



THE MAIN ROLE OF ECONOMY OF DEVELOPING COUNTRIES

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ABSTARCT

The article reviews critically the arguments concerning greater voice for developing countries in global governance. It supports the arguments for greater voice but argues that greater voice brings with it greater responsibilities in terms of the actions and commitments from developing countries.

Keywords: Economy, Environment, Development, Safety, Finance, Growing

Developing countries are countries that have common characteristics such as relatively low living standard, poor industrial sector, and low human development index. The main indicators of development of a country are per capita income, GDP, literacy rate, life expectancy, and the developing countries have a low level of the following indicators or even lack of them. Therefore, poor countries that are intended to achieve the economic progress and provide comfort for their people must primarily implement the imitated development models of Western and other advanced economies and give priority to economic growth. The advanced countries, regardless of their principle of economic development, and even under condition of sacrifice in matters of social and cultural development, can be considered the foundation of the theory of modernization for the development of countries.

The economic development is one of the main goals of every country. Every country tries to achieve economic growth by means of deferred income taxes and to promote the provision of social welfare. The concept of development is a very broad one; the economic development, being the part of the whole concept, is discussed in various contexts such as the social, the political, the cultural, the mental one, etc. During different periods of human life, many thinkers and scientists presented various theories regarding to economic development and ways of its achievement. Different societies always tried to use their abilities in different ways for the purpose of expansion of their economic and political power. In order to start and advance the process of economic development of a country, it is necessary to conduct a thorough scientific study all of its social, political, economic, and historical fields and, using this assessment, to identify the most important obstacles to development, as well as the methods of their elimination. It requires an effort.





The concept of economic development means the economic growth side by side with some fundamental changes in economy and increasing production capacity, including physical, human and social capacity. The economic development implies increase in production together with concurrent change of social institutions and attitudes, with continuously and dynamically growth of ability to use the existing resources, as well as with implementation of innovations. In addition, one can also say about changes in the structure of production and relative share of inputs in the production process. Development permeate the society and cannot affect just an only part of it; it has no definite boundaries and ceilings, but it is a qualitative phenomenon due to its dependence on human. Unlike the economic growth, which is quite small, the development has no limits.

The most important indicators of economic development are the following: – Per capita income index Per capita income index is calculated by dividing a country's national income by its population. The level of economic development is revealed by using this index and comparing the country's per capita income with the same indicator of the developed countries.

– Fair indicator of purchasing power Based on this index, a set of available in one country prices is considered and used to evaluate the cost price of goods produced in other countries.

– Stable income index This method implies the inclusion of environmental costs incurred during production and economic growth in the national accounts (either as damage, or as an improvement in resources and the environment) and then the rate of growth and development is calculated on this base.

– Human Development Index (HDI) This index was introduced by the United Nations in 1991 and is calculated based on the following indicators: real per capita income (based on purchasing parity index method), life expectancy (at birth) and access to education (which is a function of adult literacy rate and average school attendance rate).

Common characteristics of developing countries

– Relying on imports from other countries Developing countries often need to import industrial and semi-industrial goods, as they do not have enough facilities and cannot produce these goods domestically, and thus they cannot become self-sufficient.

– One product These countries have an ability to produce and export an only product, and raw materials account for most of their exports.





– Duality Duality means that the structure of these countries consists of two dimensions, the traditional one and the industrial one, and there are endless differences between for example the city of Nishin and the village or between different classes of society. – Low standard of living Developing countries are always at a low standard of living. That is, they have lack of basic and appropriate facilities for life.

– Low level of labour productivity The labour productivity of developing countries is lower than one in developed countries, because the working people of the first ones do not have full knowledge of production. Moreover, the lack of sufficient facilities in their lives causes them not to be fully accurate in doing their work.

– Low level of employment Developing countries have not any work environment for people; most of the time, they prefer relationships to criteria, and people are hired to work.

Developing countries today have the well-founded prescriptive versions of the World Bank and the International Monetary Fund, such as liberalization, deregulation and privatization, and so on, which have limited effects on sustainable growth in the Third World; and the development of innovations and entering advanced industries can help these countries with technology innovations. Organizational innovations that have non-technological nature, innovation in marketing techniques, as well as innovation in processes and other innovations should be placed alongside with technological innovation to make it effectively developed or output.

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