

METHODS OF BALANCING LOCAL BUDGETS AND THEM THE ROLE OF
REGIONS IN DEVELOPMENT

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ABSTRACT

In the article, the balance of the local budget, the role of regions in the development and formation of the revenue base of local budgets, local scientific and practical way to ensure the efficiency of budget revenues and expenditures aspects are highlighted. Based on the study, practical recommendations were developed.

Key words: local budget, local budget revenues, local taxes and fees, local budget sustainability, gross domestic product, gross regional product.

АННОТАЦИЯ

В статье сбалансированность местного бюджета, роль регионов в развитии и формировании доходной базы местных бюджетов, местная научно-практический способ обеспечения эффективности доходов и расходов бюджета аспекты выделены. На основе исследования были разработаны практические рекомендации.

Ключевые слова: местный бюджет, доходы местного бюджета, местные налоги и сборы, устойчивость местного бюджета, валовой внутренний продукт, валовой региональный продукт.

Introduction: The approval of the 2023 budget was connected with the introduction of a new practice. The State budget of the Republic of Uzbekistan was adopted by the Oliy Majlis in the form of a law, that is, to further increase the openness and transparency of the preparation of the Law "On the State Budget of the Republic of Uzbekistan for 2023" in accordance with international standards and budget information, the budget the procedure for strengthening parliamentary and public control over the formation and expenditure of funds was established. Budget funds of the first level distributors based on the decision of the Cabinet of Ministers of the Republic of Uzbekistan up to 10% of the budget allocated from the republic budget own limited amounts financed from local budgets transfer to the organizations under his control and the local budget itself allocation for financing is also of particular importance.

From 2023, the budget policy is aimed at implementing a more well-thought-out fiscal policy, proportional growth of economic indicators and ensuring the stability of the country's financial system. Local competent bodies are required to actively participate in the work of ensuring the completeness of budget revenues, taking into account the rational use of the territory's opportunities, strengthening the sources of income of local budgets and consistently increasing their independence. From this point of view, the issues of methods of regulation of local budgets are important in forming the revenue potential of the regions, in their socio-economic development, in ensuring the active development of economic sectors, in improving the infrastructure, in providing social support to the population, in timely allocation of local budget expenses. is of particular importance in financing.

Indicators such as GDP per capita, industrial output, paid services, and paid income differ between regions due to differences in the resource potential of the country's regions, population density, and the level of development of industrial sectors. The deepening of these differences, in turn, has a negative impact on the efficiency of the national economy, and capital flight from regions with a low level of development may occur. This deepens the difference in the levels of economic development between different regions.

Reforms in the budget system carried out in our republic in recent years are considered the basis for ensuring the stability of local budgets' sources of income. Currently, the importance of local budgets in ensuring the financial stability of regions is increasing, therefore strengthening the income of local budgets is of great importance.

Analysis and results: The state redistributes resources to reduce the level of regional inequality in the level of economic indicators, using the tools of budget-tax and monetary policy. As resource-rich, industrially developed regions have a high share of state budget revenues, budget funds are distributed among regions with the aim of accelerating the level of development of less developed regions, taking into account social needs.

One of the important elements of the territorial economic policy of the state is to increase the share of national taxes falling into the centralized budget, which is left at the discretion of the regions, to give tax incentives to enterprises operating at the expense of investments made in certain regions, to provide them with preferential loans, and to establish free economic zones.

The importance of local budgets in the socio-economic development of the region is very great. Because the region, in addition to the funds allocated from the centralized budget, mainly relies on local budget funds in fulfilling its social and economic tasks. Public education, healthcare, cultural and sports institutions, local self-governing bodies, and allowances for low-income families are financed through local budgets. In the system of economic methods of management, local budgets play an active role in ensuring the comprehensive development of a separate area, establishing the optimal regional reproduction ratios and improving the standard of living of the population.

As mentioned above, local budgets are used by state authorities to solve socio-economic issues. As an economic tool of management, they are:

Firstly, the broad scale of describing all aspects of regional production;

Secondly, due to the redistributive nature of this economic category, it is manifested in the form of a high level of influence.

At this point, it would be appropriate to provide information about the following macroeconomic indicators of the development of Surkhandarya region for 2023 and forecast indicators for 2024-2025.

№	Indicators	for 2022	Forecast for 2023	The target is 2024	The target is 2025
1	Gross regional product, trillion soums	30,9	37,3	42,6	48,7
2	Growth rate of gross regional product, in percent	104,0	107,5	107,4	107,7
3	Consumer price index in December compared to December of the previous year, in percent	109,5	102,4	102,1	101,1
4	Growth rate of industrial products, in percent	104,4	109,0	108,0	110,0
5	Growth rate of production in agriculture, forestry and fisheries, in percent	102,5	103,7	103,9	104,2
6	Growth rate of retail turnover, in percent	113,0	114,0	115,0	117,0

Table 1. Forecast indicators of macroeconomic indicators of the development of Surkhandarya region for 2023 and goals for 2024-2025¹

According to the table, we can analyze as follows, the Gross Territorial Product of the region increased by 6.4 trillion soums in 2023 compared to 2022. In general, the forecasted indicators for 2024-2025 are an average annual growth of 5-6 trillion soums. The growth rate of the gross regional product increased by 3.5% in 2023 compared to 2022. The forecasted indicator for 2024 was not an increase compared to 2023. The growth rate of the gross regional product for 2025 is set at 0.2% growth. The growth rate of industrial products is set to increase by 4.6% in 2023 compared to 2022. For 2024-2025, the growth rate of industrial products is set at an average of 2%.

As can be seen from the above indicators, if the gross regional product indicator and the growth rate of industrial products are higher, local budget revenues will increase at a higher level.

The system of management budget methods is distinguished by its flexibility, which arises from the fact that the system of budget methods is constantly formed through a system of levers in accordance with the changing goals and issues of the development of local government bodies, not at a certain time. At this point, it is expedient to emphasize that the legal bases for the formation of local budgets are the Law "On the Budget System", the "Budget Code" of the Republic of

¹ compiled by the author based on surkhonstat.uz data

Uzbekistan. are decisions on the forecast of macroeconomic indicators and parameters of the state budget, as well as legislative documents on the budget.

Local budgets are mainly formed through local taxes and fees. Local taxes include: (Figure 1) The above local taxes and fees are considered as local budget revenues and are reflected as income in the local budget estimate.



Figure 1. Local taxes²

Local budgets are the main support of the state's policy on social protection of the population.

Therefore, almost 100% of the social protection costs of the population are financed by local budgets, that is, the cost part of the local budget estimate is mainly the costs for social protection. About 80% of total social sector expenditures are financed through local budgets. Local budgets are important in the implementation of national economic and social tasks, first of all, in the distribution of state funds and the development of social infrastructure.

Balancing of budgets is carried out through the distribution of sources of income between budgets in the manner prescribed by law, i.e., the procedure for the distribution of state budget revenues, in order to ensure the minimum level of revenues necessary for regional budgets. There are four ways to balance my budget:

² Author's development based on theoretical data

- determination and distribution of regulatory sources of budget revenues;
- self-distribution of budget funds;
- providing indiscriminate support to lower budgets from the funds of higher level budgets (subsidies, subsidies, transfers and subsidies);
- loans allocated from one budget to other budgets.

The higher the share of local budget funds in the socio-economic development of the regions, the more potential this region has in fulfilling its tasks.

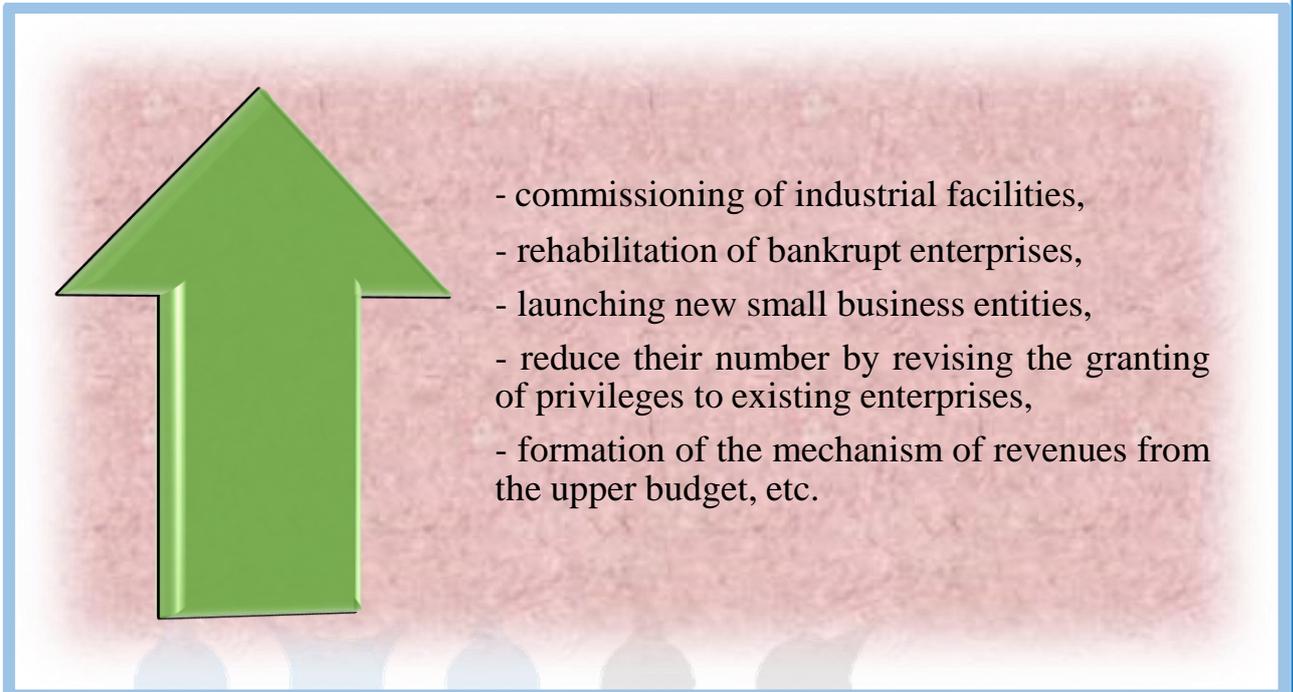


Figure 2. Areas of the program aimed at increasing the revenue base of local budgets and reducing the receipt of subsidies³

The high level of use of local budget funds by regions of the country leads to an increase in funds allocated to programs at the republic level and facilitates their implementation. Therefore, a program aimed at increasing the revenue base of local budgets and reducing the receipt of subsidies was developed, the main directions of which are as follows: (Fig. 2)

At the same time, the development of the following sectors of the economy has a direct impact on the increase of local budgets' sources of income:

- industrial production,
- attraction of new technologies for processing of agricultural products in regions specialized in agriculture,
- development of the service sector, etc.

Some economists recognize that these factors can be achieved by increasing the powers and responsibilities of local government bodies, while some economists recognize that they can be achieved by achieving proportionality of income and expenditure. In particular, according to A. Islamkulov, local budget revenues, on the one hand, are the result of the distribution of the value of the gross domestic product among the participants of the production process, and on the other hand, this value is considered and it serves to form a locally important fund. In addition,

³ Author's development based on theoretical data

during the entire period of the formation and development of the budget system of the Republic of Uzbekistan, local budgets, as a lower link, were overloaded with the functions assigned to them. H. Qabulov noted that the financial capabilities of local budgets are constantly changing, sometimes they increase and sometimes decrease due to the large number of local taxes and levies, but the tax legislation covers only a part of the revenue base of the budgets at different levels, provides for budgets on an ongoing basis. Therefore, there is another additional method of balancing income and expenses - regulation through the budget.

Conclusion: Based on the above considerations and analysis, we can conclude that in order to ensure the financial stability of local budgets and increase their independence, it is appropriate to take into account regulation through the budget, because the most important mechanism for redistributing funds between them in order to ensure this balance is the budget, revenues and expenses of system budgets. Secondly, it is necessary to develop ways to increase regional funds and establish a rational use of them. Thirdly, a properly built and effective mechanism of local budget regulation is one of the positive factors in the formation of the region's income potential. In order to increase the territorial resources of each region, the gross product of the region is increased, and the basis of this lies in the further increase of local production in that region.

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