



Volume: 02 Issue: 03 | March 2021 ISSN: 2660-454X

www.centralasianstudies.org/index.php/CAJITMF

Covid-19 and Economy of Uzbekistan

Kulliyev Okhunjon Anvar oglu,

Email: oxunjonqulliyev@gmail.com

Received 10th February 2021,
Accepted 21th February 2021,
Online 27th March 2021

*Bukhara State University
Lecturer at the Department of
Economics*

ABSTRACT: The COVID-19 pandemic and measures to contain it have hit Uzbekistan hard, cutting exports and remittances, straining government coffers, and forcing most small businesses across the Central Asian country to close, a new multilateral assessment finds.

Keywords: COVID-19, economic globalization, export, crisis, populated, development, coronavirus on the global economy, taxpayers, implementation, significantly

Introduction

The COVID-19 pandemic and measures to contain it have hit Uzbekistan hard, cutting exports and remittances, straining government coffers, and forcing most small businesses across the Central Asian country to close, a new multilateral assessment finds.

The study represents a consolidated effort by UN agencies and international financial institutions, a Multilateral Socio-Economic Response and Recovery Offer, with UNDP as technical lead.

Exports dropped 18 percent in the first quarter, compared with the same period a year earlier, the Government reports, while 475,000 or 85 per cent of the country's small businesses were forced to close in March. The share of households with at least one member actively working fell more than 40 percentage points, from 85 to 43 per cent, between March and April. Among self-employed people, income fell 67 per cent, according to the World Bank's Listening to the Citizens of Uzbekistan (L2CU) survey.

The crisis has taken a high toll on women, the study finds. Demand for hotline support in response to gender-based violence increased fivefold in the country's first week under lockdown. Frontline health workers, 82 per cent of whom are female, meanwhile face extreme pressure: In a

recent UNFPA-supported survey, half of female healthcare workers reported suffering from anxiety, burn-out, and depression.

Some 1.3 per cent of the population-about 448,000 people-may have already fallen into poverty as a result of the crisis, the LSCU survey finds. Remittances a vital income source for many of the poorest households, accounting for 15 per cent of GDP-are meanwhile projected to plunge by more than 50 per cent, significantly worsening hardship for the poorest households.

Socially and economically marginalized groups including people with disabilities, returning migrants, people living with HIV, and drug users are experiencing the impact of lockdown measures most acutely, with great difficulty accessing medications and services, the multilateral study finds.

GDP growth is now projected to fall 1.6 percent in 2020, down from 5.7 per cent forecast in February. At the same time, a surge in government spending on medical supplies, compensation for frontline workers, and expanded social safety nets have coincided with seasonally low tax collections, expanding the budget deficit to 4.7 per cent of GDP.

Among measures to mitigate the crisis, the multilateral study recommends:

- Increasing low-income family allowances, unemployment benefits, wage subsidies, and social protections.
- Developing protocols, including remote case management, to ensure continuity of vital services for the most vulnerable people.
- Supporting Uzbek migrant workers stranded in Russia and Kazakhstan.
- Enhancing public oversight, transparency, and human rights protections to safeguard vulnerable groups.
- Promoting and expanding affordable Internet connectivity.

UNDP in Uzbekistan is amplifying and disseminating science-based communications about the pandemic and services available to mitigate and contain it-including outreach to sight and hearing-impaired people. UNDP has also initiated a rapid community response and early recovery package, targeting the most vulnerable groups. This includes helping communities devise recovery plans, providing basic services and access to finance, and facilitating digital solutions to ensure continuity of business and services.

UNDP has also equipped and trained 2,000 community health volunteers to share information in 10 districts in the northwestern autonomous region of Karakalpakstan, procured personal protective equipment (PPE) and disinfectants for more than 30,000 people in remote regions, supplied 200 infrared thermometers to the Agency for Public Services, helped plan 10 new wells for clean drinking water, and provided disinfectants to five regions in Karakalpakstan.

Another project will produce some 20,000 face masks to be distributed there at no charge, while UNDP has also helped launched a Business Clinic Programme nationwide that provides free legal and business advisory services to small and medium businesses (SMEs) affected by COVID-19 and distance learning initiative on entrepreneurship in four Karakalpakstan districts. Online skills development courses are helping meet the needs of workers who lost jobs under the lockdown.

UNDP has separately launched a project aimed at ensuring safe disposal of PPE in Uzbekistan. This includes installing disposal containers at 32 large grocery stores and 150 collection stations in the most densely populated areas of the capital, Tashkent, and producing and disseminating public information on best practices to halt the spread of COVID-19.

UNDP Uzbekistan with the Ministry for Mahalla and Family Support and Center for Economic Research and Report conducted a survey of local communities in Uzbekistan to assess the social and economic impact of the government's COVID-19 response on the countrywide population. The study targeted mahalla leaders, covering 3,670 respondents— chairpersons of mahallas, their deputies and specialists (25% of respondents were women). The study, conducted in May-June 2020, focused on assessing the consequences of the nationwide quarantine for the overall wellbeing of communities, selected sectors, various social groups, and on women particularly. The study also considered the capacity of mahallas to effectively deliver social support to the most affected populations.

Negative impact of coronavirus on the global economy: Conclusions and recommendations for Uzbekistan advisable for Central Asian countries to think about the alternative development of globalization and focus more on opportunities within the region, gradually reducing one-sided dependence on China and look for ways to diversify foreign economic relations.

Due to several negative factors in 2020, significant risks are expected in ensuring the revenue of the State budget and the formation of state trust funds. Budget revenues may decrease due to a reduction in the amount of VAT, the excise tax on imports, and customs duties on imported products (equipment, components, finished consumer products) from China and other countries in which the pandemic is increasing.

In addition, there may be losses in taxes and fees, which may occur as a result of a drop in production and the suspension of large domestic enterprises that received raw materials and components from China and other countries with an increasing pandemic. In this regard, in the near future, it is necessary to analyze the current situation and make proposals to improve the conditions for enterprises that are the largest taxpayers.

All major taxpayers should send updated forecasts on tax payments and fees for the months until the end of 2020 to the Ministry of Finance, State Tax Committee and the Ministry of Economy and Industry. At the same time, they should indicate what kind of assistance they need from the state to maintain this forecast.

In this regard, the deadline for submitting proposals to the draft presidential decree “On additional measures to reduce the state's share in the economy”, introduced for public discussion and of crucial importance for the country, should be postponed from March 12 to July 1, 2020. By this time, the situation and the results of taking measures with the spread of coronavirus will already be known.

Effective measures need to be developed and taken in a timely manner to prevent the spread of this coronavirus and other dangerous infections and diseases.

It is also advisable to develop a set of measures aimed at providing all kinds of support to the economy and people of friendly China, taking into account the available resources and opportunities.

Implementation of the above and other necessary measures will significantly reduce the risks that arose with the spread of the coronavirus epidemic, ensure high rates of economic growth.

Achieving these results is possible only in conditions of increasing the efficiency of state regulation of the economy and a reasonable attitude to integration processes.

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