

## PECULIARITIES OF MANIFESTATION OF THE CRISIS IN THE KYRGYZ REPUBLIC

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**Abstract.** *The causes of economic crises in different countries in certain historical periods are very different. The issue of anti-crisis regulation is extremely important and still little developed. No less difficult is the development of a competent, effective system of measures for the anti - crisis mechanism.*

*With planned management of the economy, there was theoretically no room for crisis phenomena. However, in practice, crisis phenomena, mostly in a latent form (deficit, hidden inflation), also existed under socialism. During the reforms, these crisis phenomena took an open form. After the acquisition of independence by the Kyrgyz Republic, the government faced the question of choosing the path to reform the economy. The main milestones of movement towards the market were outlined. A set of these measures was known: price liberalization, privatization of state property, demonopolization, development of small and medium-sized businesses, structural adjustment, conversion, creation of a two-tier banking system, social support for the population, etc. All this had to be carried out against the backdrop of a deepening structural crisis. At that time, it was still possible, by taking reasonable measures, to rebuild the planned economy, put it on a market*

*footing and do without such a sharp decline in production, inflation, and a decline in living standards.*

*Crises have a complex destabilizing effect on the socio-economic system of society. One of the serious problems is the problem of economic equilibrium, determined by the entire previous evolution of economic entities operating in the conditions of the corresponding economic environment. Crises can be expressed in a decline in production, a growing gap between supply and demand, the depreciation of money, an increase in the cost of living, unemployment, and deterioration in macroeconomic indicators.*

*The modern crisis is a complex destructive influence on the socio-economic system of society as a whole. One of the worrisome problems is the economic unstable equilibrium, determined by the entire previous evolution of economic entities operating under appropriate conditions. Crises can be expressed in production, a growing gap between supply and demand, the depreciation of money, an increase in the cost of living, unemployment, and the complication of macroeconomic indices. Also, the financial crisis is primarily a disorder of the state financial system, accompanied by inflation, instability of securities rates, manifested in a sharp discrepancy between budget revenues and their expenditures, instability and depreciation of the national currency, mutual non-payments of economic entities, inconsistency of the money supply in circulation with the requirements of the law.*

**Keywords:** *reversal crisis, time of transition, turning point, a state in which the existing means of achieving goals become inadequate, resulting in unpredictable situations. Manifestations: weakening the vitality of the system, imbalance, impossibility of achieving previously set goals. In general, suddenness,*

*unexpectedness, speed and avalanche-like development of events, their unpredictability and poor controllability are the hallmarks of a crisis situation.*

Macroeconomic indices in Kyrgyzstan do not confirm the above principle about the hopeless economic situation in the country. It is not necessary to suggest that, given the unfavorable initial conditions for reform, the rapid liberalization has indeed shown enormous transition costs. The main negative factors influencing the development of the economic situation in general in Kyrgyzstan, and it still remains:

- agriculture is facing a serious efficiency crisis;
- the internal economic policy of the republic in the conditions of simultaneous presence in 2 economic blocs of the WTO and the EurAsEC with differently directed economic doctrine complicates the implementation of long-term economic planning of the republic;
- low level of labor efficiency due to the use of unproductive and obsolete equipment, as well as the lack of highly qualified specialists;
- In the world market segment, the economy of Kyrgyzstan is vulnerable, this applies to the food and raw materials markets, and we are also dependent on the economic situation in Russia, Kazakhstan, China, as they are the main trading partners of Kyrgyzstan.

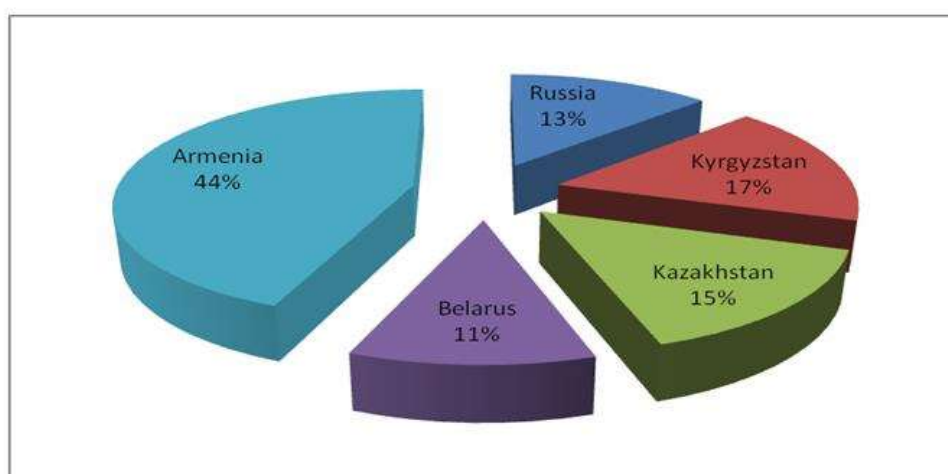
The main reasons for the manifestation of the economic crisis in Kyrgyzstan. The crisis acts as the main form of movement of the national economy. It depends on the conduct of state policy whether there will be prosperity in the country or whether a crisis will come. This article provides suggestions for overcoming the economic crisis:

- low level of economic growth;

- the level of the unemployed is growing;
- unemployment;
- the inflow of money from outside is declining, which makes our country not attractive, but it is foreign investors who do not want to open their business, as the unstable political situation in the country and the imperfection of legislation;
- lack of specialists in any industry.

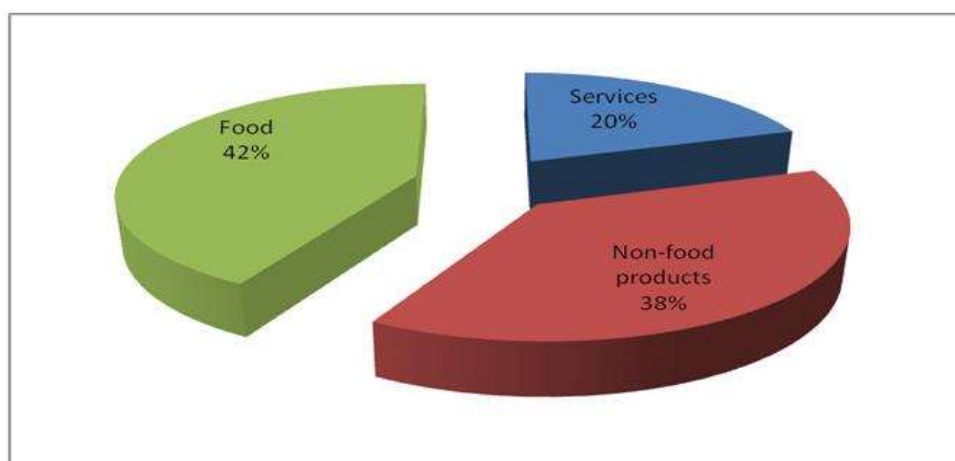
The unemployment rate in Kyrgyzstan for 2021, calculated based on the number of people registered with employment services, was 3%.

In accordance with the methodology of the International Labor Organization, the unemployment rate in the EAEU was estimated at 5% of the labor force (Q2 2021), including in Armenia -15% (Q2 2021), Belarus - 3.7% (Q3 2021), Kazakhstan -4.9% (III quarter of 2021), (III quarter of 2021), (III quarter of 2021), in K (III quarter of 2021), in Kyrgyzstan - 5.8% (2020 ), Russia -4.4% (Q3 2021) (official website of the Statistical Committee of the Kyrgyz Republic [www.stat.kg](http://www.stat.kg)).



**Diagram 1. Unemployment rate in the EAEU**

According to the EAEU, food prices rise the most in Kyrgyzstan. So in November 2021, by December last year, inflation in Kyrgyzstan amounted to 9.7%. This indicator is the highest among the EAEU countries. Since the beginning of the year, food inflation has reached 11%, non-food products have risen in price by 10%, services have grown by 5.1%.



**Diagram 2. Inflation in Kyrgyzstan**

So in 2020, such an epidemic as the Covid-19 pandemic swept the whole world. Kyrgyzstan was no exception, inflation is a high inflation rate, so food prices are rising the most. At the same time, real incomes of the population decreased by 5.1%; these data are provided by the National Statistical Committee. Due to the pandemic, the poverty rate in Kyrgyzstan has jumped from 20% to 25.3% and 8% of the population remains below the poverty line.

According to the UN World Food Program ([www.worldbank.org](http://www.worldbank.org)) and the National Statistical Committee showed that the crises caused by the coronavirus pandemic affected the nutrition of the Kyrgyz people. The decline in income has affected the variety of foods consumed. The population began to consume less nutritious foods, such as: fruits, vegetables, and more and more high-calorie foods,

bread, sugar, butter, which, in the future, will affect health, and therefore the death rate will increase.

An important role is played by the receipt of funds from migrant women who work outside our country. According to the United Nations, Kyrgyzstan ranks second in the world in terms of remittances. So in 2015, the reduction in volumes in dollar terms amounted to 37%, from January to April 2021, receipts from our migrants decreased by 27% (National Bank of the Kyrgyz Republic nbkr.kg).

The main remittances of our migrants play a major role in balancing the macroeconomic balance of our country, namely, maintaining our national currency, the som, and the reserves of the National Bank. From the foregoing, we can conclude that 60% of these are remittances from migrants will be the revenue side of the republican budget. Since over 600 thousand people work outside our country. According to official sources, each labor migrant transfers about \$1.5 billion to their homeland, and, according to unofficial data, around \$3 billion.

***Way out of the economic situation?*** The Government of the Kyrgyz Republic is planning to reanimate the Kara-Balta Carpet Factory, which was famous for its products during the Soviet period, in the near future. It is planned to update the old equipment with new modern devices that will increase the production of high-quality carpet products that will meet all the requirements that will occupy their niche in the market segment in the future.

It is also planned to build industrial-industrial and machine-tractor parks, a cotton-textile cluster and a factory in the near future. And, also on the site of the old cement plant, which, located in the Keminsky district, will be restarted, namely, to upgrade all the old equipment to a new one, which will enable residents of this area to work and not think about leaving the country to earn money. Thanks to such a program, competent specialists will be attracted.

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