



IMPROVING THE TRANSPARENCY OF THE STATE BUDGET IN UZBEKISTAN

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ABSTRACT: *In the context of Uzbekistan's transition to a market economy, the task of paramount importance is the optimal combination of macroeconomic planning with environmental policy and its integration with policy in the social and other spheres, and the transparency of the republic's budget is mandatory. As well as the phased development of small business and private entrepreneurship in the formation of GDP, practically, approached the average European level.*

Keywords: *economy, budget, development, transparency, reform.*

“The Uzbek model” of economic development and reform includes five principles defined by the First President of the Republic of Uzbekistan, Islam Karimov, which provides ways to increase budget transparency in Uzbekistan:

1. The state is the main reformer. It must determine the main priorities, directions and stages of reforms work out state development programs and consistently implement them;
2. Economy takes precedence over politics. Economic reforms must not conform to any ideology and must be free of any dogmas, postulates and outdated stereotypes;
3. The rule of law in all spheres of society. All without exception must observe the Constitution and laws adopted by the democratically adopted Constitution and laws;
4. The implementation of a strong social policy. Effective measures must be taken at the same time as the introduction of Simultaneously with the introduction of market relations it is necessary to take effective measures for the provision of reliable social protection of the population, especially Low-income families, families with many children, and people of pensionable age;
5. The transition to market relations carried out in an evolutionary way, taking into account objective economic laws, consistently, deliberately, from stage to stage.

At present, the main results of Uzbekistan's economic reforms are as follows:

1. Macroeconomic stability and balance between the domestic and external sectors of the economy has been ensured:
 - Moderately tight monetary policy that ensured inflation not exceeding 7-8 percent;

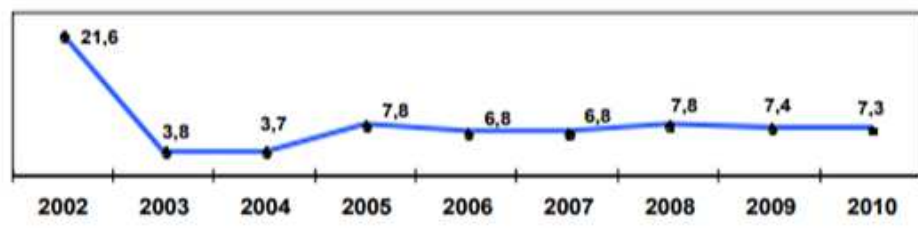


Fig.1 Inflation rate (in % to December of the previous year)

- A balanced state budget – since 2005, it has been executed with a surplus. surplus;
- A balanced foreign trade – a stable surplus and the growth over the last 5 years of international reserves by more than 6 time.

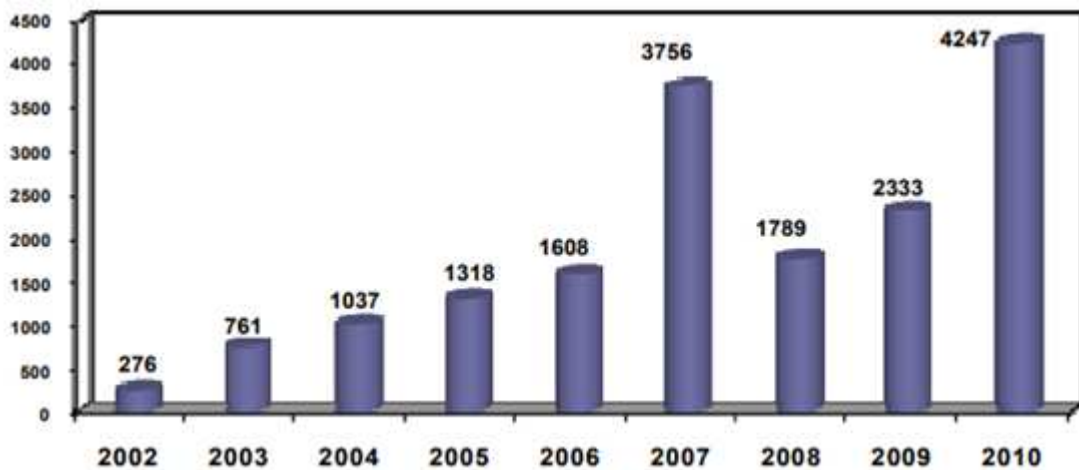


Fig.2 Balance of foreign trade turnover (million dollars)

2. Sustained high rates of economic growth ensured (7-9% per annum on average), mainly due to domestic factors:
 - During the period of independent development, GDP in terms of purchasing power parity GDP rose by 3.5 times in purchasing power parity during the period of independent development;
 - Manufacturing output grew by a factor of three over the period 1990-2010. Output grew by a factor of 3 between 1990 and 2010;

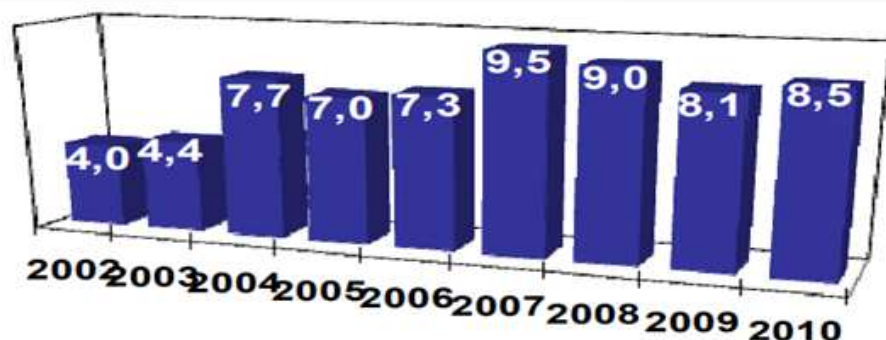


Fig.3 GDP growth rate (statistics up to 2010)



- the growth of agricultural production in 1990-2010 was 1.8 times;
 - high investment growth rates (at the level of 25% of GDP) mainly from internal sources;
 - Stable growth of cash income (at the level of 22-24% per year) and domestic demand for goods and services.
3. Implementation of large-scale structural reforms and diversification of economic sectors:
- Structural transformations of the economy ensured an increase in the share of industry from 14.2% in 2000 to 24% in 2010;
 - stimulating the active development of small business with an increase in its share in GDP to 52.5%;
 - the result of the implementation of projects for the development of transport and communications infrastructure is an increase in their share in GDP from 7.7% in 2000 to 12.4% in 2010;
 - Qualitative changes in the structure of the economy provided by the growth of services in the structure of GDP from 37% in 2000 to 49% in 2010.

Thus, the program on the priorities for the development of industry of the Republic of Uzbekistan in 2017-2022y. provides for:

- Implementation of 519 large investment projects in industry, totaling \$ 47.3 billion;
- Advance implementation of projects for the production of industrial products with high added value based on in-depth processing of domestic raw materials and natural resources;
- Growth in industrial production in 2017-2021 y. at the level of 109-112%;
- Increase in the share of industry in GDP from 24% in 2017 year up to 28% in 2021 year;
- Increase in the share of non-primary industries in the industrial structure from 41% in 2017 year to 49% in 2021 year;
- Increase in the share of product exports in total production from 42.3% in 2017 up to 63.2% in 2021.

The program for accelerating the development of infrastructure, transport and communication construction provides for:

- Implementation of 85 projects with a total value of 8.5 billion dollars;



- Construction and reconstruction of road transport infrastructure – 2,306 km of highways, including 1,410 km of sections within the Uzbek National Highway, as well as the development of roadside infrastructure;
- Modernization of railway transport, rehabilitation and construction of sections with a total length of 1,030 km;
- Development of air traffic – acquisition of 10 Boeing and Airbus aircraft, completion of reconstruction of 11 airports;
- Rehabilitation and construction of public utilities networks – 3,800 km of water supply and 175 km of sewerage networks.

In recent years, despite the global financial and economic crisis, Uzbekistan has achieved one of the world's highest economic growth rates. Small business and private entrepreneurship, their contribution to the formation of GDP, practically approached the average European level.

Over the years of independence, more than 5,000 new investment projects implemented, including the construction and commissioning of: new automobile plants; Bukhara Oil Refinery; Shurtan Gas Chemical Complex; Kungrad Soda Plant and others. In addition, in recent years, government spending on the social sphere and social protection has increased more than 5 times. Every year, more than 50 percent of the state budget of the country directed to the social sphere and social support of the population.

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