



e-ISSN:2582 - 7219



INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH IN SCIENCE, ENGINEERING AND TECHNOLOGY

Volume 5, Issue 2, February 2022



INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA

Impact Factor: 5.928



9710 583 466



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Basic Principles of Financial Stability of the Republican and Local Budgets

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ANNOTATION: The article discusses the current issues of ensuring the financial stability of budgets at all levels, focusing on the regulatory framework adopted by our government in recent years to ensure the financial stability of national and local budgets. and suggestions for their improvement.

KEYWORDS: Republican budget, local budgets, budget revenues, revenue base, integrated regional development, sustainable financing, budget balance, budget system budget revenue forecasting, functions and responsibilities of the state, territorial administration, regional infrastructure development, large tax revenues.

The state will have to incur certain expenses to carry out its functions and responsibilities, and will raise funds through taxes and levies. Because taxes are one of the main tools for managing the economy, experts are constantly speculating about the share of taxes in GDP.

In the context of changing socio-economic situation in different regions of the country and the modernization of the economy, the most important component of public finance reform is the effective organization of local budgets and further enhancing the financial stability of local budgets. At present, the issues of reforming and optimizing the system of local budget management are an important task in improving the budget legislation.

The complex development of a region, its economic potential, its ability to attract foreign investment and innovative technologies, largely depends on the level of development of the region. The issues of comprehensive and balanced socio-economic development of regions, districts and cities, effective and optimal use of their existing potential are reflected in the program "Strategy for further development of the Republic of Uzbekistan". It should be noted that the role of local budgets in the integrated development of regions is high, the implementation of many regional projects, the level of timely quality social services depends on the independence of local budgets and income stability.

The local budget system is the financial support of the state, which implements a wide range of social activities throughout the country. Through local budgets, regional revenues are redistributed across sectors, regions, and social strata. The rational organization of this distribution and its effective operation depend on the observance of strict budgetary discipline.

Local budgets play an important role in the implementation of economic and social tasks at the national level, primarily in the allocation of public funds and the development of social infrastructure. They are the main source of funding for local governments and play a key role in the implementation of state socio-economic policies on the ground.

The following views of the President of the Republic of Uzbekistan Sh. Mirziyoyev on ensuring the financial stability of local budgets in his Address to the OliyMajlis are important:

"Starting this year, an additional 5.5 trillion sums have been left in the regions due to the over-fulfillment of taxes," he said.

The system of local budgets allows to meet local needs more fully and in close connection with the implementation of measures taken by the state in a centralized manner. Further improvement of the relationship between the republican and local budgets is, of course, the economic development of the regions, the elimination of economic disparities between them as much as possible. In addition, although much has been done to find new sources of revenue for local budgets, introduce a progressive system of tax collection, and improve the existing tax revenue base, the true nature of



this work has not yet been fully explored. Therefore, it is necessary to study and analyze the issues of effective formation of local budgets. The above issues determine the relevance of the article.

The main component of the financial system of territorial public administration is the local budget. In addition to being a key sector of the country's financial system, local budgets also provide financial resources for local authorities to carry out their economic, social and political functions. While the main financial basis for the activities of territorial administrations is local budgets, the effective implementation of the tasks assigned to them depends on their financial resources. Socio-economic development of the regions is financed through local budgets. Therefore, the coordination of local budget revenues and expenditures plays an important role in the development of the republic and its regions. The local budget is an integral part of the economic category of the state budget and, in economic terms, is the centralized monetary fund of the state necessary for the performance of the functions and functions of territorial administrations. Legally, the local budget is a statutory form of creating and spending a fund of funds to finance the tasks and functions of local governments. The budget takes the form of a legal act, which is adopted by the competent authority and therefore has the force of law.

In accordance with the legislation of the Republic of Uzbekistan "Local budget - a part of the state budget, which forms the relevant regional, district, city funds, in which the sources of income and the amount of revenues from them, as well as allocated for specific purposes during the fiscal year directions and amount of funds will be provided". The local budget is the main financial plan of the regions and covers all areas and sectors of economic and social development of the region. The local budget is developed and approved annually and is executed during the relevant fiscal year. "Local budgets as the main part of the state budget of the Republic of Uzbekistan combine the budgets of the Republic of Karakalpakstan, the city of Tashkent and the regions of 12 regions" (Figure 1).

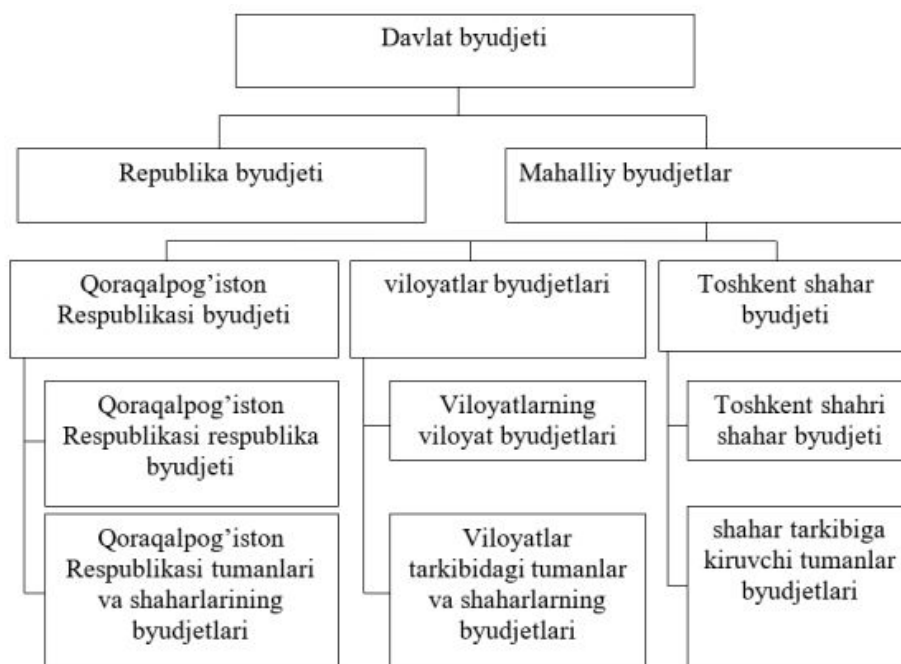


Figure 1. The structure of the state budget of the Republic of Uzbekistan

The budget of the Republic of Karakalpakstan, in turn, includes the republican budget of the Republic of Karakalpakstan and the budgets of districts and cities of the republic. The budget of the provinces includes the budget of the province, the budgets of the districts and cities subordinate to the province. The city budget, which is divided into districts, includes the city budget and the budgets of the districts that make up the city. The budget of a district with cities under its jurisdiction includes the district budget and the budgets of the cities under the jurisdiction of the district.



The most important role of the local budget in the development of regional economies is to financially support the real sector of the regional economy, financial recovery and revitalization of enterprises of strategic importance and leading sectors of the economy, development of regional infrastructure, work and services. such as stimulating areas.

In order to better understand the socio-economic significance of local budgets, it is worth considering the areas in which it is funded. According to the current budget legislation, the following areas are funded by the local budget.

The distribution and delivery of GDP in the country is carried out mainly through the budget system. The main expenditures on public education, health care, social security, housing and communal services will be covered by local budgets.

The implementation of social protection policy by the state requires a large amount of material and financial resources, and these important tasks are entrusted to local authorities.⁵ Funding for social protection measures is also carried out mainly from local budgets.

The current stage of development of the budget system in our country requires the effective management of highly responsible tasks based on the common interests of the state budget and social policy, it is important to distinguish two aspects of this task. The first is the positive implementation of state social policy on the ground or the prevention of aggravation of regional economic problems, and the second is the need to improve their capacity accordingly in the context of expanding the rights and obligations of local budgets. The interdependence of these two aspects will allow us to positively address the most important issue of socio-economic development of the country today.

The Republic of Uzbekistan has formed a legal framework for the formation and regulation of local budgets, which are being improved as an important segment of public finance.

The manifestation of the peculiarities of local budgets, their territorial distribution and redistribution of national income and their use as a mechanism for regulating these processes will be possible only in the process of human activity. This is reflected in the budget mechanism. The budget mechanism is a set of supports and tools for the implementation of state budget policy, organized by the state and serves to direct budget relations to the implementation of socio-economic tasks facing the state.

The legal basis for the formation and use of local budgets in the Republic of Uzbekistan is the Constitution of the Republic of Uzbekistan, the Budget Code of the Republic of Uzbekistan, the Tax Code of the Republic of Uzbekistan, the Customs Code, the Cabinet of Ministers of the Republic of Uzbekistan, "On local government" and other laws, regulations and various legal acts.



Figure 2. Bodies involved in the formation of local budgets



The next step in improving the budget system in the Republic of Uzbekistan was the adoption of the "Budget Code" on December 26, 2013, which is the main normative document regulating the formation and regulation of local budgets. According to this code, the main subjects regulating the activities of local budgets are as follows (Figure 3).

In reducing the share of budget subsidies and subventions in the budgets of all levels, we can see in the indicators of their financial security that the level of economic development of the regions of the country varies. Accordingly, the tax base of income and the total amount of expenditure also vary across regions. At the same time, each administrative region of the country, which has the right to form its own budget, regardless of the size of the income base, must provide the population living in that area with certain socio-cultural services guaranteed by the state.

It is important to emphasize the importance of the local financial system and the stability of local budgets and the proper organization of budget policy in the socio-economic development of the country. At a time when radical reforms are deepening in our country, it is time to make profound changes in the financial and budgetary spheres, as well as in all spheres of our social life.

At a time when market relations are developing in the economy, the need for the state to have centralized financial resources to perform its permanent functions is growing. The formation of centralized monetary funds is especially important in a situation where Uzbekistan has set itself the task of building a democratic civil society and joining the ranks of developed market economies. Local government is an important part of a democratic state structure. They must have certain property and financial rights to perform their duties. Local authorities, governors, and councils of people's deputies carry out financial activities in the regions within their competence.

In our opinion, the Republican and local budgets play an important role in the financial regulation of the national economy, the planning of budget revenues and the effective organization of the process of budget financing.

The share of large tax revenues in the budgets of all levels is determined by the upper budget. It will not be possible to allocate revenues to the local budget in the coming years. Because that number can change over time. For example, if the number of manufacturing enterprises and production in the district increases and the share of taxes paid by them increases, the deductible tax base will be reduced next year. In this case, the district will not be able to grow economically. We are confident that our proposals and recommendations will serve to improve the functioning of budgets at all levels in Uzbekistan and ensure their financial stability.

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INNO SPACE
SJIF Scientific Journal Impact Factor
Impact Factor:
5.928

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