

**PRICE FORMATION AND GOVERNMENT REGULATION UNDER  
MARKET ECONOMY CONDITIONS****D. Bayzakova**

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**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.

**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.

Price is a concept that stands at the center of economic categories. It serves as a means of expressing the value of goods and services formed through market relations. Prices act as a coordinator of economic relations among producers, consumers, and the state. In an economic system, price formation is generally carried out through the market mechanism; however, in certain cases, it is also subject to government regulation. This article examines the principles of price formation and the necessity of government control over it, based on economic theories and practical examples.

The process of price formation in the economy is based on the relationship between supply and demand. The following principles constitute the foundation of price formation:

**1. Market Principle**

In a market economy, prices are determined by the interaction of supply and demand. When the demand for a particular product increases, its price rises; when supply grows, the price decreases. This principle allows prices to remain flexible and adapt to changing economic conditions in a free market environment.

**2. Marginal Productivity Principle**

According to neoclassical economic theory, the price of each good corresponds to its marginal utility — that is, the additional benefit derived from consuming one more unit of the product. This principle reflects consumer choice and the subjective evaluation of value.

### 3. Competition Principle

When competition exists in the market, prices are generally formed fairly and efficiently. However, when monopolies or oligopolies dominate the market, prices may be artificially increased or decreased, distorting market equilibrium.

Even under market economy conditions, the state intervenes in price formation in certain sectors. The main reasons for such intervention include:

- Regulating the prices of socially significant goods (such as bread, electricity, and medicines);
- Restricting the pricing policies of monopolies;
- Curbing inflation;
- Mitigating the effects of external economic shocks.

#### Prices under Imperfect Competition

Market imperfections — such as lack of competition, asymmetric information, or cartel agreements — distort the process of price formation. In such cases, government intervention becomes crucial to ensure fairness and market stability.

#### Inflation and Price Policy

Under inflationary conditions, prices change sharply and unpredictably. To curb inflation, central banks and financial authorities implement monetary and fiscal policies. In particular, they strive to maintain price stability by adjusting key interest rates or modifying the level of subsidies.

#### Price Formation in the Digital Economy

Digital technologies and online platforms (such as Uber and Yandex Go) are increasingly shaping prices based on automated algorithms. This transformation creates the need to modernize traditional methods of state regulation and oversight.

#### Uzbekistan's Experience and Reform Directions

In recent years, Uzbekistan has implemented wide-ranging reforms aimed at price liberalization. Prices for strategic goods such as electricity, natural gas, and pharmaceuticals are being gradually aligned with market conditions.

For example, starting from January 1, 2023, gasoline prices have been determined based on market exchange rates. This shift has led to a reduction in government subsidies, improved budget stability, and encouraged consumer behavior to align more closely with market principles.

#### Conclusion

Prices are among the key indicators in managing the economy. To ensure their fair and efficient formation, the following measures are recommended:

1. Strengthening the competitive environment — to prevent the emergence of artificially determined prices.
2. Balancing government intervention — limiting it mainly to socially significant sectors.
3. Digitalizing the price monitoring system — for faster analysis and effective control.
4. Improving economic literacy — so that consumers approach market prices with greater awareness.

Furthermore, ensuring transparency in price formation, maintaining open access to statistical data, and fostering a reliable competitive environment should remain among the main priorities of state economic policy.

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