



e-ISSN: 2319-8753 | p-ISSN: 2347-6710

# IJRSET

International Journal of Innovative Research in  
**SCIENCE | ENGINEERING | TECHNOLOGY**

# INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH

IN SCIENCE | ENGINEERING | TECHNOLOGY

Volume 11, Issue 2, February 2022

**ISSN** INTERNATIONAL  
STANDARD  
SERIAL  
NUMBER  
INDIA

Impact Factor: 7.569

9940 572 462

6381 907 438

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# Ways to Ensure Financial Sustainability of Local Budgets

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**ABSTRACT:** the article examines one of the most pressing issues today - the financial sustainability of local budgets. The role of local budgets in the allocation of public funds and the development of social infrastructure in the implementation of economic and social tasks at the national level is highlighted. Based on the findings, proposals and recommendations were made to increase local budget revenues, achieve budget independence and find solutions to socio-economic issues.

**KEYWORDS:** financial adequacy of local budgets, socio-economic significance of local budgets, formation of financial resources of local budgets, formation of financial resources of local budgets, main directions of local budget expenditures, foreign experience of local budgets, efficiency of local budget formation.

The local budget system is the financial support of the state, which implements a wide range of social activities throughout the country. Through local budgets, regional revenues are redistributed across sectors, regions, and social strata. The rational organization of this distribution and its effective operation depend on the observance of strict budgetary discipline.

Local budgets play an important role in the implementation of economic and social tasks at the national level, primarily in the allocation of public funds and the development of social infrastructure. They are the main source of funding for local governments and play a key role in the implementation of state socio-economic policies on the ground. The system of local budgets allows to meet local needs more fully and in close connection with the implementation of measures taken by the state in a centralized manner. Further improvement of the relationship between the republican and local budgets is, of course, the economic development of the regions, the elimination of economic disparities between them as much as possible. In addition, although much has been done to find new sources of revenue for local budgets, introduce a progressive system of tax collection, and improve the existing tax revenue base, the true nature of this work has not yet been fully explored. Therefore, it is necessary to study and analyze the issues of ensuring the financial viability of local budgets, their effective formation.

We can see in the indicators of their financial security that the level of economic development of the regions of the country varies in reducing the share of budget subsidies and subventions in the structure of local budgets. Accordingly, the tax base of income and the total amount of expenditure also vary across regions. At the same time, each administrative region of the country, which has the right to form its own budget, regardless of the size of the income base, must provide the population living in that area with certain socio-cultural services guaranteed by the state.

It is important to emphasize the importance of the local financial system and the stability of local budgets and the proper organization of budget policy in the socio-economic development of the country. At a time when radical reforms are deepening in our country, it is time to make profound changes in the financial and budgetary spheres, as well as in all spheres of our social life.

At a time when market relations are developing in the economy, the need for the state to have centralized financial resources to perform its permanent functions is growing. The formation of centralized monetary funds is especially important in a situation where Uzbekistan has set itself the task of building a democratic civil society and joining the ranks of developed market economies. Local government is an important part of a democratic state structure. They must have certain property and financial rights to perform their duties. Local authorities, governors, and councils of people's deputies carry out financial activities in the regions within their competence.

In our opinion, the local budget plays an important role in the financial regulation of the national economy, the planning of budget revenues and the effective organization of the process of budget financing.

According to our legislation, the local budget is a part of the state budget, which consists of the relevant regional, district, city funds, which include sources of income and the amount of revenues from them, as well as funds allocated for specific purposes during the fiscal year. consumption directions and amounts.

Local budgets are an integral part of the financial system of territorial public administration. At the same time, they provide local authorities with financial resources to carry out the economic, social and political functions that lie ahead of them.

The main financial basis for the activities of territorial administrations is local budgets. The success of their mission depends in large part on their financial resources. The socio-economic development of the regions is financed by local budgets.

Thus, the coordination of local budget revenues and expenditures plays an important role in the development of the republic and its regions. The local budget is an integral part of the economic category of the state budget. In economic terms, it is the centralized monetary fund of the state, which is necessary to ensure that the territorial administrations perform their functions and functions. From a legal point of view, the local budget is a legally prescribed form of creating and spending a fund of funds to finance the tasks and functions of local governments. The budget has the status of a legal act, is adopted by the competent authority and has the force of law.

To summarize, it would not be a mistake to say that the plan of revenues and expenditures of local budgets, its implementation and inter-budgetary relations are the main causes of the problems in our regions today. In general, inter-budgetary relations between the republican budget of the country, the republican budget of the Republic of Karakalpakstan, regional budgets, the city budget of Tashkent, the budgets of districts, cities, as well as the budgets of state trust funds. is the relationship between the provision of appropriate budgets and the financial resources required for.

The main goals of inter-budgetary relations are the creation of a single economic zone in the socio-economic development of the regions, financing the single minimum standards of social services, ensuring equal social protection and social rights, and creating favorable conditions for economic and social development in all regions of the country.

In the process of formation, consideration, approval and execution of the state budget in the framework of inter-budgetary relations in our country, the relationship between state and local authorities on budgetary powers, rights, obligations and responsibilities is regulated.

The budget of the Republic of Karakalpakstan, which is part of the state budget of the Republic of Uzbekistan, and local budgets must be balanced in terms of revenues and expenditures. The increase in planned expenditures over its revenues (deficit) can be considered only in the parameters of the republican budget.

The economic activity of local budgets is characterized by the availability of their own sources of income. They need to have enough money to carry out various tasks in their area.

Based on the conclusions, the following suggestions and recommendations can be made in order to increase local budget revenues, achieve budget independence and find solutions to socio-economic issues:

First, within the local budget, local taxes and levies should be kept in full and unchanged in subsequent years, and not distributed among the conditions set by the high budget.

In practice, the share of large tax revenues in the district local budget is determined from the upper budget. It will not be possible to allocate revenues to the local budget in the coming years. Because that number can change over time. For example, if the number of manufacturing enterprises and production in the district increases and the share of taxes paid by them increases, the deductible tax base will be reduced next year. In this case, the district will not be able to grow economically.

Second, leave all taxes to the district, not a particular taxpayer.

In practice, some of the taxes paid by the manufacturing company go to the district local budget and some to the higher budget. This will help to improve the economic situation of the district in the future, to identify measures to increase revenues to the local budget, as well as to finance the costs that are waiting for a financial solution.

Third, the distribution of taxes and levies between districts, cities, and republics should be based on the taxpayer, not the type of tax.

In practice, the tax revenue paid by one enterprise is divided between the district, city (province) and the republic. This work is carried out by the district tax inspectorates. As a result, it is difficult to control the full payment of all taxes. If the general taxpayers of the general order were fully covered by the republican budget, it would be profitable. Because they have legal addresses in one place and manufacturing companies in different areas.



Fourth, not to tie all regions to targeted high-budget transfers.

Fifth, the approval of the annual local budget parameters by the district people's deputies in effective directions, based on the real needs of the district. That is, we have to work from the bottom up. Today, the principle of "top to bottom" prevails.

In practice, when approving local budget parameters, the total share of taxes and levies in the determination of local budget revenues from the upper budget and sectoral plan indicators of expenditures are clearly defined, and this information is copied by the district Council of People's Deputies when approving local budget parameters. xolos. In fact, the real situation in the district is well known to the governor, deputies and officials. As a result, if they could determine the direction of revenue and expenditure of local budget parameters, the problems that have plagued many for years would end.

Sixth, allow district governors to plan funding for utilities and infrastructure improvements in addition to the maintenance costs of budget organizations.

In practice, when there are interruptions or losses in the utilities sector in the district, the relevant departments try to deal with them. But a complete solution depends on the organization. The reason is that if you need equipment or raw materials, you have to apply for it, and if you give it, well, if you don't, you have to wait. This leads to legitimate protests and waste of natural resources. There are also frequent utility accidents due to a lack of funds to address existing problems. This means that the district council of people's deputies will be responsible for the management of financial resources, subordinating all departments to the district governor.

We are confident that our proposals and recommendations will help to improve the functioning of local budgets in Uzbekistan and ensure their financial stability.

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