

**STRATEGIC DIRECTIONS FOR THE EFFECTIVE MANAGEMENT OF REGIONAL
PUBLIC FINANCE**

U.Baytanov

Acting Associate Professor, Department of Economics and Management,
Jizzakh Polytechnic Institute, Uzbekistan

Annotation: This article explores the directions for effectively organizing regional finance, analyzing the current state of the use of financial resources and providing practical recommendations for improving their management system. During the research, the formation of regional budgets, their sources of income, and the structure of expenditures were thoroughly analyzed.

Key words: Regional finance, budget policy, financial independence, interbudgetary relations, economic efficiency, local budgets, financial management.

Annotatsiya: Ushbu maqolada hududlar moliyasini samarali tashkil etish yo'nalishlari o'rganilgan bo'lib, moliyaviy resurslardan foydalanishning hozirgi holati tahlil qilinadi hamda ularni boshqarish tizimini takomillashtirish bo'yicha amaliy takliflar beriladi. Tadqiqot davomida hududiy budjetlar shakllanishi, ularning daromad manbalari va xarajat tarkibi chuqur tahlil qilindi.

Kalit so'zlar: Hududiy moliya, budjet siyosati, moliyaviy mustaqillik, budjetlararo munosabatlar, iqtisodiy samaradorlik, mahalliy budjetlar, moliyaviy boshqaruv.

INTRODUCTION

The role and significance of regional finance are invaluable in shaping a state financial system based on market economy principles. The effective functioning of local budgets is a crucial factor in ensuring sustainable socio-economic development, improving the population's standard of living, and supporting local initiatives. In particular, the need for proper allocation and efficient utilization of financial resources is increasing in the process of managing the economy at the regional level.

As President Shavkat Mirziyoyev has emphasized: "...we all clearly understand that the successful implementation of economic reforms and social transformations primarily depends on the efficiency of economic and financial institutions. These bodies must not only develop but also ensure the implementation of strategic tasks aimed at strengthening the economic power of our country, both in the short and long term¹.

The budget reforms and fiscal policies being implemented in the Republic of Uzbekistan are contributing to the strengthening of the local financial system and the expansion of financial independence. At the same time, certain regions continue to face challenges such as insufficient budget revenues, improper expenditure planning, and weak financial discipline. These issues highlight the need for a more effective and modern approach to the management of regional public finance.

LITERATURE REVIEW

¹ Mirziyoyev Sh.M. Tanqidiy tahlil, qat'iy tartib-intizom va shaxsiy javobgarlik – har bir rahbar faoliyatining kundalik qoidasi bo'lishi kerak. Toshkent: "O'zbekiston", 2017yil, 17 bet.

Aspects related to the management and effective organization of local financial systems have been studied in the scientific works of foreign economists such as J. Miller, Robert D., and J. Peterson, S. Consoli, R.R. Diego, and Michaele Saisana², James Alm, Robert D. Buschman, David L. Sjoquist³, Gorina E., Takaaki Masaki, and Sinervo L.M⁴.

Scholars from the Commonwealth of Independent States (CIS), such as T.A. Naydenova, I.N. Shvetsova, Yuliya Vyacheslavovna Tumanskaya, I.Kh. Ozerov, Ye. Kachanova, N.Yu. Isakova, and V.V. Kovaleva, have extensively examined and analyzed the state of local financial systems in their respective countries through their scientific research⁵.

Among domestic scholars, the relevance of this topic has been reflected in the published scientific works, research studies, and defended dissertations of A.B. Mamanazarov, H.A. Qobulov, Z.I. Ro'ziyev, A.B. Khayriddinov, A. Burkhanov, and N.Kh. Haydarov⁶.

However, the current issues related to improving the practice of effective organization of regional finance in our country have not been sufficiently studied, which necessitates conducting further scientific research in this area.

METHODOLOGY

The article aims to study the theoretical and practical foundations of the effective organization of regional finance, utilizing analytical, statistical, and comparative methods. Additionally, official

² J.Miller Financial management for local government 2011., Robert.d and J.Peterson The Oxford handbook of state and Local government Finance 2012., S.Konsoli, R.R.Diego and Michaele Saisana Data Science for Economics and Finance 11.06.2021

³ Foreclosures and local government revenues from the property tax: The case of Georgia school districts. Volume 46, May 2014, Pages 1-11. <https://www.sciencedirect.com/science/article/pii/S0166046214000155>.

⁴ Financial Sustainability of Local Governments: Effects of Government Structure, Revenue Diversity, and Local Economic Base (Doctoral dissertation). Tempe: Arizona State University. www.scopus.com , Interpreting financial balance in local government: A case study from Finland. Public Money Manag. 2014, 34, 123–130. [CrossRef] www.scopus.com., The impact of intergovernmental transfers on local revenue generation in Sub-Saharan Africa. Volume 106, June 2018, Pages 173-186. June 2018, Pages 173- 186

⁵ Найденова Т. А. Швецова И.Н. “Оценка формирования доходной базы местного бюджета (на материалах муниципального образования городского округа «Сыктывкар»)”. “Финансы и кредит”. 2014 г. 20-30 стр., Туманская Юлия Вячеславовна. “Формирование доходов местных бюджетов в условиях реформирования местного самоуправления”. Автореферат диссертации на соискание ученой степени кандидата экономических наук. Иваново 2004. 20-стр. И.Х.Озеров Основы финансовой науки 2008, Е.Качанова Местные финансы 2012 России, Н.Ю.Исаковой Финансы Учебник. 2019, В.В.Ковалева Финансы 2007

⁶ Mamanazarov A.B. Mahalliy budjetlarni barqarorlashtirishda soliqlarning rolini oshirish masalalari: i.f.n. ilmiy darajasini olish uchun dissertatsiya avtoreferati. - Toshkent, BMA, 2002. - 22 b., 8. Qobulov H.A. Hududiy iqtisodiyot va mahalliy budjetlar imkoniyatlarini oshirish yo'nalishlari. I.f.n. ilmiy darajasini olish uchun yozilgan dis. avtoreferati. - Toshkent: BMA, 2006. - 21 b., Ro'ziyev Z.I. Mahalliy budjet daromadlarini shakllantirish va ulardan foydalanish samaradorligini oshirish. i.f.n. ilmiy darajasini olish uchun yozilgan dis. avtoreferati. - Toshkent: BMA, 2011.- 21 b, Xayriddinov A.B. Mahalliy budjetlar daromad bazalarining barqarorligini ta'minlash yo'llari. I.f.n. ilmiy darajasini olish uchun yozilgan dis. avtoreferati. - Toshkent: BMA, 2011. - 21 b, Burkhanov A. Qurbonov X. “Hududlarda mahalliy budjetlar daromadlar manbaini kengaytirish yo'llari (Qashqadaryo viloyati misolida)”. “Iqtisodiyot va innovatsion texnologiyalar” ilmiy elektron jurnali. № 1, yanvar-fevral, 2018 yil. www.iqtisodiyot.uz , Haydarov N.X. “Mahalliy budjetlar: muammo va innovatsion yechimlar”. “O'zbekiston statistika axborotnomasi” ilmiy elektron jurnali. 2020 yil, 2-son. Malikov T.S va Haydarov.N.H Moliya. O'quv qo'llanma T: “Iqtisod-Moliya” 2022,



data from the Ministry of Economy and Finance of the Republic of Uzbekistan, the State Statistics Committee, and other open sources were analyzed to examine the revenue and expenditure components of regional budgets. The composition of revenue sources, their distribution across regions, as well as the main directions of expenditures, were thoroughly analyzed.

DISCUSSION AND RESULTS

The development of commodity-money relations led to changes in the forms of distribution and redistribution relations, which increasingly took on a monetary character. However, the fundamental essence of these relations remained largely unchanged. The modern concept of “finance” emerged during the formation of the state treasury and the creation of the state budget. It is important to note that perceptions regarding the nature of finance and financial relations have evolved over time, gradually changing their form⁷.

Public finance is the aggregate of economic relations arising in the process of the formation, distribution, and utilization of centralized financial resources in the real monetary circulation⁸. The material basis of financing is constituted by the monetary circulation.

The effective organization and sustainability of regional finance are directly linked to public finance, fiscal policy, interbudgetary relations, and the robustness of the resource base of local budgets.

Conceptually, the effective organization of regional finance refers to the fair, transparent, and rational allocation of financial resources, the implementation of budgetary policy in accordance with the needs of the regions, the expansion of local revenue sources, and the improvement of mechanisms for their management. In this regard, the autonomy and accountability of regional budgets play a crucial role. Regional financial independence, in turn, implies the freedom to make decisions at the local level, as well as the ability to generate and utilize financial resources. The revenue system of local budgets can be divided into two groups: assigned revenues and regulatory revenues of local budgets.

⁷ Витте С.Ю. Конспект лекций о народном и государственном хозяйстве. - М.: Финансы и статистика, 1997. С.4).

⁸ Бабич А.М., Павлова Л.Н. Государственные и муниципальные финансы/Система государственного и муниципального управления: Учебник для студентов вузов, обучающихся по специальностям

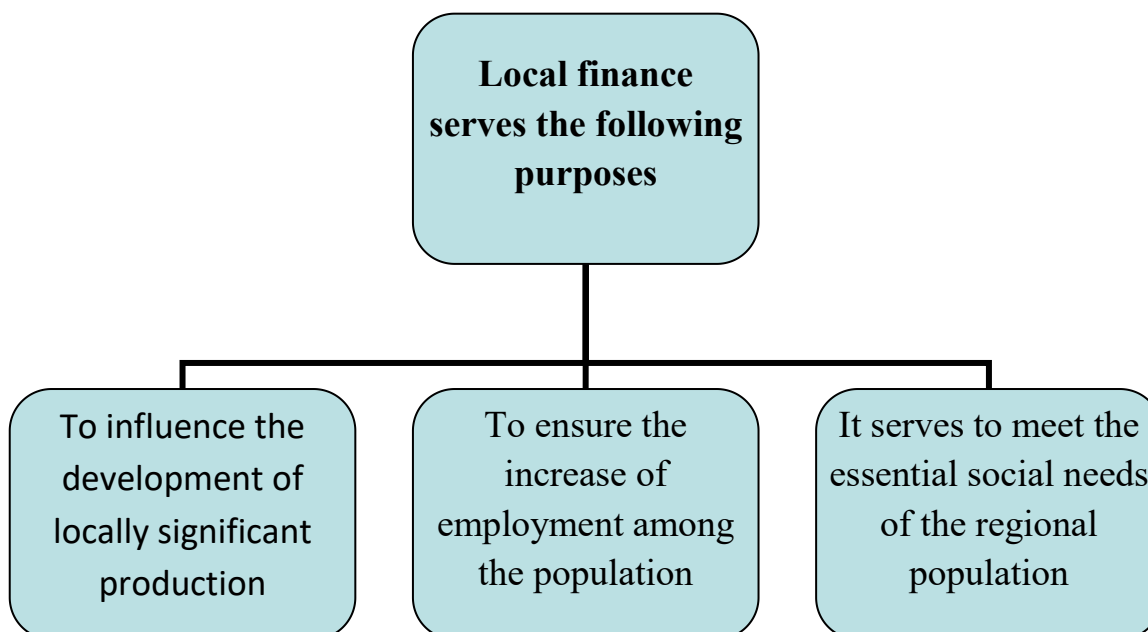


Figure 1. Functions of Local Finance⁹

Assigned revenues refer to funds that belong to the budgetary entity, meaning they bypass the higher-level budget and are allocated on a permanent basis in a strictly defined share or entirely to the relevant budget. The basis of assigned revenues consists of local taxes and fees, as well as transfers from nationwide taxes allocated to local budgets on a fixed and permanent basis.

Regulatory revenues are the funds transferred from higher-level budgets to lower-level budgets with the purpose of managing (balancing) their revenues and expenditures.

Local taxes and fees aim to generate resources for the socio-economic development of the region, the processing of natural and other resources, and to create conditions for the functioning of local government and administrative bodies.

Other types of local taxes and fees are introduced by local authorities. According to legal regulations, local governments are granted the authority to set tax rates and determine the privileges related to these taxes.

Granting local authorities the right to levy local taxes and fees plays a significant role in the formation of local budget revenues. Firstly, it provides a source of income for local budgets; secondly, it positively influences the socio-economic development of the region. The role of local government bodies in the process of forming local budget revenues and determining the main directions of expenditures is a fundamental factor ensuring their financial independence. Moreover, the introduction and collection of local taxes represent one of the most critical challenges faced by local budgets. These challenges include insufficient revenue sources and a limited range of stable tax types.

The stability of local budgets is of great importance in ensuring sustainable economic growth, implementing fiscal policy, and forming budget revenues in the country.

⁹ Author's Study Based on Theoretical Foundations

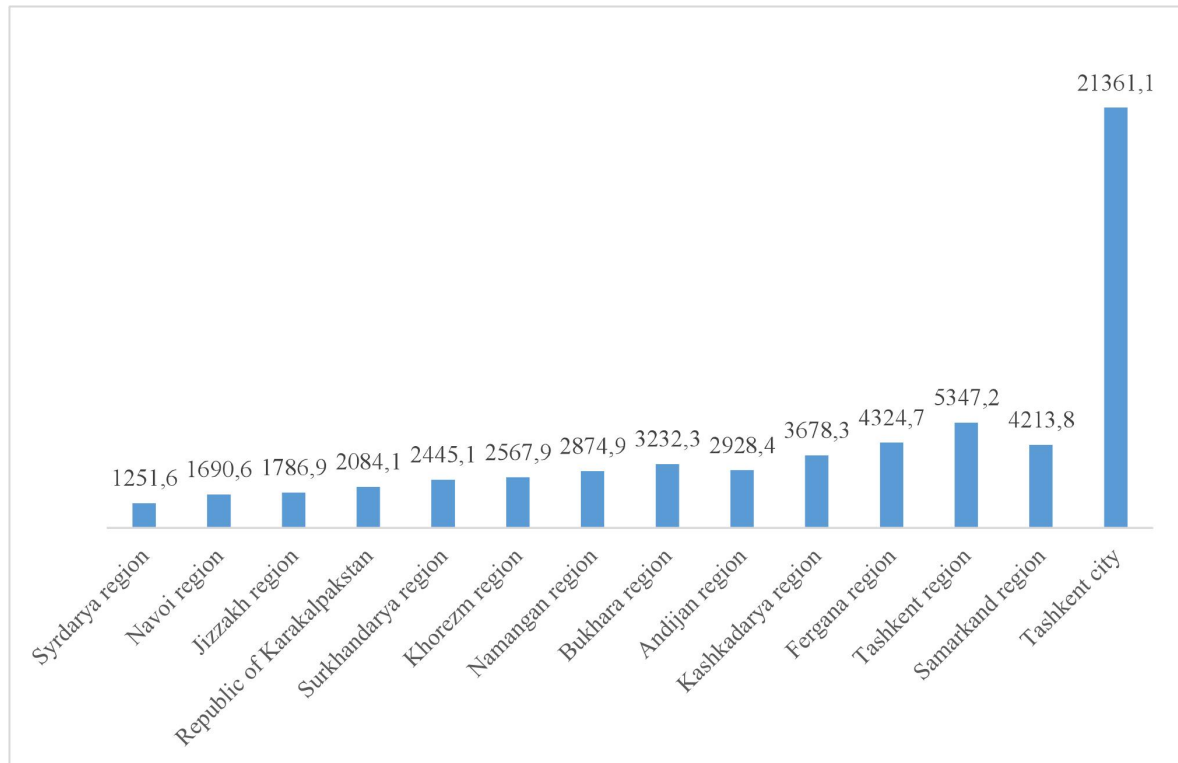


Diagram 1. Revenues by Regions in 2022 (billion soums)¹⁰

Based on the data from the above diagram, it can be observed that in 2022, the highest budget revenues were recorded in the city of Tashkent, Tashkent region, Fergana region, and Samarkand region.

¹⁰ Compiled by the author based on data from the State Tax Committee

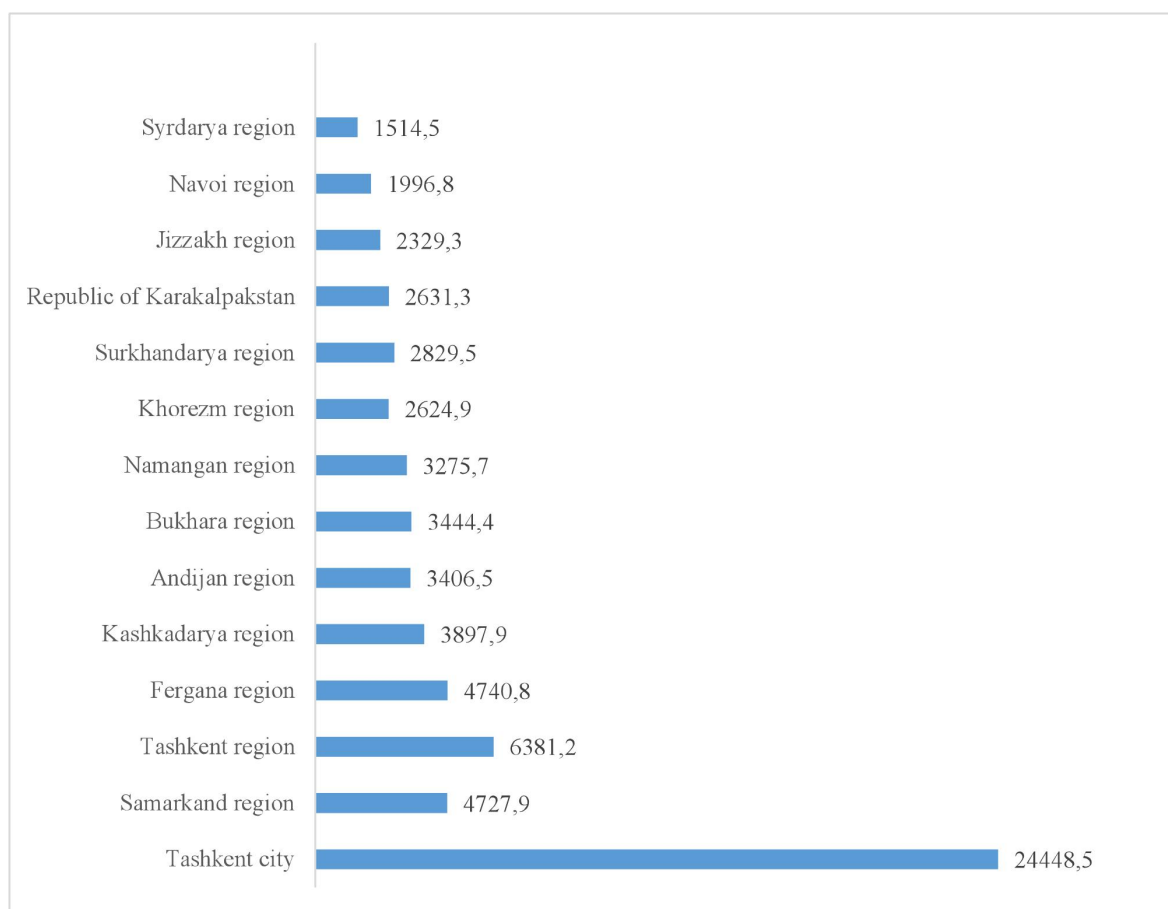


Diagram 2. Revenues by Regions in 2023 (billion soums)¹¹

From Figure 2, it can be observed that in 2023, the budget revenues amounted to 165.9 trillion soums, which is 17.4 trillion soums or 11.7% higher compared to 2022. Tax revenues from large taxpayers accounted for 97.7 trillion soums (58.9%) through interregional tax inspections, while regional revenues comprised 68.2 trillion soums (41.1%).

Among the regions, the highest growth rates in revenues were recorded in Jizzakh region (130%), Syrdarya region (121%), Tashkent region (119%), and Navoi region (118%).

¹¹ Compiled by the author based on data from the State Tax Committee

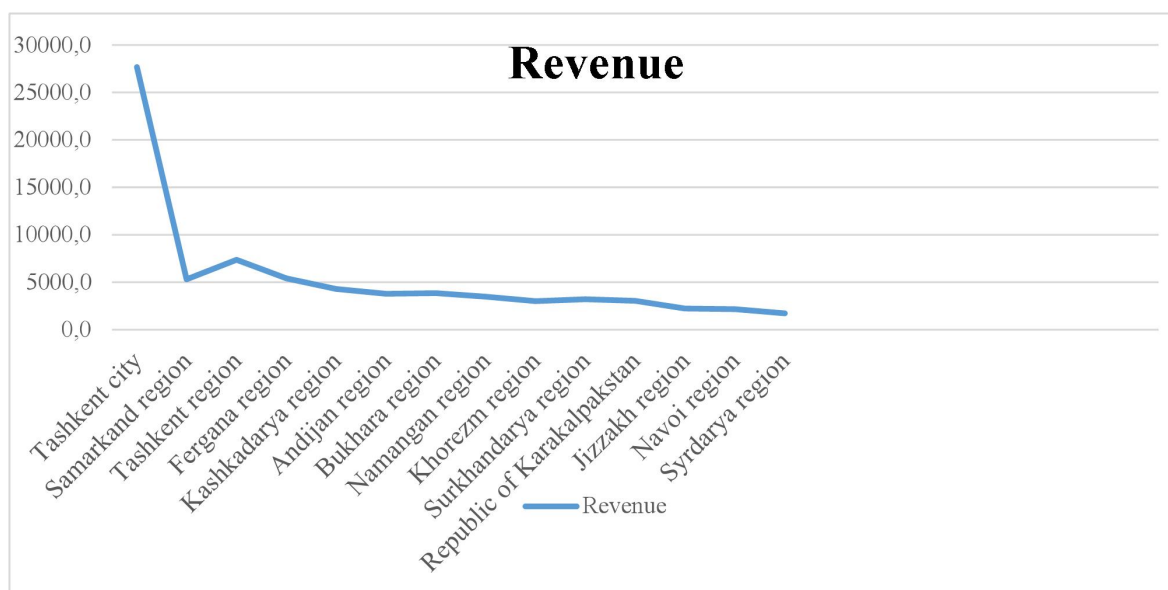


Diagram 3. Revenues by Regions in 2024 (billion soums)¹²

From diagram 3, it can be observed that due to positive changes in the economy, timely decisions aimed at improving tax policy and administration, as well as the effective organization of new household and enterprise institutions, tax revenues amounted to 199.5 trillion soums in 2024, reflecting an increase of 20.2% (+33.5 trillion soums) compared to 2023.

In 2024, the highest growth rates in revenues by region were observed in the city of Tashkent (26.7%), Tashkent region (22.9%), Khorezm region (19.5%), and Syrdarya region (24.6%).

Analyzing the past three years, it can be seen that there has been a steady increase in tax revenues in the city of Tashkent, indicating a continuous growth in the city's tax potential over the years.

In Namangan, Andijan, and Surkhandarya regions, a slow growth in revenues can be observed. This indicates the presence of factors affecting the tax potential of these regions.

CONCLUSION

Effective organization of regional finance today is a crucial factor in ensuring economic stability, strengthening the independence of local budgets, and laying the foundation for socio-economic development. The research revealed that the disproportionate distribution of available financial resources across regions, the limited tax base, and the weak composition of local revenues negatively impact the efficiency of regional financial systems.

Therefore, there is a need to deepen reforms in the following areas:

- Increasing financial independence at the regional level;
- Improving the system of local taxes and fees;
- Strengthening mechanisms for budget planning and control;
- Implementing additional financial incentives for economically less developed regions.

The results of this study serve to develop practical recommendations for improving regional financial policy, ensuring the rational use of resources, and further developing social infrastructure. It is advisable to continue research in this direction to develop solutions based on deeper analysis.

¹² Compiled by the author based on data from the State Tax Committee



REFERENCES:

1. Mirziyoyev Sh.M. Tanqidiy tahlil, qat'iy tartib-intizom va shaxsiy javobgarlik – har bir rahbar faoliyatining kundalik qoidasi bo‘lishi kerak. Toshkent: “O‘zbekiston”, 2017-yil, 17 bet.
2. J.Miller Financial management for local government 2011., Robert.d and J.Peterson The Oxford handbook of state and Local government Finance 2012., S.Konsoli, R.R.Diego and Michael Saisana Data Science for Economics and Finance 11.06.2021
3. Foreclosures and local government revenues from the property tax: The case of Georgia school districts. Volume 46, May 2014, Pages 1-11. <https://www.sciencedirect.com/science/article/pii/S0166046214000155>.
4. Financial Sustainability of Local Governments: Effects of Government Structure, Revenue Diversity, and Local Economic Base (Doctoral dissertation). Tempe: Arizona State University. www.scopus.com., Interpreting financial balance in local government: A case study from Finland. Public Money Manag. 2014, 34, 123–130.
5. Найденова Т. А. Швецова И.Н. “Оценка формирования доходной базы местного бюджета (на материалах муниципального образования городского округа «Сыктывкар»)”. “Финансы и кредит”. 2014 г. 20-30 стр
6. Mamanazarov A.B. Mahalliy budjetlarni barqarorlashtirishda soliqlarning rolini oshirish masalalari: i.f.n. ilmiy darajasini olish uchun dissertatsiya avtoreferati. - Toshkent, BMA, 2002. - 22 b.,
7. Витте С.Ю. Конспект лекций о народном и государственном хозяйстве. - М.: Финансы и статистика, 1997. С.4).
8. Бабич А.М., Павлова Л.Н. Государственные и муниципальные финансы/Система государственного и муниципального управления: Учебник для студентов вузов, обучающихся по специальностям