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FISCAL POLICY IS A FACTOR IN STIMULATING ECONOMIC GROWTH AND ENSURING STABILITY

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Annotation. The article provides a comprehensive analysis of the impact of fiscal policy on economic growth, its main tools, and the level of state intervention in economic processes. The main conditions and results of effective fiscal policy are discussed based on the experience of different countries. The structure of state budget revenues of the Republic of Uzbekistan, the dynamics of public debt, and the impact of fiscal policy on economic stability are also analyzed. The article also considers such aspects as fiscal policy's role in stimulating economic growth, controlling inflation, ensuring social justice, and its relationship with international economic trends.

Keywords: Budget and tax policy, state budget, economic stability, tax reforms, customs system, fiscal policy, economic development, budget revenues, budget expenditures.

Introduction. Fiscal policy is a tool of the state for active intervention in economic processes and their regulation, the main goal of which is to stimulate economic growth and ensure macroeconomic stability. This policy is implemented through the management of taxes, government spending and the budget balance. With the help of its fiscal tools, the state can influence the level of economic activity, improve the investment climate and increase the well-being of the population.

Fiscal policy is one of the main mechanisms of economic growth, which ensures economic stability through the formation of state revenues and the effective distribution of expenditures. While tax policy is mainly aimed at increasing state revenues and maintaining fiscal stability, budget policy is responsible for distributing these funds to various sectors of the economy and supporting strategic directions. Therefore, fiscal policy is not only a tool of state financial management, but also an integral part of the economic development process.

Effective fiscal policy helps to increase the overall economic potential of the country. It is possible to stimulate investment through tax rates and incentives, increase production and increase employment through government spending on infrastructure

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projects. Also, through a rational organization of the distribution of budget expenditures, the development of the social sphere is ensured and economic inequality is reduced.

Fiscal policy is a tool for the state to actively influence economic processes, the main goal of which is to stimulate economic growth and ensure macroeconomic stability. This policy is implemented through the state budget, the tax system, and expenditures.

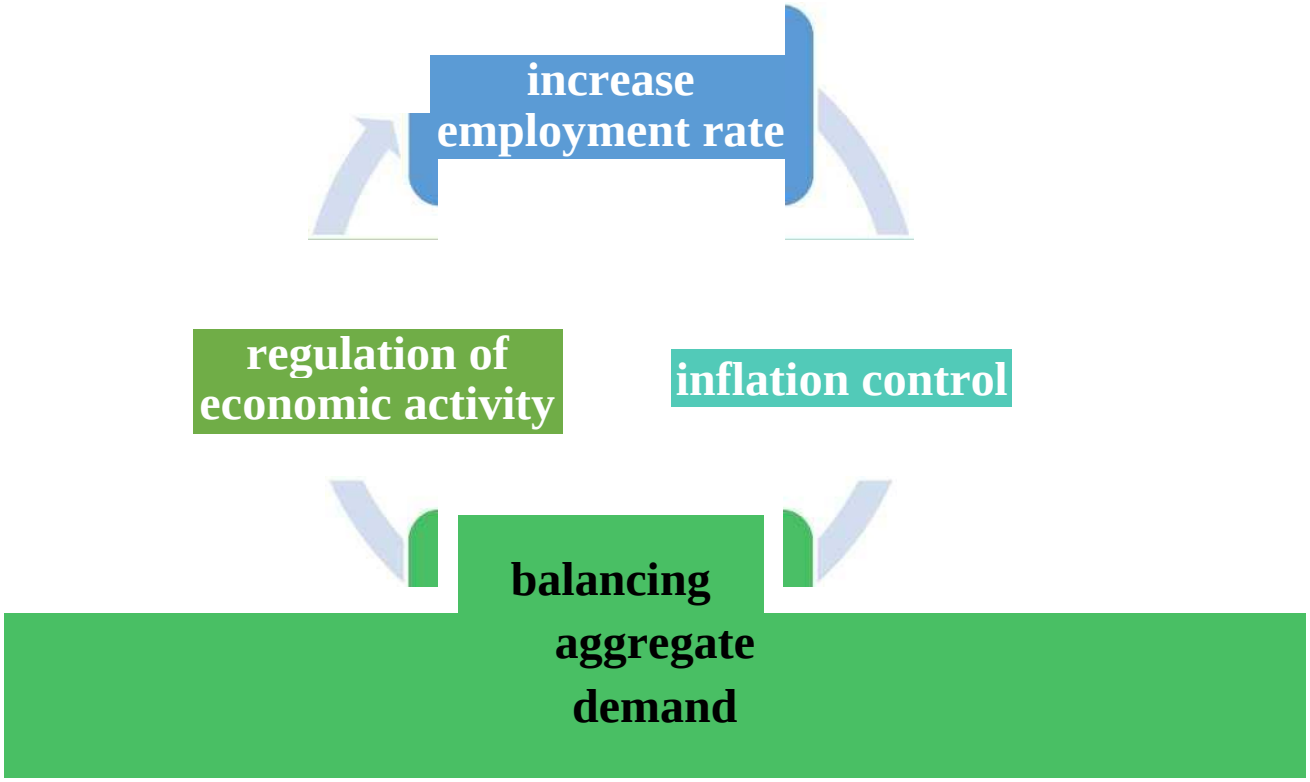


Figure 1. Functions of fiscal policy in the economy [20].

Fiscal policy is implemented through various mechanisms to ensure economic growth. By increasing government spending, investments are attracted to infrastructure projects, social programs, and scientific research. Such measures serve to create jobs, expand production, and increase domestic demand. At the same time, by reducing taxes, entrepreneurial activity is stimulated, the volume of private investment increases, and the pace of economic development accelerates. Tax policy is the most important component of fiscal policy. If an increase in the tax burden exceeds the norm, it can limit the investment opportunities of the private sector, then optimizing tax breaks and rates will help improve the business environment and increase economic activity.

Effective management of state budget expenditures is one of the important

factors of economic stability. The balance between budget revenues and expenditures plays a key role in maintaining economic stability. A high budget deficit can lead to an increase in public debt and, as a result, the risk of inflation. Therefore, countries try to achieve economic stability by keeping the deficit at an acceptable level, avoiding excessive borrowing, and improving the efficiency of spending.

Table 1.

Composition of public debt[21].

Indicators	October 1, 2022	January 1, 2025	Change (%)
Total public debt	$26.2 billion	$40.2 billion	+53.4
External debt	$23.16 billion	$33.7 billion	+45.5
Domestic debt	$3.07 billion	$6.5 billion	+111.7
Ratio to GDP	34.1%	35%	+0.9%
Population (million)	34.5	37.6	+9.0 %
Debt per capita	$760	$1,070	+40.8 %

The public debt of the Republic of Uzbekistan has increased significantly in recent years, affecting the country's economy and financial stability. The dynamics, composition and main indicators of public debt for 2022–2025 are analyzed below.
As of January 1, 2022, public debt amounted to 26.3 billion US dollars, while on January 1, 2023 this figure reached 29.2 billion US dollars, an increase of 2.9 billion US dollars or 11.0%. By 2025, public debt is projected to reach 45.1 billion US dollars, which represents an increase of 54.5% compared to 2023. Above information Uzbekistan Republic of state debt last in years noticeable at the level increased shows. State your debt to GDP ratio in 2022 decreased although, by 2025 come again growth forecast is being done. State your debt main part external from debt consists of to be, to be increase country economy and financial to stability effect to show possible.

Fiscal policy also plays an important role in controlling inflation. Excessive government spending can increase inflationary pressures. Therefore, it is important to plan government spending carefully to prevent the economy from overheating. On the other hand, reducing budget spending can reduce economic activity and negatively affect the employment rate. Therefore, it is necessary to maintain a balance in conducting fiscal policy. For example, in conditions of economic stagnation, demand is stimulated by increasing government spending and reducing taxes, while, on the contrary, in conditions of high inflation, reducing government spending and increasing

taxes helps reduce inflationary pressures. Fiscal policy also plays an important role in ensuring social justice and equality. With the help of taxes and state transfer payments, the interests of various social groups can be protected. It is important to introduce a progressive tax system and allocate funds for social programs to support the low-income population. Supporting the agriculture, education, and healthcare sectors through government subsidies helps improve the living standards of the population. By analyzing the revenue structure of the 2024 state budget of the Republic of Uzbekistan, we can see how the country's fiscal policy contributes to economic growth and stability.

Table 2.

Structure of state budget revenues of the Republic of Uzbekistan for 2024 [22].

No.	Indicators	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual
1	**Direct taxes**	18,770.7	40,314.3	21 119.2	32,289.8	90,833.0
1.1	Profit tax	10,431.5	22,031.0	11,884.9	21,591.7	52,619.7
1.2	Turnover tax	594.3	1,350.5	755.7	723.3	2,829.5
1.3	Personal income tax	7,744.9	16,932.8	8,478.6	9,974.8	35,383.9
2	**Indirect taxes**	18 193.0	40,004.0	22,320.1	26,017.1	88,340.9
2.1	Value Added Tax	12,267.0	26,689.3	15 157.2	17,433.8	59 280.0
2.2	Excise tax	3,729.8	8,613.9	4,903.5	5,542.4	19,059.9
2.3	Customs duty	2 196.2	4,700.8	2,259.4	3,040.9	10,001.0
3	**Resource taxes and property taxes**	8,317.3	17 155.7	8,354.5	11,669.6	36 362.6
3.1	Property tax	1,718.0	3,524.9	1,627.8	1,652.0	6,804.7
3.2	Land tax	1,853.4	4,022.1	1,993.8	2 199.6	8 215.6
3.3	Subsoil use tax	4,506.4	9 183.0	4,535.9	7 267.9	20 169.6
3.4	Tax for the use of water resources	239.5	425.7	196.9	550.1	1,172.7
4	**Other income and tax-free receipts**	7,339.6	23,515.8	13,753.5	26,092.7	58,886.3

5	**Total income**	52,620.6	120,989.7	65,547.3	96,069.3	274,422.7

The state budget revenues of the Republic of Uzbekistan for 2024 amounted to 274,422.7 billion soums. The main part of these revenues was made up of direct taxes (33.1%) and indirect taxes (32.2%), which indicates the important role of indirect taxes in the fiscal system, especially value added tax (VAT). Also, taxes on the use of natural resources and property serve as important sources of revenue for the state budget. Budget revenues are unevenly distributed by quarter, with the largest revenues recorded in the 2nd quarter (120,989.7 billion soums) and the 4th quarter (96,069.3 billion soums). This situation may be due to seasonal changes in economic activity or the timing of tax revenues. Fiscal policy is an important tool used by the state to support economic stability and growth. Fiscal measures implemented through the budget help balance activity at different stages of the economic cycle. In particular, during an economic downturn, growth can be stimulated by increasing government spending or reducing taxes. Conversely, during an economic boom, the economy is stabilized by reducing government spending or increasing taxes to control inflation. Uzbekistan is implementing a number of reforms to improve the effectiveness of fiscal policy. In particular, the goals set are not to exceed 3 percent of the state budget deficit relative to gross domestic product (GDP) and not to allow public debt to exceed 50 percent of GDP. At the same time, systematic measures are being taken to increase tax revenues by simplifying taxes and improving tax administration. Proper formation of the composition of state budget revenues and their effective management will enhance the impact of fiscal policy on economic growth and stability. In particular, the balanced application of direct and indirect taxes serves to increase economic activity and ensure the stability of the state budget. In the current era of globalization, fiscal policy is closely linked to international economic trends. International trade, investment and financial flows affect fiscal policy decisions. States need to coordinate fiscal policy with monetary policy to maintain economic stability and increase international competitiveness. In particular, the introduction of fiscal stimuli plays an important role in economic recovery during economic crises. For example, in the context of the pandemic, many countries have taken measures to increase government spending and expand tax breaks to support the economy.

Fiscal policy is one of the main tools of the state to stimulate economic growth and ensure stability. Effective implementation of tax and budget policies ensures sustainable development of the economy, increases employment, controls inflation, and

improves the living standards of the population. States should take into account comprehensive analysis and long-term results when developing fiscal policy measures. Thus, fiscal policy serves as one of the important mechanisms not only for ensuring economic growth, but also for increasing the well-being of society.

The Fiscal Strategy of the Republic of Uzbekistan for 2025–2027 plans to conduct a fiscal policy that is flexible to external and internal influences in order to ensure long-term sustainable economic growth. Fiscal policy has a significant impact on economic growth. State budget revenues and expenditures directly affect economic development, while reforms in the tax and customs systems play an important role in ensuring economic stability and supporting social sectors. In addition, economic growth rates in 2025–2027 are projected at 5–5.5 percent, 5–6 percent, and 5.5–6.5 percent, respectively. It is assumed that reducing the negative impact of external risks on economic growth and supporting domestic demand will be carried out mainly through fiscal incentives. According to the forecasts of the Ministry of Economy and Finance, in 2025, public debt may reach 45 billion US dollars. Also, public debt servicing costs are expected to amount to 48.1 trillion soums, or 3.5 billion US dollars, representing an increase of 42.8 percent.

Conclusion. In conclusion, a well-designed fiscal policy is crucial in promoting sustainable and inclusive economic growth. Economic stability and support for social sectors can be ensured through rational management of state budget revenues and expenditures. Also, the coordination of fiscal policy with monetary policy serves the effective development of the economy. Such a policy allows government bodies to accelerate economic growth and stimulate aggregate demand.

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Har bir insonning moliyaviy hayotida uchta asosiy faoliyat — iste’mol, jamg‘arish va investitsiya — markaziy o‘rin egallaydi. Ular orasidagi muvozanatni topish, daromadni ongli tarzda taqsimlash va kelajak uchun to‘g‘ri qarorlar qabul qilish orqali inson nafaqat moliyaviy xavfsizligini ta’minlaydi, balki farovon hayot sari qadam qo‘yadi. Iste’molga keladigon bo’lsak insonning kundalik ehtiyojlarini qondirish uchun mahsulotlar va xizmatlardan foydalanish jarayonidir. Oziq-ovqat,