



The Essence of Pricing, Concept, Role, Functions and Types of Prices in Uzbekistan

Ganieva F. S., Turaeva M. Kh.

Uzbekistan, Samarkand State University of Architecture and Civil Engineering

Abstract: The market is dominated by price: everything grows from price, everything is subordinate to price, everything comes down to price. The basis for determining the cost of construction is the current estimate standards.

Key words: price, construction, role of price, pricing, price functions.

In the Republic of Uzbekistan, the State Committee for Architecture and Construction which is an authorized state body implementing state policy in the field of urban planning and urban planning activities, has established a procedure for determining the cost of construction of objects in contractual current prices based on SNK standards.

The cost of constructing an object in current contract prices is the amount of money determined on the basis of:

- calculating the cost of all costs required during construction;
- the cost of analogue facilities or unit costs per unit of power required for its implementation in accordance with the project

The basis for determining the cost of construction is the current estimate standards developed on the basis of the Fourth Part of the Urban Planning Norms and Rules (SNK) “Estimate Norms and Rules”, as well as selling, limit and one-time prices for equipment, furniture and inventory.

The cost of construction in accordance with the structure of capital investments is divided into the following types of work and costs:

- general construction and special construction work;
- equipment installation work (installation work);
- costs of equipment, furniture and inventory;
- other production costs (temporary buildings and structures, winter increases in prices, shift work, etc.);
- other costs of the contractor and the customer.

Pricing is one of the central problems of a market economy. The market is dominated by price: everything grows from price, everything is subordinate to price, everything comes down to price.

It is known that the production of goods requires material and labor costs, that is, production costs. Their value guides manufacturers to an acceptable range of price fluctuations for the offered product. But knowing the size of the costs incurred, the manufacturer can only guess what the real market price of his product will be. Manufacturers cannot set prices arbitrarily. Whatever the initial price, its

further movement is subject to the law of value (the cost must reflect the average socially necessary costs for the production of goods)

Constant change, mutual influence and struggle of many prices under the influence of an even greater number of factors - this endless process is the life of a market economy. The mystery of the transition of "individual production costs" into "social market price" constitutes the central problem of the market organization of social production. In terms of its economic content, price is the monetary expression of the value of a product, that is, the socially necessary costs for the production and sale of a product. The basis of price and its deviation from value is the law of value. General formula for pricing:

$$\text{Price} = \text{Production costs} + \text{Profit} = C_s + N_{pr} \times F_u,$$

where C_s is the industry average cost of production (units);

N_{pr} – rate of return (%);

F_u - specific capital intensity of products (units).

It follows from the formula that the price must cover the costs of producing the product - costs - and bring profit to the manufacturer, seller of the product, that is, socially normal profitability.

In a market economy, the calculation of the costs of production and sale of a product is opposed by a competitive market price, which reflects the relationship between supply and demand. This price corresponds to the marginal utility of consumer goods. The equilibrium point is constantly moving depending on supply and demand, i.e. the needs of society are met with the necessary regularity.

The role of price is as follows: with the help of prices, socially necessary costs are planned and controlled, costs and results are compared, the economic profitability of manufacturing and using various, not directly comparable types of products is compared, and the results of production and economic activities of enterprises are assessed.

Price features:

- quantitative expression of the cost of production;
- planning and accounting: gross and marketable output, sales volume, investment volume, production efficiency, labor productivity, cost, profit and profitability are measured);
- economic stimulation in the process of economic management (this sometimes requires price deviations from costs to stimulate or limit the production and consumption of certain types of products or industries, improve product quality);
- distribution and redistribution of national income and its components;
- a tool for self-supporting activities of firms, enterprises, organizations

Price features:

1. measuring

thanks to the price, it is possible to measure, determine the amount of money that the buyer must pay, and the seller must receive for the goods sold. Knowing the prices of various goods, services and the quantity of goods sold and purchased, it is possible to determine the amount of monetary payment for goods and services. Knowing the price of labor, labor, you can determine the size of wages in an enterprise, industry, etc.

2. accounting

With the help of prices, the diverse and diverse world of goods is translated from natural material form into monetary value. Price in this capacity acts as a monetary expression of socially recognized labor costs and its usefulness. With the help of price in its accounting function, all cost indicators at the macro and micro levels are calculated: gross domestic product, national income, volume of retail trade turnover, volume of manufactured and sold products of individual industries, enterprises, etc.

3. regulating

price acts as a tool for regulating economic processes: it balances supply and demand, linking them with the monetary payment ability of the producer and consumer.

4. stimulating

is that its level serves as an incentive to use the most economical production methods and the fullest use of resources. With the help of retail prices, product consumption is stimulated.

5. redistributive

through prices, the distribution and redistribution of income is carried out. In other words, the distribution, or more correctly, the redistribution function of prices means that with the help of prices, newly created value is redistributed between industries, sectors of the national economy, regions of the country, social groups, and thereby regulates the income of industries, enterprises, and the population.

Pricing Methods

1. Calculation of prices using the “Average costs plus profit” method is the simplest method of pricing: $C = \text{costs (cost)} + \text{standard markup}$. This method is very popular for a number of reasons: a) the seller knows more about costs than about demand and therefore it is easy for him to calculate the price; b) if all firms in the industry use this method, then prices will be similar and therefore price competition is minimized; c) the method is more fair to both buyers and sellers: with high demand, sellers do not make money at the expense of buyers and at the same time have the opportunity to receive a fair rate of return on invested capital.

2. Price calculation based on break-even analysis and obtaining target profit - based on obtaining target profit based on analysis of the break-even chart. It is necessary to consider various price options, their impact on the sales volume required to overcome the break-even level (breaking point) and achieve the target profit. $\text{Breaking point} = \text{fixed costs} /$

3. Pricing based on the perceived value of the product - the main factor here is not production costs, but consumer perception. To form an idea of the value of a product in the minds of consumers, firms use non-price influence techniques in their marketing mixes. For example, the same product may have different prices in different purchasing conditions: a cup of coffee with a slice of apple pie costs \$1.25 in a drugstore-snack, \$1.5 in a family restaurant, \$1.75 in a private cafe dollars, when served in a hotel room - 3 dollars, in a chic restaurant - 4 dollars. That is, the very atmosphere of the purchase gives the product additional value.

4. Setting prices based on current price levels - the company is based on the prices of competitors and does not pay attention to its own costs or demand. The most popular method.

5. Setting prices based on closed bidding - used in the case of competition for contracts during bidding. The firm is guided by the expected price offers of competitors, and not by the interaction between price and customers, its own costs or demand. The company wants to win the contract, and to do this it needs to ask for a price lower than others. However, the price cannot be lower than cost, otherwise the company will incur losses.

Literature:

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