

Formation and Effective Use of Regional Budget Resources

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Abstract – This article provides information on the planning, distribution and use of budget funds in the regions of the Republic of Uzbekistan, which does not use the potential of the region, and develops scientific proposals in this regard.

Keywords – Local Budget, Regions, Real Income, Budget Resources, Financial Resource, Revenues, Expenditures.

I. INTRODUCTION

Local budgets form the material basis of socio-economic development of the regions. Through them the budgets of the regions are formed and used. Local budget funds will be directed primarily to expanded reproduction and socio-cultural activities, but at the same time will serve to provide social protection to low-income groups and finance other activities. Therefore, the Decree of the President of the Republic of Uzbekistan "On measures to expand the powers of local authorities in the formation of local budgets" states: Strengthening the independent work of local authorities in the management of local budgets through reforms should be identified as the main objectives of the country's budget policy "[1].

II. MAIN PART

In the new conditions of economic development of the country, especially in the period of global pandemic, attention is paid to ensuring the effective functioning of the mechanism of management of budgetary resources in the regions and further increasing the capacity of local budgets. At the same time, the management of regional budget resources does not meet modern requirements in all cases. In particular, there are shortcomings in areas such as the efficient use of regional

budgets, the use of advanced methods of their management. However, the management of budgetary resources in the regions plays an important role in ensuring the rational use of financial resources to address socio-economic issues and also has a significant impact on tax relations.

At the regional level, the budget is presented as a financial plan aimed at the formation, distribution and use of financial resources in the form of centralized money within the relevant territory and legally approved at the state or local government level. Its development and implementation is based on relevant legal norms.

The distinctive features of this financial plan are the indication of cash income from specific sources of these revenues, the predetermined cash expenditures for specific areas and activities. The budget as a universal financial plan covers all areas and directions of economic and social development of the region. In addition, it plays a coordinating role for economic entities in the region in relation to all other types of financial plans.

III. RESULTS AND DISCUSSION

Financial resources accumulated in the revenues of the regional budget constitute the resources of the regional budget. Their formation can be done in different ways: tax payments,

targeted deductions, obtaining loans and other borrowings, and financial assistance. An important feature of budget resources is that they directly serve to ensure the well-being of the population of the region. It follows that the increase in budget resources is one of the important indicators of the effectiveness of local governments.

Budget resources are reflected in the following views:

- funds used through the budget (payments in the form of cash);
- benefits provided through the budget or directly affecting budget payments;
- providing financial benefits to the budget in the form of one-time or periodic waiver of payments;
- free or privileged access to public services by those involved in the budget.

The region has a positive impact on the process of formation of local budget resources through the further strengthening of the sources of formation of the budget revenue base. At the same time, there is a need for new approaches aimed at strengthening the coherence between budget resources and the need to meet budget commitments in budget planning and execution.

"The purpose of regional development programs is to select and justify the direction of regional development based

on the state policy of regional development" [2]. The essence of the concept of local budget opportunities can be fully explained not only by the amount of revenue provided for in the draft budget, or only by the implementation of local budget revenues and even the amount of fiscal power of the regions, but also the financial and economic nature and quality of this concept. full and timely fulfillment of the obligations assumed and financial support of the executed budget obligation according to the distribution of expenditure powers.

The process of resource formation requires targeted formation of resources, clarity and uniformity of the principles of their formation, adherence to the rule of law in the formation of resources, as well as ensuring the efficiency of resource collection (ie resource collection costs should be significantly less than the cost of resources). These aspects of resource formation in regional budgets should be explored, data should be open to the public, and the results of observations should be discussed.

Thus, ensuring social and economic development in the regions undoubtedly requires a strong financial base of local governments. Their largest and financial base is local budgets. Territorial government is a key component of the financial system - it is its local budget. It is obvious that socio-economic development in the regions also requires the availability of solid financial resources at the disposal of local governments. Of course, the local budget serves as the most solid and reliable financial base.

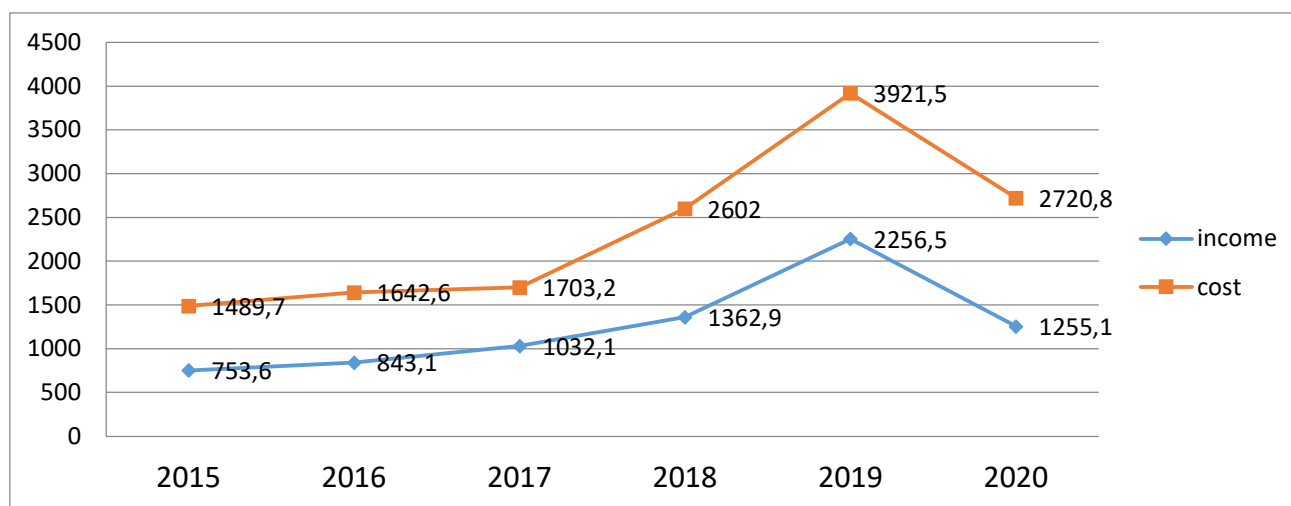


Diagram 1. Income and expenses of Namangan region¹

¹ Developed by the author on the basis of data from the Main Department of Finance of Namangan region.

In Namangan region in 2019, local budget expenditures amounted to 3.9 trillion soums, and the planned expenditures were fully implemented. Expenditures amounted to 3.2 trillion soums to the social sphere and social support of the population. This trend will continue in 2020. In the first 9 months of 2020, the local budget expenditures for social purposes in the region amounted to 1.6 trillion soums.

Determining the forecast of tax revenues plays a special role in forecasting local budget revenues. The planning of tax revenues is primarily based on the general indicators of economic development of the region. Changes in tax policy, changes in tax rates should also be taken into account. Changes can affect taxpayers' actions and tax revenues, and this impact may not always be positive.

“Indicators such as the state budget, the level of tax revenues, the targeted and targeted allocation of budget expenditures determine the level of sustainable economic growth. There is a growing need to fully fund commitments based on the new rules of a market economy, to form monetary funds to achieve financial stability, and to improve budget planning and forecasting for this purpose”[5].

Tax revenues to the local budget are planned by type of tax. Benefits for each type of tax, on the one hand, reduce the receipt of taxes to the budget, on the other hand, increase the receipt of other taxes and mandatory payments due to the expansion of the scope and results of economic activity.

At the macroeconomic level, state budget resources consist of taxes and non-tax revenues. The experience of developed countries has shown that in the context of market relations, tax revenues play a decisive role in the structure of budgetary resources. The process of formation and use of budgetary resources represents the distribution and redistribution of national income through the activities of the state. Because, as a result, national income is consumed by certain citizens. At the same time, the distribution and consumption of national income will have a determining impact on future production outcomes. In our opinion, the formation of local budgets through the receipt of resources through tax revenues is an integral part of the process of reproduction at the regional level and affects its results by ensuring social development.

The formation of financial balances of the regions, as well as a sufficiently accurate calculation of tax opportunities in the region are important in the rational determination of the role of taxes in the formation of budgetary resources in the regions. Of course, the main factor determining the financial potential of the region will be the volume of gross domestic product of the region and its correct definition. In justifying

the expenditures through the regional budget, along with the objective needs, the per capita income is also taken into account.

It is practically impossible to achieve absolute equality of budget expenditures per capita in all regions, but efforts will be made to achieve this in social development. The norms on which local budget expenditures are based should take into account the actual situation, socio-economic characteristics of the region and the socio-economic goals set for the future. Taxes that come directly to the regional budget should form sufficient budgetary resources for the fulfillment of these tasks. In general, it is always necessary to have a mechanism that encourages regional governments to seek to expand their budgets, and it needs to be improved.

IV. CONCLUSIONS

In our opinion, in the current situation, special attention should be paid to the following main priorities of fiscal policy to strengthen the revenue base of the regional budget:

1. Ensuring the balance of budget revenues and expenditures, sharply increasing the efficiency of budget expenditures through the treasury system, strengthening the targeting and targeting of social expenditures.
2. To take measures to further reduce the tax burden on the economy by finding new sources of budget revenues and full mobilization of reserves, and in return to create favorable conditions for all sectors of the economy.
3. Further acceleration of active investment policy aimed at deep structural changes in the economy, maintaining high economic growth rates through financial support of priority sectors of the national economy and the development of modern road transport and engineering infrastructure.
4. Increasing the income and living standards of the population, improving the quality of health care and education, developing social infrastructure and, in return, further improving the living standards of our people.

In conclusion, the growth of local budget liabilities primarily requires the strengthening of the local budget revenue base, the financial capacity of the region on which it relies, and financial resources. Of course, the need for revenues is also maintained through additional government measures. It is known that in assessing the satisfaction of socio-economic needs through the state budget, in international practice, the indicator of the distribution of budgetary resources per capita is widely used. We consider it appropriate to use this indicator in assessing the performance

of local budgets and comparing different regions in this regard.

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