

# DIRECTIONS FOR FORMATION OF LOCAL BUDGETS

Shoydaliyev Umid Eshquvat o'g'li

Termiz State University, "Finance and Financial Technologies"

Teacher of the Department (Freelance Researcher)

## Abstract:

The current state of reforming the budget system and rational and effective use of state budget funds in the Republic of Uzbekistan makes it difficult for economists to find solutions to a number of new problems.

In fact, at the current stage of the development of the budget system in the Republic of Uzbekistan, the current public finance system does not meet modern requirements and does not allow for an objective and reliable assessment of budget expenditures related to the ongoing budget policy, state programs adopted in the medium term, and the introduction of internationally recognized methods of budget planning. Problems such as slowness are evident today.

## Introduction

In the medium-term development strategy of Uzbekistan, important tasks such as increasing the revenue base of local budgets, reforming expenditure systems, ensuring their financial independence, and creating a competitive environment between regions are defined.

While thinking about the development of the regions, the President of the Republic of Uzbekistan Sh.M. Mirziyoyev says: "Local budgets are not enough to finance the sustainable socio-economic development of the regions." The reforms implemented in the financial-budgetary system of our country feel the need to further increase the capabilities of local budgets in the context of the aggravation of regional economic problems.

Based on this, it is important to have sufficient financial resources to cover the needs of the regions, to use them rationally and effectively, to implement measures to ensure their stability, and to take a systematic approach to the issue through the wide application of scientifically based proposals and recommendations.

Local authorities and local self-government in the issues of all-round and sustainable development of the territories under their jurisdiction in the conditions of the market economy, ensuring consistent development of industry, development of small business and entrepreneurship, effective use of local natural resources, protection of the environment and organization of the local labor market the role of the bodies is particularly important.

The importance of budget policy in the conditions of market relations, the role of local budgets in budget processes, the activities of local government bodies, issues of finance and budget policy are urgent issues of regional economic development and local budgets for solving problems.



Today, in the conditions of a new stage of economic and social development in our Republic, it is appropriate to emphasize the importance of local budgets in fulfilling the important task of ensuring the economic development of local regions.

The fundamental reforms implemented at this new stage of development require the perfect formation of the budget device based on the market mechanisms of the management of the public finance system. It is in this sense that the reforms in the budget system are carried out step by step in accordance with the main concept of economic reforms.

Budget system - budgets of all levels, budgets of state special purpose funds and extra-budgetary funds of budget organizations, principles of budget system budgeting and organization, represents the sum of mutual relations between them during the budget process. According to the Constitution of the Republic of Uzbekistan and the Budget Code of the Republic of Uzbekistan, the budget structure of the Republic of Uzbekistan consists of the following levels:

- republican budget of the Republic of Uzbekistan;
- budget of the Republic of Karakalpakstan, local budgets of regions and Tashkent city.

Local budgets are an important and main part of the State budget of the Republic of Uzbekistan. Social and economic development of regions is provided with financial resources through local budgets. Local budgets as an integral part of the budget system of the Republic of Uzbekistan include 14 independent budgets.

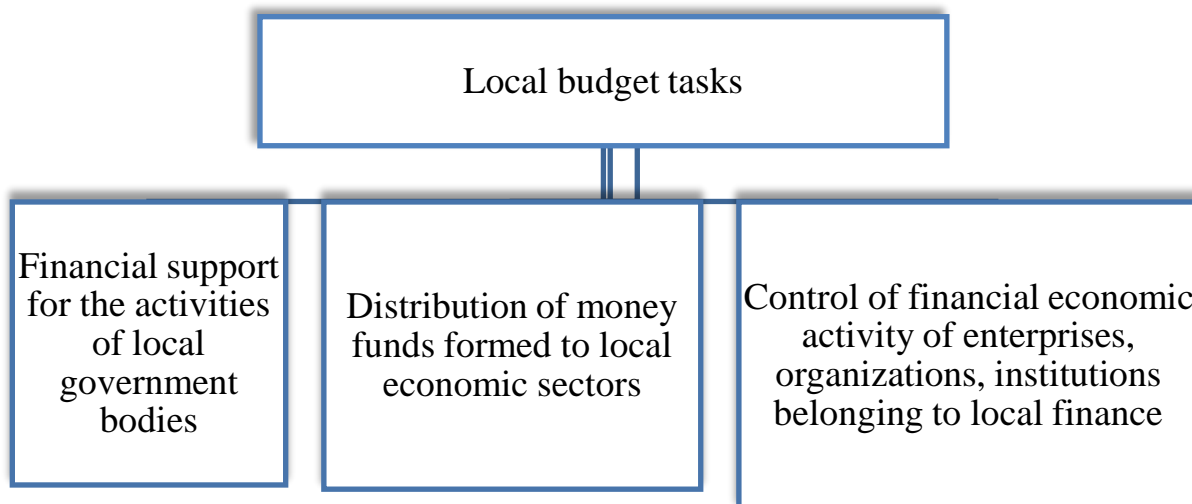
The local budget is a part of the regional, district, city money production fund, which focuses on the sources of income and the amount of income from them, the acquisition of specific items to achieve specific goals during the fiscal year.

Local budgets are an important component of the state budget of the Republic of Uzbekistan and are a financial source for the activities of local government bodies. Expenditure of local budgets is understood as provision of financial resources to areas defined by legislation from the income of local areas. Also, the local budget as the main financial plan fully covers all areas and directions of the economic and social development of the respective area.

Together with the above, local budgets are important in the implementation of national economic and social tasks, primarily in the distribution of state funds and the development of social infrastructure. The distribution of the GDP created in the country and delivery to the population is carried out mainly through the budget system. In this case, the main expenses related to public education, health care, social security, housing and communal services are carried out at the expense of local budgets.

Local budgets are important in the implementation of national economic and social tasks, primarily in the distribution of state funds and the development of social infrastructure. Its functions are presented in Figure 1.





**Figure 1. Tasks of local budgets**

The implementation of social protection policies by the state requires a large amount of material and financial resources, and these important tasks are assigned to local authorities. Financing of measures related to social protection of the population is also carried out mainly at the expense of local budgets.

It is worth saying that the distribution and delivery of produced material goods to the population is mainly carried out through budget expenditures. It is known that the main part of consumer funds is formed through budgets. In this case, the main expenses related to public education, health care, social security, housing and communal services are carried out at the expense of local budgets.

Implementation of social protection policies by the state requires a large amount of material and financial resources, and the main part of these important tasks is assigned to local authorities. Financing of measures related to social protection of the population is carried out mainly from local budgets. The basis of the distribution of state funds between the budget units is the independence of regional budgets, their financial support by the state, and the principles of their income formation at the expense of regional sources.

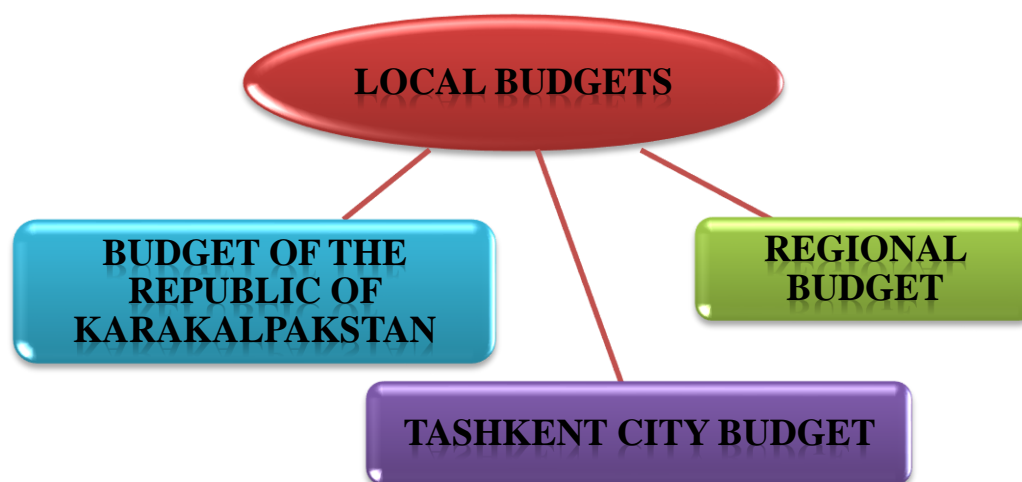
Local budgets are managed as a component of the budget system of the Republic of Uzbekistan based on the following principles:

- unification of the legal base;
- construction of monetary system, budget classification system, budget settlement system, budget process unit;
- compatibility of budget construction with administrative-territorial division;
- interdependence of the budgets that make up the state budget;
- equality of state revenues and expenses (taking into account possible budget deficits);
- planning specific sources and directions of state revenues and expenses;
- implementation of state budget expenditures according to the law of the budget system;
- separation of capital and current costs;
- independence of budgets;
- correctness;



- control over the correct execution of budget reports.

In order to fulfill the tasks set for the state, it is necessary to make expenses. First of all, these expenses will consist of expenses intended for investment in various industries and sectors for the development of the country's economy, planned for raising the level of the population's well-being, aimed at solving social and economic tasks, and aimed at specific goals such as state management and defense. The following local budgets exist in the Republic of Uzbekistan. (See Figure 2).



**Picture 2. Structure of local budgets**

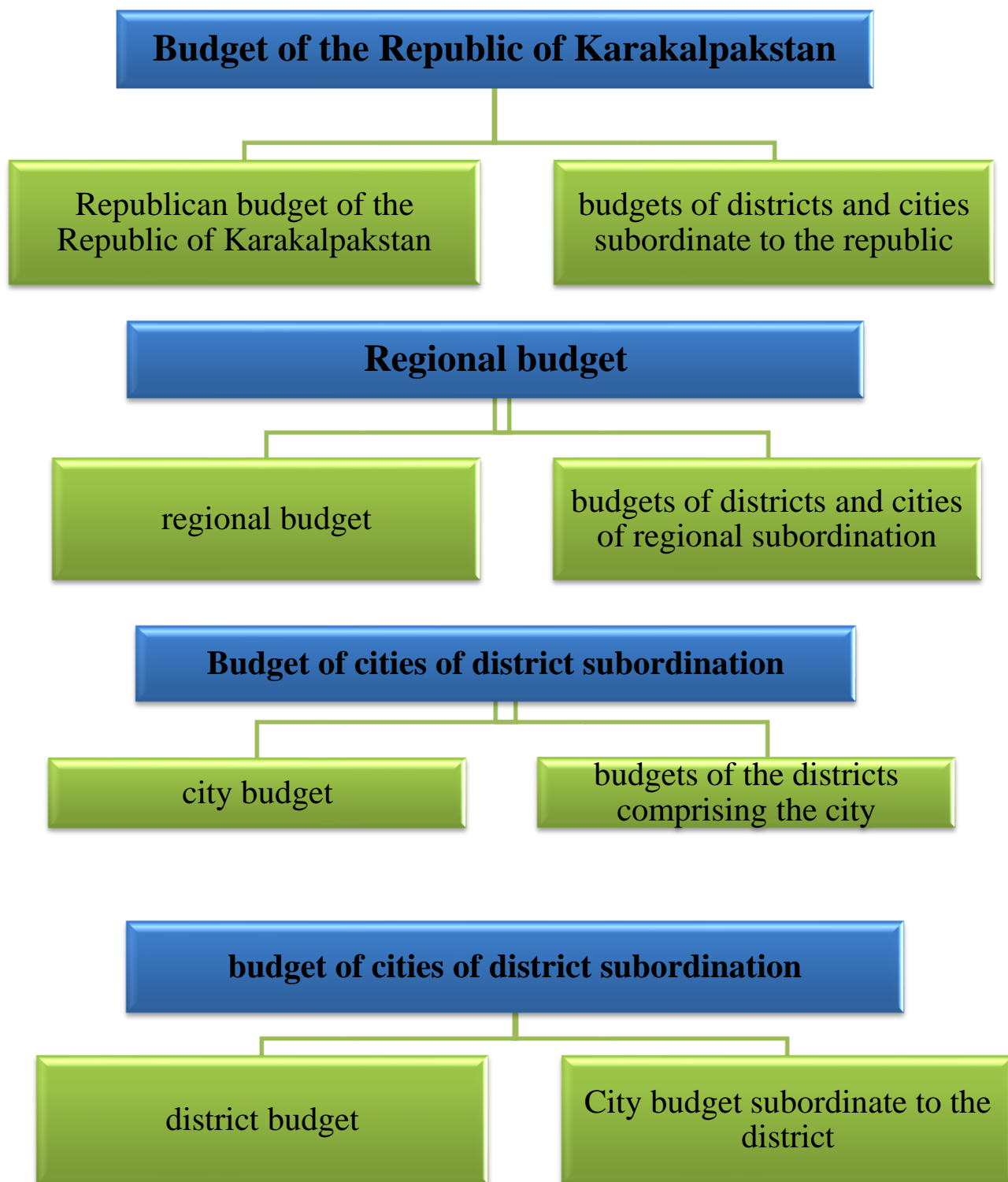
In the course of the reforms being carried out in Uzbekistan in connection with the transition to a market economy, the reform of the activities of management bodies based on the expansion of the powers of local authorities is an important component of the reforms. On the other hand, one of the main directions of expanding the powers of local authorities is directly related to the further increase of their powers in the budget process, because local budgets are the financial basis for the performance of the tasks assigned to them in the activities of the authorities. In fact, the current stage of the development of the budget system in the Republic of Uzbekistan requires effective management of highly responsible tasks based on ensuring the common interests of the integrated budget and social policy of the state. It is important to distinguish two aspects of this task.

Firstly, it is the positive implementation of the state social policy in the localities or the prevention of the aggravation of regional economic problems, and secondly, the need to improve their capabilities accordingly in the context of the expansion of the rights and obligations of local budgets. The interdependent implementation of these two aspects allows to positively solve one of the most important problems of the socio-economic development of the country today: increasing the economic potential of the regions.

While thinking about the economic development of the regions, the President of the Republic of Uzbekistan Sh.M. Mirziyoev says: "the funds of the local budgets are not enough to finance the sustainable socio-economic development of the regions." Based on this, today, increasing the income of local budgets, implementing measures to ensure their stability, as well as increasing the efficiency of their expenses, in which a systematic approach to the issue through



the wide application of scientifically based suggestions and recommendations is of great importance.



Picture 3. Structure of local budgets





Also, local budgets of regions consist of regional budgets, budgets of districts and cities of respective regions. The local budget of Tashkent City includes the budget of Tashkent City and budgets of the districts that make up the city. (See Figure 3).

Important and main factors of strengthening local budgets are the increase of economic potential of regions, elaboration and implementation of programs of socio-economic development of regions, integrated development of regions, expansion of private sector, expansion of the scale of attraction of foreign investments. investments in regions.

Since local budgets form the basis of the state budget, local budgets are important to increase revenues and ensure the effective implementation of their expenditures, and make a great contribution to the development of our country's economy, as well as improving the welfare. of our people and rapidly joining the ranks of developed countries.

It is clear to all of us that these public expenditures are financed by budgets of different levels. All expenditures of the budget system are allocated to different budgets, which means that this or that expenditure is included in a particular budget. This is due to the affiliation of the financed institution to national and local bodies, and secondly, the importance of the financed activity. It is from this point of view that the role of local budgets in financing the expenditures of the public administration sector is of great importance. In turn, the local budget of the Republic of Karakalpakstan consists of the republican budget of the Republic of Karakalpakstan, budgets of districts and cities of the Republic of Karakalpakstan.

In the past year, practical activities aimed at increasing the powers of local public administration bodies in the formation of local budgets, their interest and responsibility in expanding the revenue base of local budgets and identifying reserves, as well as strengthening transparency and public control over the budget process were carried out. measures were taken to improve the mechanism of budget financing and strengthen budget discipline, ensuring the stability of the state budget. Regardless of the economic situation, the most important factor for the existence of the state is the availability of sufficient financial resources to fulfil its tasks. In this matter, there are specific aspects of the formation of revenues of local budgets, which are an important link of the state budgetary system. This uniqueness is conditioned by the tasks performed by local budgets in their territories.

Economically independent activity of local budgets is characterized by the presence of their own sources of revenues. Local budgets should have enough financial resources to solve various tasks on their territory. In conclusion, let us cite the following:

1. Planning local budget expenditures with due regard for the natural and economic potential of the regions, ensuring the participation of people's deputies, regional, district and city councils and the public in controlling the fulfillment of approved expenditures is considered important for their efficiency. Ensuring the involvement and awareness of deputy councils and the general public about the activities. Another important aspect in this regard is to re-examine the activities of local government and administration bodies and related legal norms, as well as to pay attention to the issues of expanding their powers in the budgetary sphere.

2. It is important in this regard to increase the responsibility and accountability of local public authorities, financial and tax authorities for ensuring the effective execution of local budget expenditures, ensuring timely, targeted financing, development and maintenance of



infrastructure and social sphere. facilities. facilities. Introduction of specific performance indicators and assignment of incentives or responsibility depending on results or inefficiency.

3. ensuring effective execution of local budget expenditures consists, first of all, in correct and rational planning of this expenditure system. It is necessary to pay attention to the correct and truthful structure of analytical reports of the budget system on the results achieved in the previous year and the results expected in the current year, registers of expenditure commitments created by the budget organisation, recipients of budget funds and distributors of budget funds, reports on budget orders and organisation of the process.

4. It is necessary to achieve full and targeted fulfilment of planned indicators of local budget expenditures for each type and item of expenditures.

5. In ensuring efficient execution of local budget expenditures, it is necessary not to emphasise aspects of saving money without using them, but to ensure their social and economic efficiency. After all, it is important not to forget that expenditures that are not financed in time and in the right amount may subsequently entail various negative consequences.

6. It is necessary to increase the role of local financial authorities in budget execution, pay special attention to the values operating in their system. In particular, it is necessary to introduce result-oriented personal responsibility towards the leading staff working in the system.

7. Creation of a system of legal norms, which impose special personal responsibility on their managers and employees of the financial and economic department for effective and rational use of budgetary funds in budgetary organisations, will serve their efficiency. It is appropriate to pay special attention to this aspect of increasing personal responsibility of each managerial employee, which is required today by the head of our state.

8. Existence of excessive centralisation in the planning of local budgets, as a result of which there is no sense of personal responsibility of local self-government bodies in the implementation of projects of socio-economic development of regions and decisions on their Expenditure commitments are formed without taking into account the possibility of financing. Of course, as a result of this, the desire for effective results is reduced.

The following scientific proposals and practical recommendations have been developed for the formation of local budgets and effective use of their funds:

1. To ensure the possibility for the population to use reliable and complete information on the formation of local budgets and its execution, to ensure openness and comprehensibility of information on the use of budgetary funds.

2. To amend the approved local budget expenditures, to give local self-government bodies the right to finance them at the expense of additional local budget revenues regardless of the amount of the change.

3. To change the approved local budget expenditures, to give local self-government bodies the right to finance them at the expense of additional local budget revenues, regardless of the amount of the change..

4. Eliminate the need for targeted transfers from the republican budget to local budgets, as well as improve the practice of placing free funds of local budgets and budgetary organisations in



bank deposits for short periods of time in order to make a profit, in order to increase their income.

5. Ensure the autonomy of local governments in planning local budgets, implementing regional socio-economic development projects, as well as leaving the responsibility for financing obligations up to 100 per cent, taking into account the capacity of the regions. . Provide full autonomy to regions capable of financing their expenditures, i.e. abolish the practice of allocating transfers and allocations from the higher budget, strictly define the obligations that regions must fulfil, strictly distribute the relevant part of the republican funds. budget to fully assume the obligations of the regions.

6. Preventing breaches of budgetary discipline by budgetary organisations. Ensure timely financing of primary payments (salaries and equivalent payments, social benefits and scholarships).

7. Strengthen parliamentary and public control over the implementation of local budgets and strictly define measures of responsibility for the effective use of local budget funds for the heads of regional departments of finance, tax and state financial control bodies. Based on the above analysis, it should be added that not only the parameters of local budget revenues should be defined, but also the corresponding norms of incentives and responsibilities of the heads of financial bodies in terms of effective fulfilment of planned expenditures. This, in turn, serves to increase the responsibility and personal accountability of employees of financial and tax authorities.

8. It is necessary to form an internal audit of efficiency and effectiveness of the use of local budget funds in budgetary institutions, to exercise internal control over the compliance of expenditures with planned indicators in each division of the organisation.

9. To increase the accountability and responsibility of the heads of executive bodies in the field of formation and execution of local budgets to the population and Soviets of People's Deputies. We believe that the purposeful and systematic use of the above conclusions, scientific proposals and practical recommendations in the implementation of local budgets will ensure an increase in the efficiency and effectiveness of the use of local budgets.

## References

1. O‘zbekiston Respublikasi Prezidentining 2017 yil 7 fevraldagi «O‘zbekiston Respublikasini yanada rivojlantirish bo‘yicha harakatlar strategiyasi to‘g‘risida»gi PF-4947-son farmoni
2. O‘zbekiston Respublikasi Prezidenti Shavkat Mirziyoevning Oliy Majlisga Murojaatnomasi. “Xalq so‘zi” gazetasi, 2018 yil 29 dekabr
3. O‘zbekiston Respublikasi Prezidentining 2017 yil 7 fevraldagi “O‘zbekiston Respublikasini yanada rivojlantirish bo‘yicha Harakatlar strategiyasi to‘g‘risida”gi PF-4947-sonli Farmoni.
4. O‘zbek tilining izohli lug‘ati. «M,S» harflari. 80 000 dan ortiq so‘z va so‘z birikmasi. A.Madvaliev tahriri ostida. – T.: «O‘zbekiston milliy ensiklopediyasi» Davlat ilmiy nashriyoti ma’lumotlari asosida keltirilgan.
5. Ilmiy tadqiqotlar natijasida muallif tomonidan ishlab chiqilgan.





6. O‘zbek tilining izohli lug‘ati. «B» harfi. 80 000 dan ortiq so‘z va so‘z birikmasi. A.Madvaliev tahriri ostida. – T.: «O‘zbekiston milliy ensiklopediyasi» Davlat ilmiy nashriyoti. 2008. – B. 139.
7. O‘zbekiston Respublikasi Prezidentining 2017 yil 7 iyundagi «Mahalliy byudjetlarni shakllantirishda joylardagi davlat hokimiyati organlarining vakolatlarini kengaytirish chora-tadbirlari to‘g‘risida»gi PF-5075-son Farmoni.
8. Mirziyoev Sh.M. Tanqidiy tahlil, qat‘iy tartib-intizom va shaxsiy javobgarlik – har bir rahbar faoliyatining kundalik qoidasi bo‘lishi kerak. Mamlakatimizni 2016 yilda ijtimoiy-iqtisodiy rivojlantirishning asosiy yakunlari va 2017 yilga mo‘ljallangan iqtisodiy dasturning eng muhim ustuvor yo‘nalishlariga bag‘ishlangan Vazirlar Mahkamasining kengaytirilgan majlisidagi ma‘ruza, 2017 yil 14 yanvar. – Toshkent: O‘zbekiston, 2017. – 104b.
9. Qosimova G.A. Mahalliy byudjetlarni tuzish va ijrosini ta‘minlash. O‘quv qo‘llanma. Toshkent. Moliya. 2007. 17 b.
10. Qosimova G.A. Mahalliy byudjetlarni tuzish va ijrosini ta‘minlash. O‘quv qo‘llanma. Toshkent. Moliya. 2007. 26 b.
11. Nodira Soatova. Directions for strengthening the tax revenue base of local budgets. EPRA International Journal of Economic Growth and Environmental Issues- Peer Reviewed Journal. Volume: 9 | Issue: 2 | February 2021 | Journal DOI : 10.36713/epra0713 | SJIF Impact Factor (2021): 8.047
12. Tokhir Malikov, Sherzod Jalilov, Khotamjon Kobulov, Sherali Sultonov. Methodological approaches to assessing and forecasting the tax potential of the region // Turkish Journal of Computer and Mathematics Education Vol.12 No.11 (2021), May 2021, p. 7056-7060
13. Khotamjon Kobulov, Sherzod Jalilov, Sherali Sultonov, Nodira Soatova. Modeling the processes of forming a strategy for the revenue potential of local budgets // Journal of Advanced Research in Dynamic and Control Systems. VOLUME 12, ISSUE 6. 2020. DOI: 10.5373 / JARDCS / V12I6 / S20201161. Pages: 1210-1216
14. Sultonov, Sherali, and Nodira Soatova. "FACTORS STRENGTHENING THE TAX BASE OF LOCAL BUDGETS." 湖南大学学报 (自然科学版) 49.12 (2022).
15. Nuralievich, Sultanov Sherali, and Soatova Nodira Bobokhanovna. "Issues Of Strengthening Taxable Revenue Bases Of Local Budgets." Journal of Positive School Psychology 6.9 (2022): 4301-4308.
16. Sherali Sultonov Nuraliyevich, and Bobokhanovna, Nodira Soatova "Local Budgets Mechanisms for Strengthening Tax Income Bases." Czech Journal of Multidisciplinary Innovations 4 (2022):
17. Sultonov, Sh. N. (2023). O‘ZBEKISTONDA FOND BOZORINI TARTIBGA SOLISH YO‘LLARI. O‘ZBEKISTONDA FANLARARO INNOVATSIYALAR VA ILMIY TADQIQOTLAR JURNALI, 2(19), 16-26.
18. Nuralievich, S. S. (2023). WAYS OF REGULATING THE STOCK MARKET IN UZBEKISTAN. World Economics and Finance Bulletin, 21, 5-8.
19. Sultonov, S. N. (2023). Fond bozorini rivojlantirish orqali iqtisodiy taraqqiyotga erishish yo‘llari. Science and Education, 4(5), 1533-1549.



20. Soatova, N. B. (2023). MAHALLIY BYUDJET DAROMADLARINI TARTIBGA SOLISH YO'NALISHLARI. O'ZBEKISTONDA FANLARARO INNOVATSIYALAR VA ILMIY TADQIQOTLAR JURNALI, 2(19), 27-37.
21. SHERALI SULTONOV, SHERZOD ALILOV, JASUR RAZZAKOV, KHUSAN ISAEV. DEVELOPMENT WAYS OF STOCK MARKET IN UZBEKISTAN (IN THE CASE OF "TASHKENT" REPUBLICAN STOCK EXCHANGE). Journal of Critical Reviews.2020
22. Sherhali Sultonov Nuraliyevich, Nodira Soatova Bobokhanovna. Ways of Fund Market Development in Uzbekistan. Eurasian Scientific Herald.2022
23. Sherhali Sultonov. Directions of state regulation of the stock market. International Journal of Economic Growth and Environmental. 2021
24. Sherhali Sultonov, Nodira Soatova. Factors strengthening the tax base of local budgets. Journal of Hunan University. Vol. 49. No. 12 December 2022
25. Nodira Soatova. Directions for strengthening the tax revenue base of local budgets. EPRA International Journal of Economic Growth and Environmental Issues- Peer Reviewed Journal. Volume: 9 | Issue: 2 | February 2021 | Journal DOI : 10.36713/epra0713 | SJIF Impact Factor (2021): 8.047
26. Tokhir Malikov, Sherzod Jalilov, Khotamjon Kobulov, Sherhali Sultonov. Methodological approaches to assessing and forecasting the tax potential of the region // Turkish Journal of Computer and Mathematics Education Vol.12 No.11 (2021), May 2021, p. 7056-7060
27. Khotamjon Kobulov, Sherzod Jalilov, Sherhali Sultanov, Nodira Soatova. Modeling the processes of forming a strategy for the revenue potential of local budgets // Journal of Advanced Research in Dynamic and Control Systems. VOLUME 12, ISSUE 6. 2020. DOI: 10.5373 / JARDCS / V12I6 / S20201161. Pages: 1210-1216
28. Sultonov, Sherhali, and Nodira Soatova. "FACTORS STRENGTHENING THE TAX BASE OF LOCAL BUDGETS." 湖南大学学报 (自然科学版) 49.12 (2022).
29. Nuralievich, Sultanov Sherhali, and Soatova Nodira Bobokhanovna. "Issues Of Strengthening Taxable Revenue Bases Of Local Budgets." Journal of Positive School Psychology 6.9 (2022): 4301-4308.
30. Sherhali Sultonov Nuraliyevich, and Bobokhanovna, Nodira Soatova "Local Budgets Mechanisms for Strengthening Tax Income Bases." Czech Journal of Multidisciplinary Innovations 4 (2022):
31. Султонов, Ш. Н. (2023). ЎЗБЕКИСТОНДА ФОНД БОЗОРИНИ ТАРТИБГА СОЛИШ ЙЎЛЛАРИ. O'ZBEKISTONDA FANLARARO INNOVATSIYALAR VA ILMIY TADQIQOTLAR JURNALI, 2(19), 16-26.
32. Nuralievich, S. S. (2023). WAYS OF REGULATING THE STOCK MARKET IN UZBEKISTAN. World Economics and Finance Bulletin, 21, 5-8.
33. Sultonov, S. N. (2023). Fond bozorini rivojlantirish orqali iqtisodiy taraqqiyotga erishish yo'llari. Science and Education, 4(5), 1533-1549.
34. Соатова, Н. Б. (2023). МАҲАЛЛИЙ БЮДЖЕТ ДАРОМАДЛАРИНИ ТАРТИБГА СОЛИШ ЙЎНАЛИШЛАРИ. O'ZBEKISTONDA FANLARARO INNOVATSIYALAR VA ILMIY TADQIQOTLAR JURNALI, 2(19), 27-37.



35. SHERALI SULTONOV, SHERZOD ALILOV, JASUR RAZZAKOV, KHUSAN ISAEV. DEVELOPMENT WAYS OF STOCK MARKET IN UZBEKISTAN (IN THE CASE OF “TASHKENT” REPUBLICAN STOCK EXCHANGE). Journal of Critical Reviews.2020
36. Sherali Sultonov Nuraliyevich, Nodira Soatova Bobokhanovna. Ways of Fund Market Development in Uzbekistan. Eurasian Scientific Herald.2022
37. Sherali Sultonov. Directions of state regulation of the stock market. International Journal of Economic Growth and Environmental. 2021
38. Sherali Sultonov, Nodira Soatova. Factors strengthening the tax base of local budgets. Journal of Hunan University. Vol. 49. No. 12 December 2022
39. <https://internationalwealth.info/tax-planning/nalogi-v-2020-godu-analiz-fiskalnoj-politiki-v-raznyh-stranah>.