

**ANALYSIS OF THE CURRENT STATE OF STATE BUDGET REVENUES AND
EXPENDITURES IN MEDIUM-TERM BUDGET PLANNING****Gulmurodova Marjona Olimjon kizi**

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Abstract. This article, drawing on international experience, presents successful medium-term budget planning practices implemented in various countries and the opportunities these can offer Uzbekistan, bringing highly beneficial conveniences. These include approaches such as revenue forecasting methodologies, expenditure prioritization, risk management, and outcome measurement. Furthermore, international best practices underscore the importance of institutional structure, legislative frameworks, and stakeholder engagement in achieving successful medium-term budget outcomes. By comparing with international experience, Uzbekistan can identify areas requiring improvement and implement tailored reforms. This comparative analysis serves as a roadmap for aligning Uzbekistan's fiscal practices with global standards, ensuring sustainable economic development and effective public finance management.

Keywords: State budget, tax, debt, securities, fiscal policy, international integration, gross domestic product volume, export, import.

INTRODUCTION.

One of the main objectives of the government's economic policy is to ensure the stable development of the economic and social spheres. While in previous years this objective was primarily focused on maintaining financial stability, it is now aimed at ensuring the medium- and long-term sustainable development of the entire socio-economic system. The preparation and implementation of long-term forecasts (plans) by public authorities — including financial plans and the budget constitute a key criterion for achieving this policy objective. In the course of these reforms, in order to ensure the implementation of the Resolution of the Legislative

Chamber of the Oliy Majlis of the Republic of Uzbekistan dated 17 November 2018 No. 2119-III “On the State Budget of the Republic of Uzbekistan for 2019, the budgets of state trust funds, and the main directions of tax and budget policy,” the Resolution of the Senate of the Oliy Majlis dated 13 December 2018 No. SQ-348-III, as well as the Presidential Resolution dated 26 December 2018 (PQ-4086), relevant decisions were adopted. As a result, starting from 2019, a new budgetary practice — medium-term budgeting (the State Budget for 2019 and medium-term budget objectives for 2020–2021) — was introduced into the budget system. Taking into account macroeconomic indicators based on international methodologies enables the use of new approaches and tools (econometric methods and models) in budget planning, as well as allows for more accurate medium-term forecasting of budget parameters by considering the impact of various macroeconomic factors. An analysis of reforms in the field of the state budget shows that the government has carried out a number of systematic measures to introduce medium-term budgeting practices into the budget system.

In the country, the necessary conditions for transitioning to medium-term budgeting have been considered as follows. Initial macroeconomic reforms, as well as new projects and initiatives, require a strategic approach to resource allocation. To this end, it is planned to support the liberalization of the exchange rate, provide financial assistance to key industrial sectors, optimize customs payments, and strengthen state support for socially vulnerable population groups. Within the framework of an annual budget, reallocating resources among changing priority areas is very difficult, since annual planning is focused on approving resources in accordance with previously adopted decisions. Taking this into account, it is necessary to reallocate funds over the long term. The process of forming medium-term budget objectives is carried out based on the principles of “top-down” (strategic component) and “bottom-up” (component for assessing funding needs).

REVIEW OF RELATED LITERATURE.

This article employs quantitative, comparative, and statistical analysis methods. The analysis of statistical data involves examining information obtained from the State Statistics Committee of the Republic of Uzbekistan, the Ministry of Economy and Finance, and other relevant sources in order to assess trends in local budget revenues, economic indicators, and regional disparities. Comparative analysis includes comparing Uzbekistan’s regional budget revenue system with those of other countries to identify best practices and areas with potential for improvement.

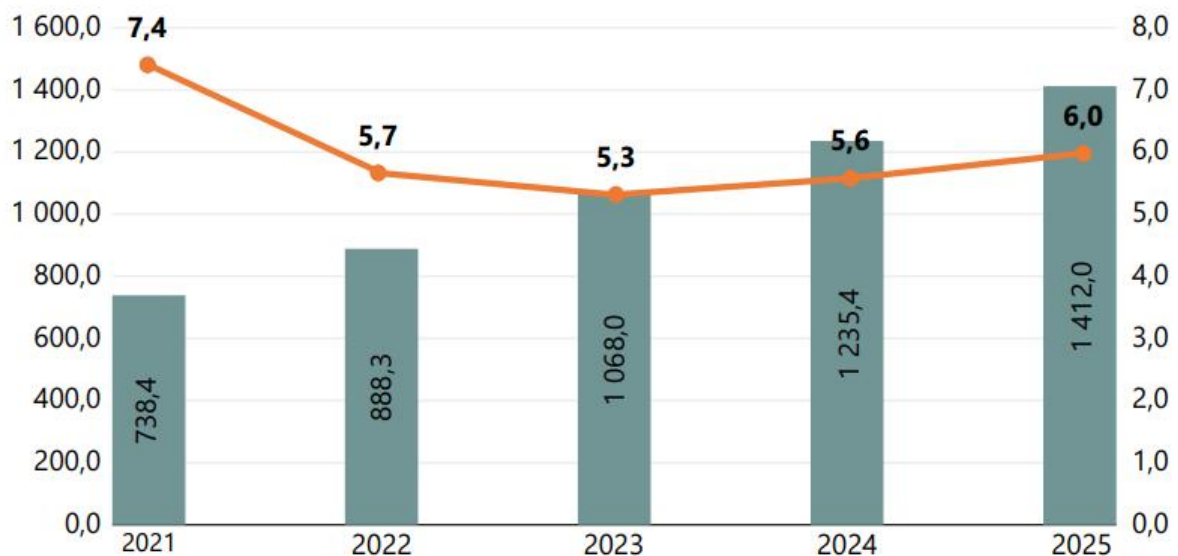
RESEARCH METHODOLOGY.

The search for additional revenue sources for local budgets is a multifaceted topic that requires the use of a wide range of academic literature. In Uzbekistan, works by T. S. Malikov such as *Public Finance and The Budget System of the Republic of Uzbekistan* provide a foundation for understanding the country’s fiscal policy and the role of local budgets within the broader budgetary system. These studies offer well-grounded information on the historical development, legal framework, and current financial challenges of local government finance in Uzbekistan. Research aimed at further enhancing local budget revenues is also extensively covered in the works of Uzbek scholars such as A. Vakhobov (*Corporate Finance*), B. Khudoyqulov (*Financial Management*), and N. Jumayev (*Fundamentals of Taxation in Uzbekistan*). These publications present specific perspectives on taxation, intergovernmental transfers, and financial management practices related to local government finance. They analyze, through

practical comparisons, the challenges and opportunities associated with revenue collection at the local level. International literature beyond the national context also provides valuable insights and best practices for increasing local budget revenues. The works of Richard Bird and Enid Slack on intergovernmental fiscal relations offer useful frameworks for analyzing the design and implementation of transfer systems and for assessing their impact on local government autonomy and fiscal sustainability. In addition, studies on innovative financing mechanisms - such as public-private partnerships (PPPs) and green bonds - highlighted by authors including Graeme Hodge and Sean Kidney provide valuable information on alternative revenue sources that could be adapted to the context of Uzbekistan.

ANALYSIS AND RESULTS.

Under the “top-down” principle, medium-term macroeconomic and budgetary objectives are defined, and expenditure ceilings are established by sectors (ministries). Based on the medium-term fiscal policy concept and the macroeconomic framework, the Ministry of Finance, in cooperation with the Ministry of Economy, calculates the aggregate indicators of the state budget revenues, expenditures, budget deficit, and public debt—for a three-year period. At this stage, an assessment is made of all available resources, including the potential for collecting tax and non-tax revenues, the level of debt mobilization and availability of borrowing, as well as the volume of external grants. Revenue estimates serve as the resource base for calculating expenditures.



Picture 1.

Gross Domestic Product (GDP) Volume and Growth Rates in 2021–2025 (in trillion soums).”

By the end of 2021, amid a gradual recovery of economic activity, GDP grew by 7.4% (compared to 1.7% in 2020). In 2022, economic growth was projected at 6%, and the growth rate of the economy is expected to increase to 6.6% by 2024. The main drivers of GDP growth in 2022 include the gradual recovery of growth rates in economic sectors to pre-crisis levels, household fin

al consumption, increased investment in fixed capital, and the expansion of export and import operations. Despite a reduction in the tax burden due to cuts in certain tax rates in 2023, state budget revenues are projected to increase.

Table 1.

Macroeconomic Indicator of Our Country [1].

		2022	2023	2024	Goal	
					2025	2026
1	Average Population, in Millions	35,7	36,4	37,1	37,8	38,6
2	GDP (Gross Domestic Product), in billion soums	888 342	1 061 184	1 301 759	1 547 540	1 725 969
	Industry (value added), in billion soums	220 704	264 078	327 385	393 166	448 217
	Construction (value added), in billion soums	55 523	66 871	83 559	100 682	114 730
	Agriculture, forestry and fishing (value added), in billion soums	208 453	244 874	293 503	332 751	364 326
	Services (value added), in billion soums	343 374	439 479	541 421	648 368	725 637
3	Inflation, compared to the end of the previous year, in percent	12,3	9,0-10,0	8,0-10,0	7,5-8,5	5,0-7,0

According to data from the International Monetary Fund (IMF), central banks worldwide are taking measures to counter rising inflation. As a result, global inflation is expected to decrease from an average of 8.7% in 2023 to 6.9% in 2024 and 5.8% in 2025; however, due to the pandemic, these levels are anticipated to remain higher than in the pre-pandemic period (3.5% during 2017–2019). The main factor contributing to the decline in global inflation is the

observed decrease in prices of food and other key commodities in world markets. As a result of the aforementioned trends, inflation in Uzbekistan is expected to decline from 12.3% in 2022 to approximately 9.0% by 2025. Other ministries and local financial authorities are responsible for preparing budget requests and forecasts for the relevant three-year budgets within the framework of the Medium-Term Expenditure Framework (MTEF). Currently, high levels of uncertainty due to global changes have complicated the formation of the state budget and the forecasting of key macroeconomic indicators. Despite active domestic demand in 2023, economic growth slowed. Growth was lower compared to 2022, amounting to 5.3%. With the recovery of economic activity, growth is expected to rise to 5.6% and 6% in 2024–2025, respectively. However, given the persistence of uncertainties and the presence of various risk factors, these projections remain unstable. An analysis of the foundations of the budget process in the Republic of Uzbekistan, its regulatory and legal framework, and stages, as well as the current budget system, the structure of the State Budget, and its forecasting methods, revealed certain shortcomings that limit the consistent and effective use of budgetary funds in budget planning practices.

CONCLUSION.

Based on the role and significance of the budget in the national economy, the management of public expenditures constitutes an essential part of budgetary policy and the medium-term development prospects of the country. Budget planning, the management of the medium-term budgeting process, the use, planning, and forecasting of budget revenues, the state of the legal framework, as well as the approval and execution of the budget, are largely determined by the processes of budget execution control.

To ensure the stability of medium-term budgetary practice, the following measures need to be systematically implemented;

1. Introducing amendments and additions to budget legislation and ensuring their implementation to strengthen the medium-term budgeting process.
2. At the beginning of the medium-term planning cycle, establishing realistic and stable expenditure ceilings based on precise models of multi-year budget forecasts.
3. Developing a risk management plan to actively determine clear courses of action in cases where actual revenues deviate from projected levels.
4. Assessing available resources and ensuring the reliability and timeliness of information flows supporting expenditure requirements, since unreliable data can lead to instability from one budget cycle to another.
5. Formulating state-targeted (budget) programs aligned with the priority directions of budgetary policy and coordinating expenditure limits with program parameters.

Thus, medium-term budgeting serves as a crucial tool for enhancing the efficiency of public budget management. The use of medium-term budgeting in the state budget can contribute to achieving long-term strategic objectives and may lead to substantial reforms at both local and national levels.

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