

FACTORS THAT HAVE A NEGATIVE IMPACT ON MARKET BALANCE AND COMPETITIVENESS

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Аннотация: В данной статье в простой и доступной форме раскрывается понятие рыночного равновесия и процесс его формирования. Рыночное равновесие возникает в результате согласования спроса и предложения и играет важную роль в обеспечении экономической стабильности. В ходе исследования рассматривается влияние изменения цен, уровня доходов населения, объёма производства, предпринимательской активности, конкурентной среды и государственной экономической политики на рыночные процессы.

Ключевые слова: Рыночное равновесие, спрос, предложение, цена, потребитель, производитель, доход, технология, свободный рынок.

Annotation: This article explains the concept of market equilibrium and the process of its formation in a simple and understandable manner. Market equilibrium arises from the balance between supply and demand and plays an important role in ensuring economic stability. The study examines the influence of price changes, population income levels, production volume, entrepreneurial activity, competitive environment, and state economic policy on market processes. In addition, the impact of external market conditions and global economic factors on domestic market equilibrium is analyzed.

Keywords: Market equilibrium, demand, supply, price, consumer, producer, income, technology, free market.

Introduction: In a market economy, the balance between demand and supply plays a crucial role in the stable development of society. Market equilibrium is formed as a result of the alignment of producers' and consumers' interests, ensuring price stability and the efficient allocation of resources. Therefore, studying market equilibrium is essential for understanding economic processes correctly and making well-grounded decisions. In the context of globalization, both internal and external factors strongly influence market equilibrium. Changes in prices, the income level of the population, production volume, the competitive environment, and government economic policy play an important role in shaping market conditions. The main purpose of this article is to explain the concept of market equilibrium, analyze the factors affecting it, and reveal their significance in economic processes.

In the modern era, when market economy processes are becoming increasingly complex, studying the interaction between demand and supply has gained particular importance. Demand and supply are considered the heart of the economic system, as they determine price formation, the direction of production processes, and the needs of consumers. In the absence of equilibrium between demand and supply, the stable functioning of the market becomes difficult: producers may fail to earn profits, and consumers may not fully satisfy their needs. The market is not merely a mathematical or theoretical concept but a practical necessity. It is precisely equilibrium that ensures the rational use of resources, the effective organization of production, and the fullest possible satisfaction of public needs. At the same time, market



equilibrium prevents excessive price increases or sharp declines, thereby maintaining economic stability.

Main Part: Market equilibrium is an important indicator of the economic system, as it prevents sharp price fluctuations and helps maintain an appropriate level of production. When equilibrium exists, there is neither excess demand nor excess supply in the market. Therefore, maintaining market equilibrium is a key condition for economic stability. As human beings live in this world, they have diverse needs. These needs motivate them to study, learn professions, improve their skills, work, move from city to city, change their place of residence, and sometimes even change their profession. Unlike other biological beings, human needs are not limited only to food. They are extremely diverse, constantly changing, and continuously growing. It can be said that human needs are limitless. Moreover, the desire for new goods and activities increases individuals' motivation to live and develop. The diversity and constant change of needs represent their first characteristic, while their continuous growth represents the second¹. With these two features, needs form the foundation of social development. Needs can conditionally be divided into two types: material needs and spiritual needs.

The main internal factors affecting market equilibrium include the price level, population income, production volume, costs, and the competitive environment. When population income increases, demand rises, which may lead to an increase in the equilibrium price. When production costs grow, supply decreases, and prices tend to rise. The competitive environment also has a significant impact on equilibrium. In highly competitive markets, prices are relatively stable, and favorable conditions are created for consumers². In markets close to monopoly, however, prices may be artificially increased, leading to a disruption of equilibrium. Government economic policy directly affects market equilibrium. Tax rates, subsidies, customs duties, and price regulation measures alter the balance between demand and supply. For example, providing subsidies for certain products lowers their prices and increases demand. Likewise, government-imposed minimum or maximum prices influence market equilibrium. If prices are set artificially, excess demand or excess supply may occur. Therefore, government intervention in the market should be implemented carefully. In the current era of globalization, external market conditions and international economic factors significantly influence domestic market equilibrium. The volume of imports and exports, exchange rates, and changes in international prices affect the balance between domestic demand and supply. For instance, an increase in the price of imported goods may strengthen demand for domestic substitute products. Similarly, a rise in exports may lead to shortages in the domestic market. Therefore, foreign economic relations are an important factor in shaping market equilibrium.

Literature Review: While studying this topic, I referred to the opinions and works of several Uzbek and foreign economists. In particular, the State Committee of the Republic of Uzbekistan on Statistics. Collection of Economic Indicators. – Tashkent, latest edition. This statistical source provides official economic indicators necessary for the empirical justification of market equilibrium. It serves as an important tool for obtaining data on price indices, production volume, and consumer statistics³.

The Central Bank of the Republic of Uzbekistan. Macroeconomic Analysis and Forecasts. – Tashkent, latest annual report. This source provides statistical data on

¹ Vakhobov A.V. Chet el investitsiyalari va milliy iqtisodiyot rivoji. – Toshkent: Moliya, 2010. B-25

² O'zbekiston Respublikasi Davlat statistika qo'mitasi. Iqtisodiy ko'rsatkichlar to'plami.2025

³ O'zbekiston Respublikasi Davlat statistika qo'mitasi. Iqtisodiy ko'rsatkichlar to'plami.2025

macroeconomic processes, market conditions, and factors such as exchange rates. It is highly useful for identifying the relationship between the research topic and external economic factors.

In the scientific works of Professor A. Vakhobov of Tashkent State University of Economics, the role of the price mechanism and investment processes in a market economy is deeply analyzed. In his research, price is considered the main economic instrument that coordinates demand and supply. The author evaluates market equilibrium as an important factor of economic stability and scientifically substantiates the role of prices in the efficient allocation of resources⁴.

The works of the prominent researcher of Uzbekistan's economy, X. Abdurahmonov, systematically cover issues related to market relations, the labor market, and economic equilibrium. He puts forward the idea that "price is the main regulator of the economy," emphasizing the importance of price signals in the functioning of market mechanisms. In his research, the impact of population income, employment, and production volume on market equilibrium is thoroughly analyzed⁵.

McConnell C.R., Brue S.L., Flynn S.M. *Economics: Principles, Problems, and Policies*. – McGraw-Hill Education, 2021. This source explains market equilibrium, demand and supply mechanisms, government policy, and market regulation from a practical perspective. It is particularly important for understanding the relationship between economic policy and market equilibrium [6]⁶.

Mankiw N.G. *Principles of Economics*. – Cengage Learning, 2021. This textbook explains the fundamental principles of a market economy. It thoroughly covers the law of demand and supply, the formation mechanisms of market equilibrium, and the price mechanism. Since Mankiw clearly and simply explains basic microeconomic concepts, this source is highly significant in strengthening the theoretical foundations of market equilibrium⁷.

Research Methodology: In this study, both general scientific and specialized economic research methods were comprehensively applied to deeply examine market equilibrium and the factors influencing it. First, the method of theoretical analysis was used to study the essence of market equilibrium, its formation mechanisms, and its role in economic processes based on scientific literature. The relationship between demand and supply was explained through analysis and synthesis methods, and the equilibrium state was interpreted based on their interaction.

Conclusion: In conclusion, it can be stated that the concept of market equilibrium, its formation mechanisms, and the internal and external factors influencing it were comprehensively analyzed in this study. The research results confirmed that market equilibrium arises from the balance between demand and supply and plays a crucial role in ensuring economic stability. Changes in the ratio of demand and supply affect the equilibrium state through price levels, proving that price serves as the main driving force of market processes.

Overall, ensuring market equilibrium is a fundamental condition for sustainable economic development. The results of this study provide an important theoretical and practical

⁴ Vakhobov A.V. Chet el investitsiyalari va milliy iqtisodiyot rivoji. – Toshkent: Moliya, 2010. B-25

⁵ Abdurahmonov X.Q., Rasulov N.M. Mehnat bozori va bandlik nazariyasi. – Toshkent: Fan, 2012. B-62

⁶ McConnell C.R., Brue S.L., Flynn S.M. *Economics: Principles, Problems, and Policies*. – McGraw-Hill Education, 2021. C-34

⁷ Mankiw N.G. *Principles of Economics*. – Cengage Learning, 2021. C-45



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basis for improving economic policy, effectively managing market mechanisms, and making informed decisions. Future research based on deeper empirical analysis of factors affecting market equilibrium will further enrich scientific understanding in this field.



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