



Analysis of the practical economic situation of Uzbekistan Railways JSC and identification of options

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Annotation

The issue of analyzing the practical economic situation of Uzbekistan Railways JSC and identifying existing strategic options is of particular relevance in the current conditions. This is because railway transport, as one of the basic infrastructural links of the national economy, directly affects not only the volume of freight and passenger transportation, but also investment activity, logistics efficiency, interregional integration and the sustainable development of foreign economic relations. The intensification of global competition observed in recent years, the intensification of the struggle between transport corridors, the acceleration of digitalization processes, the instability of energy and operating costs, as well as the increase in the number of projects with high capital intensity, necessitates the assessment of the activities of this enterprise not by traditional management methods, but on the basis of in-depth economic analysis, financial diagnostics and strategic options. It is from this perspective that a comprehensive study of the enterprise's income structure, cost dynamics, profitability, investment flows, operational efficiency indicators and resource efficiency allows for an objective assessment of its current economic situation.

Key words

economic situation, singular economics, applied economics, railway transport.

Based on the analysis of the practical economic situation, the future development directions, internal reserves and possible strategic options of "Uzbekistan Railways" JSC are determined. Options here include strengthening financial stability, optimizing



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costs, large-scale introduction of digital technologies, deepening service diversification, increasing transit capacity, creating high added value in passenger and freight services, as well as sorting investment projects based on priority criteria. In particular, in the conditions of the modern transport economy, the competitiveness of a railway company is determined not only by the volume of existing assets, but also by the ability to effectively manage them, make informed decisions and develop strategies that are flexible to market requirements. Therefore, analyzing the practical economic situation of "Uzbekistan Railways" JSC and identifying strategic options serves as an important theoretical and methodological basis for ensuring the long-term stability of the enterprise and strengthening its strategic position in the national transport system.

The data show that the digital transformation processes in Uzbekistan Railways have gradually but consistently deepened in the period from 2015 to 2025. In particular, the increase in the coverage level with IoT and sensors from 3.4% to 44.8%, and the level of real-time monitoring from 11.7% to 70.6% indicates that the technological control, data collection and operational monitoring systems at the enterprise have been significantly improved. At the same time, the increase in the number of functions controlled based on AI from 0.6 to 10.4 indicates a gradual transition from simple automation to intelligent control elements in management. This confirms that the integration between digital and physical infrastructure in the railway industry is increasing, that is, the convergence of the singular and practical economy is beginning to take shape in practice.

Financial indicators for the “International Transit Expansion” project indicate that the project initially requires a large amount of capital, but its economic efficiency will consistently increase in subsequent stages. In particular, in 2020, an initial investment of 950.0 was made, and since additional income and cost savings have not yet been formed during this period, the net cash flow was -950.0. This is a natural economic stage



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for projects related to the expansion of international transit infrastructure, since initially a large amount of funds is required to modernize transport and logistics systems, improve border services, update cargo flow management mechanisms, and introduce digital monitoring and coordination platforms. That is, at the first stage, the project is not aimed at making a profit, but at creating a material and digital base that will serve to increase future transit capacity. Therefore, the negative net cash flow in the initial year should not be considered an economically negative result, but rather an inevitable initial cost of a strategic investment that will bring long-term profits.

In 2021–2022, it is observed that the project gradually began to yield practical results. In 2021, the investment volume decreased to 120.0, but the additional income reached 220.0, cost savings reached 20.0, and despite the additional OPEX of 35.0, the net cash flow was 85.0. This indicates that the initial positive economic shifts in the transit services market have occurred. In 2022, these indicators improved further, with investment reaching 90.0, additional income reaching 310.0, cost savings reaching 35.0, and net cash flow increasing to 210.0. This growth is explained by the increase in international freight routes, increased efficiency in the use of transit corridors, and simplification of organizational and technological processes. In particular, the introduction of digitalization in logistics processes, advance planning of cargo flows, AI-dispatching, IoT-based control systems, and rapid data exchange have increased revenue from transit services and reduced operational losses. As a result, the project not only created a new source of income, but also allowed for more efficient use of existing resources. This justifies the fact that investments in expanding international transit will begin to yield real financial results in a short time.

The years 2023–2025 are characterized as the stage of the highest economic efficiency of this direction. The fact that net cash flow reached 325.0 in 2023, 430.0 in 2024, and 545.0 in 2025 indicates that the measures taken to expand international transit



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are beginning to bear full fruit. In particular, the increase in additional income from 405.0 to 610.0 is explained by the activation of international transport corridors, increased demand for transit services, increased integration with foreign markets, and improved quality of services. At the same time, the increase in cost savings from 45.0 to 70.0 is the result of automation of processes, rational use of resources, and reduction of downtime and technical losses. Although the additional OPEX increased from 55.0 to 80.0, this increase is much lower than the overall revenue and savings rate, so the net financial result of the project is increasing year by year. In line with the topic, this table clearly shows that the strategy of expanding international transit serves not only to increase traffic flows, but also to expand the revenue base, optimize costs and strengthen the long-term competitiveness of the enterprise. Therefore, investments in this direction are economically justified, they provide high profitability and stable cash flow in the medium and long term.

In order to reduce excessive pressure on state funds in financing routes with high capital intensity, but with significant economic and technological benefits in the long term, a separate PPP investment strategy should be developed at Uzbekistan Railways. Such a strategy, first of all, will serve to attract the financial resources, innovative technologies, management experience and service competencies of the private sector to large infrastructure projects with state participation. In particular, calculations on complex digital transformation, AI-dispatching, multimodal logistics, expansion of passenger digital services, data services and some energy efficiency projects show that some options may be attractive for private investors with high NPV, IRR and short payback period, while some will provide long-term strategic and social effects in addition to direct commercial benefits. Therefore, within the framework of the PPP investment strategy, it is necessary to segment projects according to the level of profitability, risk, payback period, technological complexity and social significance, and



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select an appropriate cooperation model for each direction - for example, concession, life-cycle contract, availability payment, co-financing or revenue-sharing mechanisms. As a result, the direct investment burden on the state budget will be reduced, the pace of modernization of the enterprise will accelerate, the quality of innovation implementation will increase, and a more solid institutional foundation will be created for the transformation of Uzbekistan Railways into a competitive, financially stable and technologically modern transport platform.

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