

THE MAIN DIRECTIONS OF IMPROVING THE SOCIO-ECONOMIC DEVELOPMENT OF THE REGIONS

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Abstract

Although the first steps to introduce participatory budgeting in Uzbekistan have shown positive results, there is still a lot of work to be done to involve citizens in the budget process. The article talks about the essence of the modern trends that increase the level of socio-economic development of the regions and the main problems related to them.

Keywords: Participatory Budgeting, Participatory Budgeting, local budget revenues, local budget expenditures, livelihoods, socio-economic development.

Introduction

In modern conditions, earning income is a guarantee of the well-being of life, and earning and increasing income of economic entities is the main content of human activity. As the goal of working in the market is to make a profit, its possibilities will expand more and more. A variety of income sources and types are provided within such opportunities. The variety of types of income depends on the difference in the source of its origin. From this point of view, it is necessary to take into account market and non-market incomes in the differentiation of population incomes.

As development deepens, the priority of market returns increases. Because the improvement of living conditions depends largely on the income of the market.

The expansion of the layer of entrepreneurs means that the position of market income is growing. Entrepreneurial income occupies an important place in the structure of income. Because in the following years, they show more and more economic activity and strive to have a high income. Having a high income is becoming an important factor in the development of market relations.

The development of entrepreneurship and household economy in accordance with market principles is of particular importance in ensuring economic growth. However, due to the different levels of development, their participation in generating family income is also different. Due to the fact that new layers of the population are increasingly joining the entrepreneurial activity, its role in generating income for all households is increasing. An increase in the level of family harmony in business activities is also observed.

If people's ways of earning income change, the possibilities of earning money will also be different. It depends, firstly, on the different strength and mental abilities, and secondly, on whether or not a person owns property and uses it effectively. Consequently, the sources of



income differ and change in relation to the availability of resources for earning income and its use.

Market and non-market methods of income generation have different effects on income differentiation. Market relations bring entrepreneurship to the fore as a condition for high profits. Entrepreneurial ability, as a factor of economic activity, determines the high income of business people.¹

The variety of sources and forms of income of the population affects the change of the internal ratio of types of income. This requires the need to consider high or low levels of total income separately in income differentiation and creates a different picture of income stratification. Such a legitimate situation emerges by comparing the income indicators of families in the country.

Differences in the types of income of social groups arise under the influence of various factors in the regions of the country, causing changes in the types and structure of income by region. The difference in income means the difference in living standards between social groups. As a result, social differences deepen, income differences and social stratification increase.

Differences in incomes also depend on the composition of ethnic groups of urban and rural residents, and social inequality arises from the nature of the source of income, the size of the family, its composition, and the number of employees in the family. Because income stratification acquires an individual character.

The interaction of market and non-market income is reflected in the following: First of all, the composition of personal income of the population is economic stratified on the basis of the forms of management and the variety of property changes in a way. Because the main personal income received the source is the sum of a person's personal work and ability is considered; secondly, the diversity of the structure of personal income of the population affects the amount of income. In this case, the source of increasing personal income depends not only on the personal labor of a person, but also on the amount of property he owns, property share, and the amount of capital being spent, and changes accordingly;

thirdly, the differentiation of the population's income is influenced by the laws of the market and causes a strong stratification of personal income. This zsa, in turn, is reflected in the standard of living and lifestyle of the population;

- fourthly, achieving real economic growth with the development of the economy leads to the strengthening of the state's influence in the distribution of life benefits. As a result, the scope of social assistance to the population will expand. The higher the overall level of the economy, the less social differences are, and vice versa, the more backward the economy, this is one of the causes of poverty and poverty. Even now, the incomes of urban families are much higher than the incomes of rural families. This difference arises from the difference between the industrial and agrarian sectors of the economy.

The experience of developed countries shows that since the 70s of the last century, as a result of high economic growth rates, the increase in public expenditures has exceeded the indicators of the medium and long-term intended prospects in a number of countries. led to the structure of the budgets embodied in the wall. Because such budgets reflect the state's need for expenses

¹ <http://www/google.com/> "Population income in Uzbekistan"



in the following years. The main data in these budgets, of course, served as the main tool in the preparation of annual budgets and expenditure planning at that time, and the rapid increase in public sector expenditure, in turn, in the development of medium and long-term budgets, was based on budget expenditure. demanded to show the demand.

Prospective indicators are considered as some kind of upper limit base point for annual budgets. That is, the adoption of this policy as the basis for determining the forecast indicators of expenses, setting the next period expenses as the highest point, and preventing initiatives and proposals to increase other expenses. At the moment, the most important condition for ensuring the proportionality of medium and long-term budget forecasts with the current budget in the USA, Sweden and the Netherlands is their creation by one office. Currently, 3-year budgets in the USA, Great Britain, Germany, Denmark, Finland, 5-year budgets in Turkey, and 4-year budgets in Sweden, Spain, and Portugal are being compiled and they are used as a basis for drawing up the next year's budget and submitting it to the Parliament for approval.

The Ministry of Finance of the Republic of Uzbekistan annually submits the budget request for the following financial year within the terms set by the Cabinet of Ministers of the Republic of Uzbekistan:

To the recipients of budget funds financed from the following budget, they issue an order to organize work on the preparation of budget orders for three days;

The Council of Ministers of the Republic of Karakalpakstan, regional authorities and the budget authority of the city of Tashkent will prepare draft budgets of the respective regions and submit them to the Ministry of Finance of the Republic of Uzbekistan.

The Council of Ministers of the Republic of Karakalpakstan, the authorities of the regions and the budget authority of the city of Tashkent draw up budget projects of the relevant regions according to the form developed by the Ministry of Finance of the Republic of Uzbekistan. These projects include:

Calculations on incomes - taxes, levies, duties, and other compulsory payments contingent and other compulsory incomes to the State budget are made separately for each of the relevant regions and incomes.

The list of expenditure-indicators, on the basis of which the recipients of budget funds should draw up orders for receiving funds allocated from the budget, indicators are drawn up by sectors, states and contingents.

Budget legislation in the Republic of Uzbekistan is currently at a stage of further development. The effective functioning of the budget system of our country largely depends on how completely and objectively the criteria are reflected in it.

In this regard, the government of Uzbekistan has introduced participatory budgeting since 2019, which ensures that citizens participate in decision-making on determining the use of budget funds. Since the introduction of the initiative to ensure the participation of citizens in the budget process, the number of proposals made by citizens on the use of state funds has increased by 2.5 times, and the votes of citizens have increased by almost 10 times. It supports the full and active participation of citizens in identifying and prioritizing development projects at the local level, voting on them and monitoring their implementation. Based on the study and analysis of advanced international experience in this field, it gives the government of



Uzbekistan the opportunity to develop a methodology and choose a model for ensuring the participation of citizens in the budget process.²

Although the first steps towards the introduction of initiative budgeting in Uzbekistan have shown positive results, there is still a lot of work to be done to involve citizens in the budget process.

The initiative to ensure citizens' participation in the budget process in Uzbekistan was first put forward in response to the presidential decision "On measures to ensure openness of budget information and active participation of citizens in the budget process" adopted in August 2018. As a result of these efforts, the ground was created to direct at least 10% of the additional revenues in the district budget to finance the areas (events) proposed by the citizens.

By 2021, the level of political and financial support for citizen participation in the budget process has increased. The President's decision "On additional measures to ensure active participation of citizens in the budget process" adopted in April 2021 stipulated the allocation of 5% of the total expenses of the approved budgets of districts (cities) to the financing of proposals made by citizens. In addition, it was determined that at least 30% of the additional revenues of the district and city budgets will be directed to citizens' initiatives.

In 2021, a new mechanism for allocating budget funds for citizens' initiatives was tested in one district/city in Karakalpakstan, Tashkent city and regions. Starting from 2022, the practice of ensuring citizens' participation in the budget process was introduced in all districts of the country. Every year, the promotion of citizens' proposals for financing from the budget funds is carried out in two seasons. The second season started in August this year.

As citizens' awareness of this mechanism and its results increases, their interest, confidence, and sense of belonging should increase accordingly. Just look at the numbers to get an idea of the scale of the results achieved so far. As a result of the increase in the budget allocated within the framework of ensuring the participation of citizens in the budget process, the number of proposals submitted by citizens increased from 28,704 in 2019 to 69,700 in 2022. In addition, the number of citizens voting for various initiatives also increased from 87.7 thousand to 6.7 million. At the same time, the number of projects selected for financing increased from 1102 to 2354. Behind these figures are active citizens who have managed to solve infrastructural problems in their communities and make life more comfortable and better for themselves and their neighbors.

Based on such information and data, the Council of Ministers of the Republic of Karakalpakstan, regional authorities and representative bodies of the city of Tashkent shall adopt relevant budgets within two weeks after the adoption of the State budget. After the adoption of the budget of the Council of Ministers of the Republic of Karakalpakstan, the authorities of the regions and the city of Tashkent, the relevant financial bodies will deliver it in such order and terms within a week.

The purpose of introducing local taxes in Uzbekistan is to expand the capabilities of the tax system in performing its tasks by taxing incomes not taxed by existing state taxes. In the future, the issue of increasing the weight of local budget revenues to 50-60% is one of the problems. It can be seen that the share of local taxes and local budget revenues is very small, and a number

² <https://www.undp.org/uz/uzbekistan/blog/tashabbusli-budjet-sinovdan-yangi-amaliyotlar-sari>



of financial measures should be developed in this regard. Increasing local budget revenues is one of the most urgent issues.

One of the opportunities to increase the local budget income is to create opportunities to increase the economic activity of the population in those places by improving the mechanism of taxing the income of individuals from business activities.

In the present conditions, state regulation of income is a component of reproduction. It solves many tasks, for example, stimulating economic growth, progressive shifts in sectoral and regional structures, supporting exports, taxing employment, regulating prices, etc. The specific direction, forms, and scope of state regulation of incomes are determined by the nature and severity of socio-economic problems in certain countries and in certain periods.

Although the first steps towards the introduction of initiative budgeting in Uzbekistan have shown positive results, there is still a lot of work to be done in terms of broad citizen involvement in the budget process.

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