PRINCIPLES OF PRICE FORMATION AND THE ECONOMIC ESSENCE

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Annotation: The article analyzes the basic principles of price formation, that is, prices based on the principles of the free market, the factors affecting their formation and the role of state control over prices. In competitive and regulated markets, different aspects of price formation are discussed, as well as public policy in regulating the cost of socially significant goods and services.

Key words: price formation, market mechanism, state control, regulated prices, monopoly, inflation, economic policy.

Annotatsiya: Maqolada narxni shakllantirishning asosiy tamoyillari, ya’ni erkin bozor tamoyillari asosidagi narxlar, ularning shakllanishiga ta’sir qiluvchi omillar va narxlar ustidan davlat nazoratining roli tahlil qilinadi. Raqobatli va tartibga solinadigan bozorlarda narx shakllanishining farqli jihatlari, shuningdek, ijtimoiy ahamiyatga ega tovar va xizmatlar narxini tartibga solishdagi davlat siyosati muhokama qilinadi.

Kalit so‘zlar: narx shakllanishi, bozor mexanizmi, davlat nazorati, tartibga solinadigan narxlar, monopoliya, inflyatsiya, iqtisodiy siyosat.

Price is a concept at the heart of economic categories. It is a tool that is formed through market relations and expresses the value of goods and services. Prices serve as a coordinator of economic relations between producers, consumers and the state. Price formation in the economic system is usually carried out through the market mechanism, but in some cases it is also controlled by the state. This article examines the principles of price formation and the need for state control over it based on economic theories and practical examples.

The process of price formation in the economy is based on supply and demand relations. The following principles form the basis of price formation:

1. Market principle

In a market economy, prices are determined by the interaction of supply and demand. If the demand for a product increases, its price increases, and if the supply increases, the price decreases. This principle allows prices to adjust flexibly and in a free economic environment.

2. The principle of marginal productivity

According to neoclassical economic theory, the price corresponds to the marginal utility of each good (i.e., the benefit that comes from consuming one additional unit). This principle represents consumer choice.

3. The principle of competition

If there is competition in the market, prices are usually formed fairly and efficiently. When monopolies or oligopolies control the market, prices can be artificially increased or decreased.

Even in a market economy, the state intervenes in price formation in some areas. The main reasons for this are:

Regulating the prices of socially important products (bread, electricity, medicines, etc.);

Limiting the pricing policy of monopolies;

Controlling inflation;

Smoothing external economic shocks.

Prices in conditions of imperfect competition. Market imperfections — that is, lack of competition, asymmetric information, or cartel agreements — distort price formation. In this case, state intervention is of great importance.

Inflation and price policy. In conditions of inflation, prices change sharply. The central bank and financial authorities use monetary and fiscal policy to curb inflation. In particular, attempts are made to maintain price stability by raising the key rate or changing the amount of subsidies.

Price formation in the digital economy. Digital technologies and online platforms (for example, Uber, Yandex Go) are forming prices based on automatic algorithms. This creates the need to update traditional state control methods.

Uzbekistan's experience and directions of reforms. In recent years, Uzbekistan has been carrying out extensive reforms on price liberalization. Prices for strategic goods such as electricity, gas, and medicines are gradually being adjusted to the market.

For example, starting from January 1, 2023, gasoline prices are being formed based on the market rate. This leads to a reduction in state subsidies, budget stability, and the formation of consumer behavior based on market principles.

Conclusion.

Prices are one of the important indicators in managing the economy. For their fair formation, the following are recommended:

1. Strengthening the competitive environment - to prevent the formation of artificial prices.

2. Balancing state intervention - only in socially important areas.

3. Digitizing the price monitoring system - for rapid analysis and control.

4. Increasing economic literacy - so that consumers have a conscious approach to market prices.

Also, the transparency of price formation, the availability of open statistical data, and the creation of a reliable competitive environment should remain one of the main directions of state economic policy.

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