



## IQTISODIY XARAJLARNI BYUDJET MABLAG'LARI ORQALI MOLIALASHTIRISH SAMARADORLIGINI OSHIRISH

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**Annotatsiya.** Ushbu maqolada O'zbekiston Respublikasi davlat byudjeti xarajatlarining tuzilmasi, xususan, iqtisodiy xarajatlar va ularning milliy iqtisodiyotni rivojlantirishdagi o'rni tahlil qilinadi. Tahlilda so'nggi yillardagi statistik ma'lumotlar asosida iqtisodiy xarajatlarning hajmi, yo'nalishlari va ustuvorlik darajasi ko'rib chiqiladi. Shuningdek, maqolada davlat byudjeti daromadlarini taqsimlash va qayta taqsimlash mexanizmlari o'rganilib, ularning iqtisodiy o'sishni rag'batlantirishdagi imkoniyatlari yoritilgan. Yashil iqtisodiyotga o'tish va ekologik barqarorlikni ta'minlashga qaratilgan davlat strategiyalariga ham alohida e'tibor qaratilgan. Tadqiqot natijalari iqtisodiy xarajatlarni strategik sohalarga yo'naltirish va ularni amalga oshirish samaradorligini oshirish zarurligini ta'kidlaydi.

**Kalit so'zlar:** davlat byudjeti, byudjet xarajatlari, iqtisodiy xarajatlar.

## ПОВЫШЕНИЕ ЭФФЕКТИВНОСТИ ФИНАНСИРОВАНИЯ ЭКОНОМИЧЕСКИХ РАСХОДОВ ЗА СЧЕТ БЮДЖЕТНЫХ СРЕДСТВ

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**Аннотация.** В данной статье проводится анализ структуры расходов государственного бюджета Республики Узбекистан, с особым акцентом на экономические расходы и их роль в развитии национальной экономики. Анализ охватывает объем, направления и приоритетность экономических расходов за последние годы на основе статистических данных. Кроме того, рассматриваются механизмы распределения и перераспределения доходов государственного бюджета, подчеркивая их потенциал в стимулировании экономического роста. Особое внимание уделяется государственным стратегиям, направленным на развитие «зеленой» экономики и обеспечение экологической устойчивости. Результаты исследования подчеркивают актуальность направления экономических расходов в стратегические отрасли и необходимость оптимизации и повышения эффективности их реализации.

**Ключевые слова:** государственный бюджет, бюджетные расходы, экономические расходы.

## IMPROVING THE EFFICIENCY OF FINANCING ECONOMIC EXPENDITURES THROUGH BUDGETARY FUNDS

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**Abstract.** *This article analyzes the structure of budget expenditures in the Republic of Uzbekistan, with a particular focus on economic expenditures and their role in national economic development. The analysis covers the volume, directions, and prioritization of economic expenditures in recent years based on statistical data. In addition, the paper explores the mechanisms of distribution and redistribution of state budget revenues, highlighting their potential to stimulate economic growth. The article also gives special attention to the state strategies aimed at promoting a green economy and ensuring ecological sustainability. The research findings emphasize the relevance of allocating economic expenditures to strategic sectors and the necessity of optimizing and enhancing the efficiency of their implementation.*

**Keywords:** *state budget, budget expenditures, economic expenditures.*

### **Introduction.**

Currently, in order to improve the efficiency and authority of financial institutions, it is essential to further enhance the socio-economic well-being of the population in our country. Therefore, it is necessary to fundamentally reform the budgetary and tax policy mechanisms based on the experience of developed countries and to ensure strict compliance with them. Strengthening the revenue base of local budgets will reduce the need for central government transfers, enabling local governments to cover expenditures independently and thereby fulfill their responsibilities to support the socio-economic conditions of the lower-income population.

Moreover, it is vital to revise the functions, methods, and forms of using budgetary resources to ensure their more efficient allocation. Since gaining independence, Uzbekistan's First President, Islam Karimov, placed strong emphasis on developing the economic system and enhancing cooperation with the world's most advanced countries and internationally recognized companies. Reforms in the political, economic, and social spheres were implemented under the "Uzbek Model" of development proposed by the President. These gradual reforms were aimed at preventing potential socio-economic crises and increasing their overall effectiveness.

Indeed, a country's economic condition plays a key role in improving its social standing, maintaining a competitive position in global rankings, and mitigating pressing issues that may arise during natural disasters or unexpected ecological and economic crises.

### **Literature review.**

"The economic classification of budget expenditures refers to the categorization of expenditures based on the types and directions of economic payments" (Safarov, n.d.). Capital expenditures are also part of economic expenditures, as they include investments in infrastructure projects and long-term assets that have a lasting impact on the economic sector and public welfare.

According to English economists, budget expenditures are defined as follows: "Government expenditures represent the use of financial resources by the public sector to achieve economic and social goals as outlined in the national budget" (Rosen and Gayer, 2014).

This definition highlights that the primary function of the state budget is not only the collection of revenues but also their equitable distribution and redistribution through the expenditure process.

Keynes (1936), in his *General Theory of Employment, Interest and Money*, strongly supports the use of government expenditures to stimulate demand and mitigate unemployment during economic downturns. He views government spending as a driving force for economic recovery.

Wagner (1890), through his widely known "Wagner's Law", claims that as an economy grows, government expenditures naturally increase due to the expansion of administrative and social responsibilities of the state.

According to Lerner (1943), functional finance dictates that government spending should be adjusted to stabilize the economy, rather than constrained by traditional budgetary rules. His theory prioritizes full employment and economic efficiency.

Lucas (1988) further contributes to this discussion by stating that public investment in education and human capital results in higher productivity and sustainable economic growth. He sees such expenditures as fundamental to the long-term success of the economy.

According to Weisbrod (1964), government expenditures in health and education generate positive externalities that benefit society beyond individual recipients. He advocates for increased public investment in these areas to improve social welfare.

Ahuja and Pandit (2020), in their empirical study of 59 developing countries, found a strong positive correlation between government expenditures and economic growth. Their research supports the argument that targeted and efficient budget allocations can spur development.

The International Monetary Fund (IMF, 1995) emphasizes the importance of redirecting unproductive public expenditures toward sectors that generate economic returns and foster inclusive growth.

Onifade et al. (2020), in their study of Nigeria, show that capital expenditures on infrastructure and productive sectors have a significant impact on boosting economic output and employment.

In the same vein, Russian economists define economic expenditures as: "Economic expenditures in the public sector refer to the allocation of financial resources from the budget aimed at implementing state functions, supporting public infrastructure, social services, and economic regulation" (Gryaznova and Nikiforova, 2001).

This definition emphasizes that although economic expenditures are part of the overall state budget, they are implemented specifically to strengthen and improve the social sphere as well.

### Research methodology

This scientific article employs several methodological approaches to study the structure of state budget expenditures, particularly economic expenditures, using recent years' quantitative data. The research is based on statistical analysis to examine the dynamics and percentage share of economic expenditures within the state budget.

The analytical approach used in this article includes a detailed examination of the composition, effectiveness, and management issues of economic expenditures. Furthermore, the study proposes possible solutions to address these issues and improve the efficiency of economic spending through better governance and resource allocation.

### Analysis and discussion of results.

Economic expenditures function as capital investments aimed at achieving long-term development goals, and they generate returns by increasing state budget revenues. The allocation of financial resources to strategic sectors that contribute to economic stability demonstrates the broad objectives and responsibilities of government budgetary spending in fostering national economic growth.

Such investments include the development of infrastructure, expansion of the energy sector, improvement of transportation and communication networks, promotion of innovation, support for tourism, and stimulation of entrepreneurship, among others.

For instance, on January 14, 2017, during an extended meeting of the Cabinet of Ministers dedicated to reviewing the results of Uzbekistan's socio-economic development in 2016 and outlining the key priorities for the 2017 economic and social program, President Shavkat Mirziyoyev delivered a comprehensive address.

In his speech, the President emphasized the continuation of the development principles known as the "Uzbek Model", established under the leadership of Uzbekistan's First President, Islam Karimov. He noted that consistent implementation of medium-term reform, structural transformation, and modernization programs contributed to maintaining high and stable economic growth rates in 2016, while ensuring macroeconomic balance and improving the standard and quality of living for the population (uz.fundamental-economic.uz, 2023).

President Mirziyoyev further proposed adopting eleven major priority tasks within the 2017 economic and social program, incorporating public suggestions received during the open discussion of the draft Development Strategy for 2017–2021. The foremost priority, he stressed, was the implementation of the State Program "Year of Dialogue with the People and Human Interests," grounded in the noble principle that "Human interests come above all". He emphasized that these priorities must serve as the foundation for introducing serious changes to the main directions and tasks of deepening economic reforms (uz.fundamental-economic.uz, 2023).

Table 1

## Share of Economic Expenditures in the State Budget of Uzbekistan

Expenditures	Years									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 (forecast)
State Budget expenses (in billion soums)	40911,3	49343,7	79736,1	118008,7	144142,7	165879,0	236578,5	257734,0	312921,0	344600,0
<i>In particular:</i>										
Economic Expenditures (in billion soums)	4319,5	5280,7	6957,7	18485,2	16692,8	14015,4	24547,7	22480,0	24850,0	39200,0
Share in State Budget Expenditures (in percentage)	10,5	10,7	8,7	15,6	11,5	8,4	10,3	8,7	7,9	11,3

**Source:** prepared by the author based on data from the official website of the Ministry of Economy and Finance of the Republic of Uzbekistan.

As a result, nearly 300 laws and over 4,000 presidential decrees were adopted between 2017 and 2021 as part of the Action Strategy for five priority areas of national development. These reforms targeted a comprehensive transformation of all spheres of public and state life.

Furthermore, major initiatives were undertaken in fiscal and economic policy, including liberalization of the tax and financial systems, support for entrepreneurship, guarantees of

private property rights, and the development of foreign trade and agricultural processing, as well as the accelerated development of regions.

Following public discussion, the 2022–2026 Development Strategy for New Uzbekistan was approved under the principle of “From the Action Strategy to the Strategy for Development”. This document outlined seven priority areas and introduced numerous new tasks aimed at advancing the national economy (Farmon, 2022).

According to the data presented in Table 1, it can be observed that economic expenditures accounted for an average of approximately 10% of total state budget expenditures. Specifically, in 2016, economic expenditures amounted to 4,319.5 billion soums, which was 10.5% of the total budget; in 2017, they reached 5,280.7 billion soums (10.7%); in 2018, 6,957.7 billion soums (8.7%); in 2019, 18,485.2 billion soums (15.6%); in 2020, 16,692.8 billion soums (11.5%); in 2021, 14,015.4 billion soums (8.4%); and in 2022, 24,547.7 billion soums, accounting for 10.3% of the total budget expenditures.

It should be noted that the 2021 figures reflect a decrease in the share of economic expenditures, largely due to the redirection of budget resources toward social sector support amid the global socio-economic challenges caused by the COVID-19 pandemic.

Despite a downward trend in recent years, projections for 2025 indicate an increase in the share of economic expenditures within the state budget, reaching 39.2 trillion soums, or 11.3% of total expenditures. This growth is primarily attributed to the declaration of the current year as the “Year of Environmental Protection and the Green Economy”, during which the state has assumed a leading role in promoting sustainable development and green economic initiatives.

**Table 2**

**Economic Expenditures of the State Budget of the Republic of Uzbekistan**  
(in billion soums)

t/r	Expenditure	2017	2018	2019	2020	2021	2022	2023	2024	2025 (forecast)
	<b>Total Economic Expenditures</b>	<b>5280,7</b>	<b>6957,7</b>	<b>18485,2</b>	<b>16692,8</b>	<b>14015,4</b>	<b>24547,7</b>	<b>22480,0</b>	<b>24850,0</b>	<b>39200,0</b>
1.	Water Management Operating Expenditures	1679,9	3524,2	3885,8	5028,9	4529,0	5905,8	7959,8	9151,0	9700,0
2.	Development of Public Roads	-	3711,8	5219,1	2697,9	2200,4	2420,4	2680,4	3085,0	-
3.	Environmental Protection Activities	-	215,0	251,9	272,5	284,0	98,6	-	-	-
4.	Geological Exploration Works	-	594,3	587,4	1314,6	1200,0	1000,0	1090,0	900,0	900,0
5.	Improvement of Residential Areas	1087,4	1383,1	2047,7	2678,7	2041,7	2863,0	5564,8	4465,0	4500,0
6.	Housing and Utility Services	-	512,8	857,0	471,9	909,3	1316,1	-	-	-
7.	Other Economic Expenditures	2513,4	4158,5	5636,3	4228,1	2851,0	16849,6	5185,0	7250,0	24100,0

**Source:** prepared by the author based on data from the official website of the Ministry of Economy and Finance of the Republic of Uzbekistan.

From the data in the table, it can be emphasized that until 2018, official websites providing information about the state budget expenditures did not fully disclose which economic sectors the economic expenses were allocated to. The main focus was on agriculture, irrigation in agriculture, and similar areas.

In 2018, the total economic expenditures amounted to 6,957.7 billion soums, of which 3,524.2 billion soums were spent on water management operations, 3,711.8 billion soums on public roads, 215.0 billion soums on environmental protection, 594.3 billion soums on geological exploration, 1,383.1 billion soums on the improvement of populated areas, 512.8



billion soums on housing and communal services, and 4,158.5 billion soums on other economic expenses.

In 2019, economic expenditures increased in almost all areas compared to 2018, reaching 18,485.2 billion soums. Water management operation expenses were 3,885.8 billion soums, geological exploration expenses were 587.4 billion soums, and funds allocated for improvement of populated areas were almost doubled compared to 2018. Development of public roads (5,129.1 billion soums) increased by 1.3 times, housing and communal services (857.0 billion soums) by 1.6 times, other economic expenses (3,217.9 billion soums) by 1.3 times, and environmental protection expenses reached 251.9 billion soums.

In 2020, economic expenditures were forecasted at 13,642.6 billion soums but actually amounted to 16,692.8 billion soums. Additionally, expenses for water management operations increased by 1.2 times to 5,028.9 billion soums, geological exploration expenses rose by 2.2 times to 1,314.6 billion soums, and 2,678.7 billion soums were spent on improving populated areas, including 289.3 billion soums from centralized investments for financing the “Obod qishloq” and “Obod mahalla” programs. Development of public roads amounted to 2,697.9 billion soums, which was 1.9 times less than the previous year, and investments through centralized funds amounted to 2,397.2 billion soums. Expenses on housing and communal services decreased twofold to 471.9 billion soums compared to the previous year. The decrease in economic expenditures’ share in 2020 compared to 2019 was mainly due to the COVID-19 pandemic, as most of the state budget revenues were directed toward the social sector.

In 2021, in order to develop the economic sector and address existing issues, 14,015.4 billion soums were spent from the state budget. Specifically, water management operation expenses were 4,529.0 billion soums, geological exploration expenses were 1,200.0 billion soums, funds for improving populated areas were 2,041.7 billion soums, development of public roads was 2,200.4 billion soums, housing and communal services received 909.3 billion soums, environmental protection was allocated 284.0 billion soums, and other economic expenses were allocated 2,851.0 billion soums.

In 2022, economic expenditures reached 24,547.7 billion soums, which was 10 times higher than in 2021. Specifically, water management operation expenses increased 1.3 times to 5,905.8 billion soums, funds for improving populated areas rose 1.4 times to 2,863.0 billion soums, maintenance of public roads grew 1.1 times to 2,420.4 billion soums, housing and communal services rose 1.4 times to 1,316.1 billion soums, and other economic sector expenditures increased 5.9 times to 16,849.6 billion soums.

However, despite the growing emphasis globally and in our country on “green economy,” “green budgeting,” and “green sustainability,” only 98.6 billion soums were allocated for environmental protection in 2022, which is 2.8 times less than in 2021. Furthermore, the budget allocated for geological exploration was 200.0 billion soums less than planned.

Over the last three years, due to changes in the statistical data composition on economic expenditures, the amount classified as other expenditures increased fourteenfold, with a forecast of 24,100.0 billion soums in 2025. These other economic expenditures include, besides other economic expenses, partial compensation for heating supply company expenses (1,850.0 billion soums in 2023), funds for supporting and promoting exports (178.8 billion soums), transfers to state funds supporting entrepreneurial activities (900.0 billion soums), and partial compensation of transport costs for exports, among others.

This year, the planned expenditures from the state budget allocated to the economy are expected to constitute 2.4% of the gross domestic product and 11.4% of total expenditures. Of this, the main part of nearly 9.7 trillion soums allocated for water management sector organizations—about 6.8 trillion soums (7.1 trillion soums in 2024)—will be directed to cover the electricity costs consumed by pumping stations. As a result, electricity consumption of 6.8 billion kWh is spent on pumping water from transboundary rivers into the country, filling

reservoirs, and irrigating 2.4 million hectares of crop fields, ensuring the irrigation of agricultural lands with 32.5 billion cubic meters of water.

Currently, various ecological problems and global crises are expected and occurring. A number of factors causing such events, including some types of economic activities, industrial sectors, techniques used in extracting underground natural resources, and other activities, must be reduced or optimized.

In this, the state must act as the main reformer, paying special attention to these issues in budget revenues and expenditures, thoroughly reforming budget-tax policy and budget systems, and making changes to certain decisions and laws.

### Conclusion and suggestions.

Global political, economic, and technological changes are causing a number of damages and pressing issues in our country's socio-economic system. In particular, the introduction of the "Digital Economy" and the need to provide the social sphere with modern technological tools require significant budget expenditures, leading to budget deficits.

The daily development of the economy, the expansion of industrialized areas, and the reduction of agricultural entrepreneurship sectors, as well as the increase of megacities worldwide, have worsened the ecological situation globally. This confirms the necessity of applying "green economy" and "green budgeting" policies in our country, as is practiced in developed countries.

Experiences of various developed countries and economic scholars emphasize this. For example, Fiorino (2018), in his book "The Good Life on a Finite Planet: The Economics of Green Growth", stresses that we must protect the environment not just for its own sake but because the economy cannot exist without ecological development. This proves the importance of the "green economy" in today's era of intensified global ecological and economic crises.

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