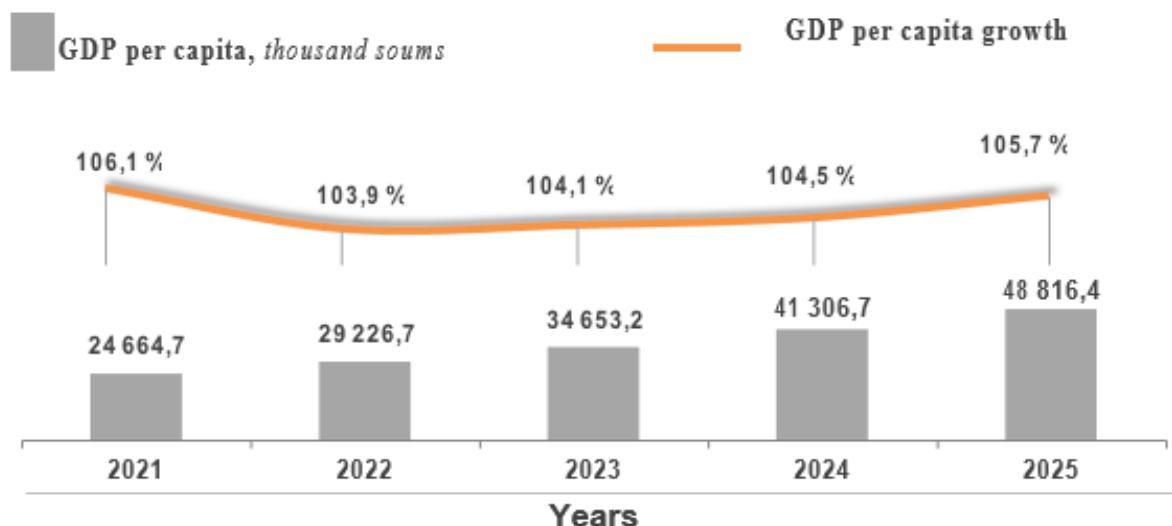


Figure 2³ GDP per capita size and growth rates

According to the results of January-December 2025, GDP per capita amounted to 48,816.4 thousand soums and the real growth rate compared to the corresponding period of 2024 was 5.7%. The most important indicator of the quality of economic growth is the dynamics of GDP per capita (Figure 1). In 2021, GDP per capita was 24.6 million soums, while by 2025 this figure had almost doubled to 48.8 million soums. The stable maintenance of the real growth rate at around 105.7% proves that economic growth is positively transferring to the well-being of the population and that the growth rate is significantly higher than the demographic growth rate.

Total income of the population

2025 year January-December

	Volume	Nominal growth rate, in %	Real growth rate, in %
Total income of the population, trillion soums	1 134.3	118.9	109.2
Total income per capita, million soums	29.9	116.6	107.2

According to the data provided, in 2025, total income of the population increased by 118.9% in nominal terms, while the real growth rate was 109.2%. Also, per capita income increased by 116.6% in nominal terms and 107.2% in real terms.

These indicators confirm that incomes are growing not only in nominal terms, but also in real terms, that is, there are positive developments in the well-being of the population, even taking into account the inflation factor.

However, despite these positive dynamics, a number of important aspects should be taken into account from the point of view of the quality of economic growth. In particular, the fact that real income growth rates are forming around 7-9 percent, which is relatively low compared to the growth rates of gross

³<https://stat.uz/uz/> Information bulletin on the socio-economic situation of the Republic of Uzbekistan Tashkent - 2026 17-b

domestic product. This means that the results of economic growth are not fully and proportionally transformed into incomes of the population.

At the same time, the significant gap between nominal and real growth rates indicates the presence of inflationary pressures and indicates that factors affecting the purchasing power of incomes are still relevant.

In assessing the quality of economic growth, along with the overall growth indicators of GDP, it is important to analyze the dynamics of gross value added (GVA) across sectors, since it is this indicator that reflects changes in the structural structure of the economy and the areas in which financial resources are being used effectively.

Table 2⁴ In the Republic of Uzbekistan Growth rate of gross value added of industries in %

Classifier	2020	2021	2022	2023	2024	2025
Agriculture, forestry and fisheries	102.8	104	103.6	104.1	103.4	104.4
Mining industry and open pit mining	78	110.8	101.9	99.5	103.9	103.5
Manufacturing industry	108.1	108.3	105.3	107.3	106.9	107.7
Electricity, gas, steam supply and air conditioning	106.8	111.8	113.5	109.5	105.7	103.5
Water supply; sewage system, waste collection and disposal	99.1	85.8	94.7	103.2	112.1	102.6
Construction	108.3	107.4	106.8	107.2	110	114
Wholesale and retail trade; repair of motor vehicles and motorcycles	102.5	113.4	105.6	110.7	113.3	113.6
Transportation and storage	89.2	116.9	108.9	106.6	109.7	110.1
Accommodation and catering services	91.6	119.2	118.7	108.3	109.8	110.4
Information and communication	124	127.6	126.3	122.5	123.8	123.9
Financial and insurance activities	115.6	102.6	130.3	109.9	109.7	111.5
Real estate transactions	100.9	105.4	103.9	104.7	104.6	104
Professional, scientific and technical activities	107.9	113.2	106.1	110.6	103.9	107.1
Provide management activities and support services	91.2	112.5	114.7	108.1	102.9	116.7
Public administration and defense; compulsory social security	100.5	99.3	104.1	100.7	101.3	102.7
Education	94.3	111.3	105.2	104.8	103.4	102.4
Healthcare and social services	111.5	107.8	101.3	104.5	104.1	102.1
Art, entertainment and recreation	86.3	127.4	103.9	106.8	109.3	110.7
Providing other types of services	94.8	116.1	105.1	105.9	109.7	111

Analysis of the growth rates of gross added value by sector based on the table data shows that the growth process in the economy of Uzbekistan is formed at the expense of a number of key sectors, the dynamics of their development directly affects the quality of economic growth. In particular, growth rates in the manufacturing industry remain stable in the range of 105–108 percent, confirming that this sector is the main and relatively high-quality source of economic growth. This indicates that financial resources are being directed to support the real sector.

⁴ <https://stat.uz/uz/> compiled by the author based on information

At the same time, although the growth rate in the construction sector, reaching 110-114 percent, indicates high investment activity, this growth is more extensive in nature, raising the issue of its long-term effectiveness. The growth of 108-113 percent observed in the trade and services sector reflects the expansion of domestic demand and the activation of cash flows, but the relatively low level of value added created in these sectors is a factor limiting the quality of economic growth.

Particular attention should be paid to the information and communication network, since the formation of growth rates in this area above 120 percent indicates the rapid development of the digital economy and the creation of high added value. This can be considered the most important indicator of the quality of economic growth. In financial and insurance activities, sharp fluctuations in growth rates indicate that, although the volume of financial resources is increasing, their distribution across sectors is not efficient and sustainable.

In general, the results of the analysis confirm that the positive dynamics of economic growth are maintained, but its qualitative improvement indicates the need to more actively direct financial resources to high-tech and high-value-added sectors, in particular, the processing segment of industry and the information and communications sector.

Conclusion and Suggestions

The conducted analyses show that, in general, positive growth trends are forming in the economy. The expansion of production volumes, increased activity in sectors, and the growth of population incomes indicate that economic development processes are continuing consistently. At the same time, when assessing these growth processes, it is advisable to pay special attention not only to their quantitative, but also to their qualitative aspects.

In particular, factors such as the extent to which the results of economic growth are reflected in the well-being of the population, the structural characteristics of the added value created across sectors, and the efficiency of the distribution of financial resources appear as important criteria determining the quality of economic growth. In this regard, there is a need to strengthen a systematic approach to maintaining the existing positive dynamics and further improving it qualitatively.

Taking into account these circumstances, it is advisable to increase the efficiency of the use of financial resources in order to improve the quality of economic growth, and it is recommended to focus on the following priority areas.

- The qualitative component of economic growth can be strengthened by directing financial resources to sectors with high added value and innovative potential.
- It is advisable to improve mechanisms for evaluating investment processes not only in terms of volume, but also in terms of their effectiveness.
- The opportunity to ensure the stability and harmony of economic growth will expand through a balanced distribution of financial resources across sectors.
- Supporting the digital and innovative economy is an important factor in the transition of economic growth to a qualitatively new level.

References

1. Solow, R. M. (1956). A Contribution to the Theory of Economic Growth. *The Quarterly Journal of Economics*, 70(1), 65-94.

2. Romer, P.M.(1990). Endogenous Technological Change. *Journal of Political Economy*, 98(5), 71-102.
3. Lucas, R.E.(1988). On the mechanics of economic development. *Journal of Monetary Economics*, 22(1), 3-42.
4. Acemoglu, D., & Robinson, J.A. (2012). *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York: Crown Business.
5. Arestis, P., Luintel, AD, & Luintel, KB(2008). Financial structure and economic growth. *Journal of Development Economics*, 86(1), 181-200. <https://doi.org/10.1016/j.jdeveco.2007.11.006>
6. Mustafakulov, Sh. I.(2017). *Investment attractiveness of the economy: theory and practice*. Scientific monograph.
7. Jumaev, NX(2021). *Mechanisms for financing economic growth in Uzbekistan*. Tashkent: Economics Publishing House.
8. World Bank.(2024). *Uzbekistan Economic Monitor: Navigating Growth*. Washington, DC.