

FINANCIAL POLICY AND ECONOMIC PROBLEMS OF THE REPUBLIC OF UZBEKISTAN

Tursunova Muniskhon Rakhimjanovna,

Associate Professor of the Department

“Business Management and Finance”

Tashkent Institute of Management and Economics,

t.munisa627@gmail.com.

Rasulova Sevinchkhon Farrukh kizi,

3rd year student of group IQ-101-22

Tashkent Institute of Management and Economics,

rasulovasevinch999@gmail.com. +998 90 818 02 14

ABSTRACT: Currently, there are a number of economic problems in Uzbekistan, and various measures are being taken to eliminate them. Among the main problems are the slowdown of economic growth, inflation, the decrease in the level of employment and the increase in external debt. The slowdown in economic growth was caused by the impact of the pandemic and the global economic crisis. This situation puts small and medium-sized businesses in a difficult situation. The level of inflation is high, and the increase in prices has a negative impact on the well-being of the population. A number of measures are being implemented by the state in order to eliminate these problems. Among them are directions such as economic reforms, improvement of the investment environment, improvement of the tax system and expansion of social protection programs. Also, the state is developing programs aimed at supporting small and medium-sized businesses. In general, a comprehensive approach and effective strategies are required to eliminate economic problems in Uzbekistan. These processes are important for improving the well-being of the population and achieving sustainable economic growth.

Key words: finance, financial policy, financial system, budget, income, expenses, economy, development, economic, social sphere, export, investment, competition, international relations, national income, deficit, cybercrime, financial literacy, economic problems.

INTRODUCTION

After the Republic of Uzbekistan gained independence, the country's financial policy and economic reforms have entered a new phase. Since 2017, the reforms implemented under the leadership of President Shavkat Mirziyoyev have been aimed at modernizing the economy, improving the investment climate, and increasing the well-being of the population. This article will discuss the main directions of financial policy in Uzbekistan, the reforms being implemented, and their socio-economic impact. [1]

Uzbekistan's financial policy is primarily aimed at developing the state budget, tax system, banking system, and financial markets. The state budget serves as the main instrument that stimulates economic growth and helps solve social problems every year. Tax reforms are aimed at reducing the tax burden, creating favorable conditions for taxpayers, and stimulating economic activity. As for financial stability, the Ministry of Economy and Finance of Uzbekistan and the Central Bank are implementing a number of measures aimed at ensuring financial stability. This includes controlling inflation, maintaining the stability of the national currency, and increasing the efficiency of financial markets. As part of economic reforms in Uzbekistan, work is

underway on issues such as privatization of state property, improving the tax system, and improving the investment climate. All of this is aimed at stimulating economic growth and attracting foreign investment. The Ministry of Finance and other organizations are also implementing programs aimed at increasing financial literacy. This will help the population and business representatives improve their financial decisions by teaching them how to use financial services. The development of digital financial services in Uzbekistan is also important. The growth of mobile banking, e-commerce, and fintech companies is making financial services more accessible to the population. Fiscal policy also includes social protection measures. This helps to support the poor, finance social programs, and improve the well-being of the population. Reforms being implemented in the banking system, in particular, are aimed at increasing the capitalization of banks, improving the quality of financial services, and creating a competitive environment. All of this will help ensure Uzbekistan's financial stability and strengthen cooperation with international financial organizations. [2]

ANALYSIS OF RELATED LITERATURE.

The content and main directions of financial policy are reflected in the level of development of the science of the role of the state in the development of society and the corresponding theoretical concepts that determine the level of state participation in managing the economy, in the use of specific tools for implementing financial policy, that is, in specific forms of organizing financial relations. Based on this, it should be noted that in the twentieth century, the main path of financial theory on the issue of the role of the state in the development of society was determined by the founders of classical political economy, A. Smith and D. Ricardo. The essence of the concepts put forward by A. Smith and D. Ricardo is that the state should maintain free competition without interfering in the economy, and the main role in regulating the economic life of society should be assigned to market mechanisms. Taking into account these principles, until the end of the 1920s, fiscal policy was aimed at limiting state spending and taxes, ensuring a balanced state budget. The organization of financial relations in accordance with these goals ensured the implementation of state functions, mainly through financing from the budget the costs of military, administrative, and state debt repayment and servicing. Budget revenues were formed mainly through indirect taxes. Since the end of the 1920s, the Keynesian theoretical concept began to dominate. According to it, the need to strengthen the role of the state in economic development through intervention in the cyclical development of the reproduction process and its regulation was justified. As the main tool for implementing such a fiscal policy, state spending aimed at creating new jobs emerged, which allowed solving several economic and social tasks at once:

- the employment rate of the population increased and, conversely, unemployment decreased;
- entrepreneurial activity increased;
- additional demand was formed;
- national income increased;
- great opportunities appeared in financing social needs. [3]

State intervention in the economy led to an increase in state budget expenditures, and accordingly, financial measures were taken to ensure a simultaneous increase in state revenues. Income tax became the main source of increasing state revenues. Progressive taxation rates were used in its calculation. Such a system of taxes led to an increase in the role of the state in the distribution of national income. In the financial direction, the difference between both theoretical concepts is essentially determined by the different assessment of the budget deficit. If the first concept was based on the need to form and use a budget without a deficit, then the second concept allowed for the possibility of a budget deficit and at the same time assigned an active role to the budget deficit in stimulating economic growth. Indeed, in the 30s-60s of the 20th century, the policy called Keynesian fiscal policy proved its effectiveness in Western countries. As a result of the expansion of state intervention in the economy and the strengthening of its regulatory function, the organization of financial relations has become more complicated. The

policy of deficit financing of state spending has determined the development of state credit. The attraction of long- and medium-term loans has led to the development of the loan capital market and has become the second source of state financial resources in terms of its importance. As a result, the role of finance in the redistribution of national income has further increased. Currently, the financial policy of developed countries is based on modern theories, which in practice consist of a convergence of regulatory systems. Accordingly, some countries use elements of both the Keynesian and neo-Keynesian systems of state regulation. [4]

In the Soviet state and in all countries with a social orientation, financial policy was formed under the influence of the theoretical concepts of K. Marx and V.I. Lenin. The Marxist-Leninist theory of the essence and functions of the socialist state determined the main principle of the financial policy of the Soviet state - financial centralization. Financial centralization, which provided not only for the concentration of a large part of financial resources at the disposal of the state, but also for the state's sole authority in organizing financial relations, became a necessity. Because the functions of the state were expanded so much that the most important of them were economic-organizational and cultural-educational functions. The Soviet state fully financed the needs of the economy and the social sphere from the budget. The role of the state in ensuring the development of society increased sharply, and with the help of state development plans, it directly guided all spheres of social activity. This, of course, is determined by the transformation of private property into public property. Accordingly, the state switched from tax forms of redistribution of national income to direct distribution in the production sector and redistribution through the state budget. Thus, the management system was practically unified into a single administrative-command system that controlled all elements of value throughout the production process. Such a financial policy ensured the transition from one system of social relations to another, new for the history of mankind, and the solution of the socio-economic problems facing the Soviet state and arising at different stages of its activity. This financial policy can be called a sufficiently effective financial policy. [5]

RESEARCH METHODOLOGY

The financial policy of the Republic of Uzbekistan was fully studied and current socio-economic and financial problems were analyzed. In accordance with this research, the origin of economic problems, their impact on the population, and the reforms and measures being taken to eliminate them were considered. The revenue and expenditure part of the state budget system, which is the main component of financial policy, was explained in a table. Risks in the economy and their prevention and proposals and recommendations for further development of financial policy were outlined. In addition, the theories of various economists on the topic were presented and analyzed. The information from the "Ministry of Economy and Finance" was used as a basis for covering the topic.

ANALYSIS AND RESULTS

It is well known that economics is closely related to politics. The main goal of economics is to satisfy unlimited needs with limited resources in the country, to ensure economic and social stability, and politics is a system of guidelines developed to achieve these goals. In such conditions, another issue arises - the collection, distribution and control of funds. Such tasks are performed by financial policy. It includes activities such as organizing the financial system, mobilizing financial resources and using them as an integral part of budget policy. Financial policy is combined with monetary policy and uses its methods in carrying out its activities. Structurally, finance itself is divided into 3: state, corporate and personal finance. Just as each country has its own financial policy, Uzbekistan also tries to conduct an effective financial policy. In this regard, it uses various financial categories: money, taxes, fees, loans, investments, etc. As I noted above, the main tool and component of fiscal policy is the state budget revenues

and expenditures, loans, tax incentives. As for the first category of budget revenues, the main ones are: income in the form of taxes: VAT, land tax, excise tax, profit tax, property tax, social tax, personal income tax, tax for the use of water resources, tax for the use of subsoil and a single tax payment - individual entrepreneurs with a turnover of 100 million to 1 billion; - legal entities with a turnover of up to 1 billion are considered.

The Ministry of Economy and Finance of the Republic of Uzbekistan has published a report on the implementation of the preliminary budget for 2024. According to the figures, state budget revenues increased by 42.7 trillion uzs compared to 2023, while expenditures increased by 29.8 trillion uzs. The state budget is allocated to various sectors of the economy, but in 2024, there is an increase in the funds allocated to education and healthcare. [6]

REVENUES OF THE STATE BUDGET OF THE REPUBLIC OF UZBEKISTAN (January-December 2024)

1-Table

Revenue sources	Total income:
(types of taxes, export, etc.)	274.4 trillion uzs
Value added tax	59.3 trillion uzs
Profit tax	52.6 trillion uzs
Personal income tax	35.4 trillion uzs
Export income	27 trillion uzs
Subsoil use tax	20.2 trillion uzs
Excise tax	19.1 trillion uzs
Customs duties	10 trillion uzs
Land tax	8.2 trillion uzs
Turnover tax	2.8 trillion uzs
Water use tax	1.1 trillion uzs

According to the table above, state budget revenues in 2024 amounted to 274.4 trillion uzs. A large part of these revenues is tax revenues, the top three of which are: value added tax - 59.3 trillion uzs, profit tax - 52.6 trillion uzs, and personal income tax - 35.4 trillion uzs. In addition, excise taxes are 19.1 trillion uzs and customs duties are 10 trillion uzs. Within resource taxes, land tax amounted to 8.2 trillion uzs, and subsoil use tax - 20.2 trillion uzs. Changes were also adopted for these taxes. On December 24, 2024, President of Uzbekistan Shavkat Mirziyoyev signed the Law on the Main Directions of Tax Policy for 2025–2027. According to it, the current basic tax rates for 2025 were retained:

- Income tax — 15 percent;
- VAT — 12 percent;
- Personal income tax — 12 percent;
- Social tax — 25 percent for budget organizations and 12 percent for others;
- Turnover tax — 4 percent;

- Land tax (agricultural land) — 0.95 percent;
- Property tax for legal entities — 1.5 percent;
- Tax on water used for irrigation — 100 uzs per 1 cubic meter

It was determined that

Changes: From January 1, 2025, the 10% ad valorem excise tax on filter cigarettes was abolished, and the rate for the domestic market was increased to 19.7% - up to 300 thousand uzs per 1,000 pieces (was 250.7 thousand uzs), and for imported cigarettes - up to 330 thousand uzs (+1.5 percent, was 325 thousand uzs). From July 1, excise tax rates for cigarettes will be unified for domestic and imported goods - in the amount of 340 thousand uzs per 1,000 pieces. From January 1, excise taxes on other tobacco products have also been increased: on nicotine-containing liquids (for vapes) almost 3 times - up to 2,000 uzs per 1 ml (was 670 uzs), cigars - 20 thousand uzs per piece (was 6,400 uzs), heated tobacco - 1 450 thousand uzs per kg (was 382 thousand uzs), smoking, rolling tobacco - 600 thousand uzs per 1 kg (was 382 thousand uzs). From January 1, the excise tax rate for domestic alcoholic products (vodka, cognac, etc.) has been indexed by 10 percent and now amounts to 44 thousand uzs per liter of alcohol (instead of 40 thousand), and for imported goods it has been reduced by 25 percent - from 101.5 thousand uzs to 76 thousand uzs. The excise tax on ethyl alcohol for local and imported production has been unified and now amounts to 15 thousand uzs per liter (previously it was 14.9 thousand uzs and 70 percent). The calculation of excise tax for the initial fraction of ethyl alcohol used for grain distillate and for the production of technical alcohol is being clarified. According to the standard for grain distillate, it contains 52 percent ethyl alcohol by volume. Tariffs for wines have also been unified. The excise tax for local natural wines is set at 5,000 uzs per liter (it was 1 soum), for imported wines at 14,000 uzs (it was 28.5 thousand uzs), for other local wines at 6,000 uzs (it was 2,310 uzs), and for other imported wines at 20,000 uzs (instead of 40.6 thousand uzs). The excise tax on beer is set at 2,000 uzs per liter for local beer and 6,000 uzs for imported beer. Previously, these figures were 1,628 uzs and 50 percent (but not less than 12.2 thousand uzs). The basic rates of land tax for individuals and corporations were increased by 10 percent. From January 1, the excise tax on mobile communication services was abolished. Employees of individual entrepreneurs with a total annual income of up to 100 million uzs were given the opportunity to pay personal income tax at a rate of 12 percent of their monthly salary or 50 percent of the fixed income tax established for individual entrepreneurs. The social tax payable for employees of individual entrepreneurs working in markets and shopping malls was reduced to 1 BHM (375 thousand uzs), like that of employees of individual entrepreneurs working in other places (previously it was 6 BHM, i.e. 2.2 million uzs). The minimum rental rates for individuals and legal entities renting out their property increased by 10-12 percent. In addition, from January 1, when determining the tax base for legal entities, an absolute amount per 1 square meter was established the minimum value was increased to 8.3-10 percent.

New benefits:

From January 1, 2025 to January 1, 2029, taxpayers whose income from publishing and printing activities amounted to at least 90 percent of their total income at the end of the reporting (tax) period were exempted from paying profit tax on this type of activity (excluding interest income).

From January 1, 2025 to January 1, 2028, business entities that employ members of poor families with a monthly salary of at least 1.5 times the minimum wage will pay social tax at a tax rate of 1 percent on the expenses related to the payment of labor of employees who are members of poor

families.

From September 1, 2024 to September 1, 2027, business entities that employ students of schools, colleges and technical schools (not older than thirty years old) for vocational training shall pay social tax at a tax rate of 1 percent on income in the form of wages paid to them. Students of schools, colleges and technical schools shall pay personal income tax at a tax rate of 1 percent on income in the form of wages received from business entities during their vocational training.

Until January 1, 2028, young people (not older than thirty years old) who have established mobile trading facilities along highways are exempt from paying taxes on income from the sale of goods (services) for the first six months from the date of commencement of their activities.

From February 1, 2025 to January 1, 2030, legal entities that are non-residents of the country (excluding tax residents of countries that have concluded an agreement with Uzbekistan on the avoidance of double taxation) will be exempted from paying profit tax on the part of their income (including royalties) received from the provision of information technology services to residents of the IT Park, the volume of export services of which exceeds \$ 10 million during the calendar year.

Tax benefits for IT Park residents have been extended until 2040 under certain conditions. [7]

In addition, a total of 27 trillion uzs of income was earned from exports. According to the results of 2024, Uzbekistan's foreign trade turnover amounted to \$ 65.93 billion. This is stated in the report of the Statistics Agency. The indicator increased by 3.8% compared to 2023. In December, Uzbekistan resumed gold trade, realizing \$854 million. In 2024, precious metals exports amounted to \$7.48 billion. China retained the first place in trade with Uzbekistan, as well as the role of the main supplier of goods. Russia took second place with \$11.63 billion, exports in this direction increased significantly. In addition, Kazakhstan, Turkey and South Korea entered the top five foreign trade partners, with which trade slowed down. Of the important partners, a trade surplus was recorded with France, Afghanistan, Kyrgyzstan and Tajikistan. In addition to gold, industrial products remain the main export products. In January-December, revenues from their supply reached \$4.2 billion. Revenues from the export of textiles and fabrics amounted to \$1.99 billion. Non-ferrous metal exports increased by 7.6% to \$1.49 billion, while steel and cast iron exports decreased by 5.8% to \$175 million. Food products are in second place with \$2.17 billion. Vegetables and fruits, as well as grain products, dominate. The volume of exports of chemical products amounted to \$1.68 billion. Inorganic substances increased by 83% to \$910.7 million, and fertilizer exports amounted to \$357.4 million. Mechanical engineering products exports decreased by 7.9% to \$1.2 billion. In turn, exports of automobiles and their components retained their leading position, but decreased by 16% to \$414.5 million. The supply of electrical engineering, electrical communication and sound recording equipment, as well as data processing equipment decreased by 7.3%. Exports of consumer and other goods amounted to \$1.1 billion. Revenues from clothing exports reached \$853.9 million. Oil product exports increased by two-thirds to more than \$567 million, and electricity exports also increased by half. In addition, gas exports increased by \$627.6 million, or 18.4%, compared to the previous year. [8]

Direct taxes in the state budget revenue structure amounted to 90.8 trillion uzs, and indirect taxes amounted to 88.3 trillion uzs. In addition, 10% of state revenues are collected through the sale and lease of state property. A particularly vivid example of this is the current increase in the number of private schools, kindergartens and factories. As for state enterprises, they bring 15% of income to the budget. State enterprises are large enterprises with a state share, for example, the Almalyk and Navoi mining and metallurgical plants. 76-90% of them are managed by the state.

State budget expenditures. Budget expenditures, which are one of the most important parts of the state budget system, include the following groups in economic and social spheres:

- the first group - wages, pensions, benefits, scholarships, compensation payments and material assistance to low-income families;

- the second group - allocations for social needs;
- the third group - economic expenses - investments, capital investments - in accordance with clearly targeted lists provided for in state development programs;
- the fourth group - expenses of administrative bodies - expenses of the Ministry, the Prosecutor's Office, security and separate administration;
- the fifth group - state debts and other expenses.

STATE BUDGET EXPENDITURES OF THE REPUBLIC OF UZBEKISTAN (January-December 2024)

2-Table

Areas of expenditure	Total cost:
(social, economic, etc.)	310.9 trillion uzs
Funds allocated to education	71.2 trillion uzs
For healthcare	36 trillion uzs
Investment expenses	28.5 trillion uzs
Public administration expenses	17.9 trillion uzs
Funds to the pension fund	16.3 trillion uzs
For pensions and material assistance	15.4 trillion uzs
Interest payments on state debt	14.5 trillion uzs
For culture and sports	6 trillion uzs
Reserve funds	2.2 trillion uzs

In 2024, state budget expenditures reached 310.9 trillion uzs, which represents a 10.6 percent increase compared to 2023. The largest share of expenditures was accounted for by social expenditures, which amounted to 152.3 trillion uzs. The funds allocated for education amounted to 71.2 trillion uzs, significantly higher than the 61.2 trillion uzs in 2023. 36 trillion uzs were allocated for the healthcare sector, which represents a significant increase compared to the 31.1 trillion uzs allocated last year. 6 trillion uzs were spent on culture and sports, and 2 trillion uzs on science. In addition, 15.4 trillion uzs were allocated for benefits and material assistance within the framework of social protection, and 16.3 trillion uzs were transferred to the pension fund. Significant funds were allocated for the top 3 state trust funds - the Extra-budgetary Pension Fund under the Ministry of Finance of the Republic of Uzbekistan, the Republican Road Fund under the Ministry of Finance of the Republic of Uzbekistan, and the State Fund for Employment Assistance of the Republic of Uzbekistan. 0.2% of each income goes to the employment fund. This fund helps to provide employment to the population. Upon registration, an unemployment benefit is provided for up to 3 months. As of 2024, this benefit will amount to 622 thousand uzs. During this time, an unemployed citizen is searched for a job. A certificate is issued depending on the field of activity. Overall, social expenditures accounted for 49 percent of state budget expenditures. In addition, economic expenditures amounted to 38.4 trillion uzs, investment expenditures amounted to 28.5 trillion uzs, and public administration expenditures amounted to 17.9 trillion uzs. The state debt increased by about \$5.3 billion in 2024, reaching \$40 billion 199 million. \$33.7 billion of the state debt was external debt, and \$6.5 billion was internal debt. [9] Other expenditures. Other expenditures include infrastructure projects and expenditures on the military, such as providing them with food, housing, and military weapons. Military expenditures account for 10 percent of budget expenditures.

Unfortunately, these expenditures are currently increasing, tax rates have increased, prices have risen, and the deficit has widened. The total deficit since the beginning of 2024 has reached 36.5

trillion uz. Earlier, it was reported that the gas subsidies allocated for 2024 were spent in the first half of the year. Unfortunately, this is not all. According to the results of a survey on assessing vulnerabilities and risks in the financial system, the deterioration of the external geopolitical situation was identified as the main risk. The population also considers sharp fluctuations in the exchange rate, an increase in the population's debt burden, increased inflation, and cyber attacks to be the main risks affecting the economy and financial system. The Central Bank has published a financial stability review for 2024. In June 2024, the regulator conducted another survey among 35 commercial banks to identify possible systemic risks in the financial system of Uzbekistan and assess their impact. According to the results of the survey conducted in January of this year, 45% of the 5 most important systemic risks noted by each respondent were external geopolitical risks, 37% were sharp fluctuations in the exchange rate, 35% were an increase in the population's debt burden, 33% were accelerated inflation, and 24% were risks associated with cyber attacks. In addition, the following risks that could affect the stability of the country's financial system The risks include risks related to large borrowers, economic slowdown, liquidity risk, falling real estate prices, and climate change. Experts conclude that the escalation of the war in Ukraine and changes in commodity prices constitute a significant part of the external risks for the Uzbek economy. Internal risks include delays in reducing government spending, sharp increases in taxes, prices, obligations related to public-private partnerships, and others. "The Central Bank is not involved in lending." According to Davron Abdullayev, head of the Department of Interdepartmental Cooperation in the Field of Defense and Security, one of the main reasons for the increase in cybercrime is the lack of financial literacy among the population. "In the first quarter of this year, between two and three thousand cyber fraud crimes were committed. Currently, we are focusing on improving the financial literacy of the population. Because when fraudsters call people and say, "I'm from the Central Bank," people think, "The Central Bank deals with loans." Then they give the codes and "access" that came to their phones to the fraudsters. Dealing with loans is not part of the Central Bank's activities. The Central Bank does not work directly with citizens. Because it is a regulator. The Central Bank works with commercial banks and payment organizations. It gives them recommendations and instructions on their areas," the expert said. "Looking at the current situation, in what situations are citizens being deceived? Fraudsters call a citizen and introduce themselves as "we are from the Central Bank." They say, "A loan of such and such amount is being issued in your name, this is visible in our system." Then the citizen is in a hurry. Since he does not have sufficient financial knowledge, he thinks, "They really issued a loan in my name," and tells the fraudsters everything that comes to his phone in an SMS. He even gives the fraudster direct control of his phone without his knowledge. — he said. According to a representative of the Central Bank, almost all cyber fraud in Uzbekistan is carried out from abroad. For information, in January-November 2024, 5,500 cyber crimes were committed in Uzbekistan. 70 percent of them were committed with bank cards related fraud and theft crimes. In fact, if we look around us, such dangers are increasing day by day. Previously, people would not have been so involved in such things. This requires the state to fully implement another task - the function of management and control. [10]

Especially these days, bank cards and bus cards are increasing, and cash in the hands of the population is gradually decreasing. This indicates that the electronic system is becoming stronger. This system gives the state full control over how much money is in the hands of the population or in the country as a whole, and the speed of its circulation, and provides the population with the opportunity to quickly and easily make a payment. An example of this is the modernization of the old bus system. Now there are no money collectors on the bus, cash is not taken, and only bus cards are used. When you get on the bus, cards are swiped and when you get off, you get off without any waiting. However, the introduction of this system was not easy, and even after its official introduction, the population did not have bus cards. In order to solve this problem, those who pay bus fares with cash were allowed to purchase a single ticket through all payment devices installed at and near the stops, namely Paynet, Multipay and Oson infokiosks. However, paying with this ticket takes both time and a higher amount. Its price is 3,000 uz, while cashless

payment is 1,700 uzs. Although this system is new for Uzbekistan, it has been used by other countries for a long time.

CONCLUSIONS AND SUGGESTIONS

Based on the latest news, it is worth noting in general that problems never end, but if measures aimed at preventing them are not effective, the number of problems will increase and lead to a recession. The main financial problems of our country are reported in the news every month. However, in addition to these, there are also discussions among the people and problems such as lack of transparency in the economy are put forward. The total funds of each state are stored in the budget. Budget revenues are collected from taxes, duties, state private property and the sale of natural resources. The collected funds are used to improve the lives of the people for the benefit of society. After the budget is distributed to various sectors, the funds pass through several hands, namely departments and organizations, to reach their destination, unfortunately, the public cannot track this path, therefore, some of the funds are lost. And due to the duration of this process, the sectors do not develop. That is why the country does not have proper spending of funds. It is necessary to pave the way, clear the roads, and ensure transparency. The more observers, the better, because the spending of every soum must be under the control of the people, the public, who own that soum, and it must actually reach them. Therefore, any country that wants to develop must spend its funds transparently.

The second problem is about the correct conduct of international relations. That is, the implementation or strengthening of relations aimed not at taking advantage of us, but at making us benefit from them. In particular, the increase in the number of Chinese people entering Uzbekistan can, on the one hand, increase production volumes and satisfy the demand of the population. Because many people like to use Chinese goods. They consider them to be of high quality, durable and inexpensive. However, there is another side to the issue. The production of goods by the Chinese in our country poses a risk of their partial capture of this sector in certain years. Although this idea may seem absurd, an increase in demand for foreign goods will lead to a decrease in the supply of national producers. When domestically produced goods and products are not sold, producers will be forced to switch to other sectors.

The next issue is the increase in the volume of gold in exports. Rather than selling the country's most valuable asset, it is very important to develop other sectors of the economy and cover at least a small part of the costs through other measures. Especially now, many developing countries of the world are increasing their gold imports and accumulating gold in their reserves. Gold is a reliable asset, the value of which remains stable over time.

Another issue is the accumulation of small amounts of money as a result of the increase in the exchange rate. Despite the fact that increased electronicization opens up many opportunities, currently there is very little small money in the hands of the population and there is a shortage at the right time. One of the measures to prevent this is to suddenly increase wages, which is considered an alternative but extremely difficult issue, especially in our time when the budget deficit has increased. This may be almost impossible. This creates many problems until the transition to a new financial system.

Of course, the state is implementing many measures to prevent such risks, including:

1. Great attention is being paid to the training of qualified personnel. Many grants are being provided for young people, and these grants are being given not only within Uzbekistan but also outside it, that is, for studying and improving their skills abroad. Innovations introduced into the education system and experiences gained from abroad are no exception. The most necessary subjects of the present era, such as innovation, marketing, management, and IT, are also being taught.
2. Many conditions are being created for the development of small business and private entrepreneurship. As the Head of State Shavkat Miromovich Mirziyoyev noted in his Decree No. PF-4947 "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan", in paragraph 3.4, in the priority areas of economic development and liberalization,

he noted that reducing state participation in the economy, protecting private property rights and further strengthening its priority position, and continuing institutional and structural reforms aimed at stimulating the development of small business and private entrepreneurship played a major role in the development of this sector. [11] 3. The scale of cultural and educational events is increasing. Almost every state or private school or institute organizes competitions in many fields, and the winners are awarded with various prizes and cash prizes. This serves to ensure competitiveness among young people, arouse interest in many fields, and encourages them.

4. Government bonds are being sold at higher interest rates. This event is mainly carried out to cover the state debt and increase the volume of foreign currency in the country. The 'Eurobond' is a clear example of this.

5. Many seminars and lectures are being given on fraud and security. This ensures financial literacy and awareness among the population. In addition, international relations with various countries are being strengthened, and the volume of investments is being increased. Attention is paid to developing areas and the necessary funds are being provided.

References:

1. Official website of the Ministry of Finance of the Republic of Uzbekistan: www.mf.uz;
2. Official website of the Central Bank of the Republic of Uzbekistan: www.cbu.uz;
3. Vahobov A.V., Malikov T.S. Finance. Textbook/Tashkent Financial Institute.-Tashkent: "Publisher", 2011.45-page;
4. Vahobov A.V., Malikov T.S. Finance. Textbook/Tashkent Financial Institute.-Tashkent: "Publisher", 2011.46-page;
5. Vahobov A.V., Malikov T.S. Finance. Textbook/Tashkent Financial Institute.-Tashkent: "Publisher", 2011.48-page;
- 6.<https://uz24.uz/uz/articles/byudjet-25-2-26>;
- 7.<https://www.gazeta.uz/oz/2024/10/31/taxes-2025>
- 8.<https://www.spot.uz/oz/2025/01/21/foreign-trade>;
9. <https://uz24.uz/uz/articles/byudjet-25-2-26>;
- 10.<https://kun.uz/35879456>;
- 11.B.Yu.Khodiyev,R.X.Karlibayeva,N.I.Akramova Corporate governance,Cholpon Publishing and Printing House Tashkent-2011.3-p.