

## IMPROVING PUBLIC DEBT MANAGEMENT

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**Abstract:** *The credit market is part of the financial market and is its largest segment in terms of volume, in which free money moves from the lender to the borrower on the terms of repayment, payment, urgency and security.*

**Keywords:** *credit market, economic situation financial market.*

### INTRODUCTION:

In the modern world, the credit market plays a huge role in the economy of any country. On the one hand, as an economic category, it is capable of reflecting socio-economic relations characterized by the movement of value, while at the same time being an indicator of the economic situation in the country. On the other hand, the credit market should be considered as a constantly developing system, which involves constant monitoring of its current state in order to timely identify operational problems and select the most effective areas of development. This determines the relevance of the research topic.

The credit market is part of the financial market and is its largest segment in terms of volume, in which free money moves from the lender to the borrower on the terms of repayment, payment, urgency and security. The emergence of new threats and dangers, increased instability and uncertainty in the global economy have actualized the need to increase the economic security of countries, one of the ensuring elements of which is the optimality of external debt. The problem of managing the debt burden has been studied within the framework of many economic schools, whose representatives tried to determine the feasibility and maximum level of debts from the point of view of their significance for the economy and the ability to service them. However, due to constantly changing conditions, due to globalization, sanctions imposed on each other, the foreign economic situation for most countries of the world has changed, in particular, both foreign economic and internal economic relations within the state have changed. Such changes have had a strong impact on changes in prices within the country, as well as on export-import pricing, so it is necessary to adjust existing measures for managing public debt, taking into account the new changes. That is why the chosen research topic within the course work is relevant for research.

**Literature review.** Many works by scientists from various scientific schools are devoted to the problems of studying Russian public debt.

A huge contribution to the theory of public debt research was made by M. Bogolepov, A. Vavilov, S. Glazyev, Y. Danilov, D. Zuev, P. Migulin, A. Seleznev, B. Kheifets, A. Shabalin, A. Shadrin.

The processes of manifestation of the global financial and economic crisis, globalization and their connection with public debt are studied in the works of A. Goryunov, S. Gubanov, M. Klinova, O. Misko, D. Pankin, A. Radygin, N. Raskov, R. Entov, K. Yudaeva, E. Yasina. The anti-crisis policy of the banking system and its connection with budgeting and external debt are considered in the works of S. Andryushin, V. Kuznetsov, S. Ramazanov.



**Analysis and results.** The International Monetary Fund's 2020 and 2021 Debt Stability Report on the Republic of Uzbekistan (Article IV) rated the Republic of Uzbekistan's sovereign debt servicing capacity, or institutional capacity, as “strong.” Despite this, taking into account some cases that may arise, and based on a prudential approach, the law provides for the maximum amount of public debt in nominal value to be set at 60 percent of GDP. This criterion corresponds to the criterion established by the IMF for states with an indicator of the potential for servicing public debt, “average”.

When the amount of debt reaches 50 percent in relation to GDP, the Cabinet of Ministers, in accordance with the established procedure, introduces measures to the Oliy Majlis that will not allow this norm to be exceeded. The purpose of establishing such a criterion is to take into account the likelihood of a sharp increase in the ratio of public debt to gross domestic product in cases where economic crises and shock situations may arise. And therefore, the government must take measures to ensure that the volume of public debt does not exceed 50 percent of gross domestic product. In the current conditions of growing dependence of countries' economies on each other, ensuring the openness of the economy of Uzbekistan, whether we like it or not, will put the issue of public debt on the agenda. We have set a goal to bring per capita GDP to 2.8 thousand dollars by the end of 2026, and to four thousand dollars by 2030. This is a very big, responsible and difficult task. To achieve it, the country's economy needs internal and external sources of borrowing. Since social development, the formation of infrastructure in accordance with the requirements of the time, environmental protection and the solution of environmental problems require the implementation of modern projects, the introduction of technologies, and the attraction of additional investments.

In the current conditions, the main points in developing the above-mentioned strategy for managing public debt should be those moments when, along with external sources of borrowing, it is necessary to develop the internal borrowing market, providing for modern mechanisms for using internal sources of funds. It is also necessary to diversify across countries that lend to us, based on national interests. After all, government debt, especially external debt, is associated with risks, and this is true.

Therefore, from the point of view of our economic security, the goals defined by the President in the Development Strategy and the measures aimed at achieving them encourage us to direct borrowed funds primarily to the implementation of projects within the framework of state development programs to ensure economic growth, projects to develop the social sphere and infrastructure, environmental protection. Thus, we are confident that public debt in Uzbekistan will not serve to create problems, but to open up new opportunities for progress. Thus, funds mobilized through government loans are directly used to finance economic and social programs. This means that state credit, being a means of increasing the financial capabilities of the state, can be an important factor in accelerating the socio-economic development of the country.

The following ways to reduce external public debt can be identified:

- 1) the transition of the state budget policy from a passive form of budget deficit to an active one;
- 2) carrying out optimization of the volume and restructuring of state budget expenditures, primarily directed to the real sector of the economy;
- 3) the process of denationalization and privatization of state property;
- 4) development of the government securities market;
- 5) attracting long-term and medium-term loans;
- 6) it is necessary to take measures to attract foreign capital to the country in the form of direct, portfolio and other investments.



It is important to note that, as part of the implementation of public debt management policies, it is important to constantly monitor and assess the country's ability to fulfill its debt obligations in full and on time, without damage to its own economy.

In relation to the management of external public debt, it is necessary to take into account currency risks that significantly affect the amount of costs for servicing this element of public debt.

In addition, it is necessary to maintain both the current level of government borrowing and the overall level of government debt that is acceptable under the given conditions.

In conclusion, it should be noted that the problem of settling the national debt requires a serious and balanced solution.

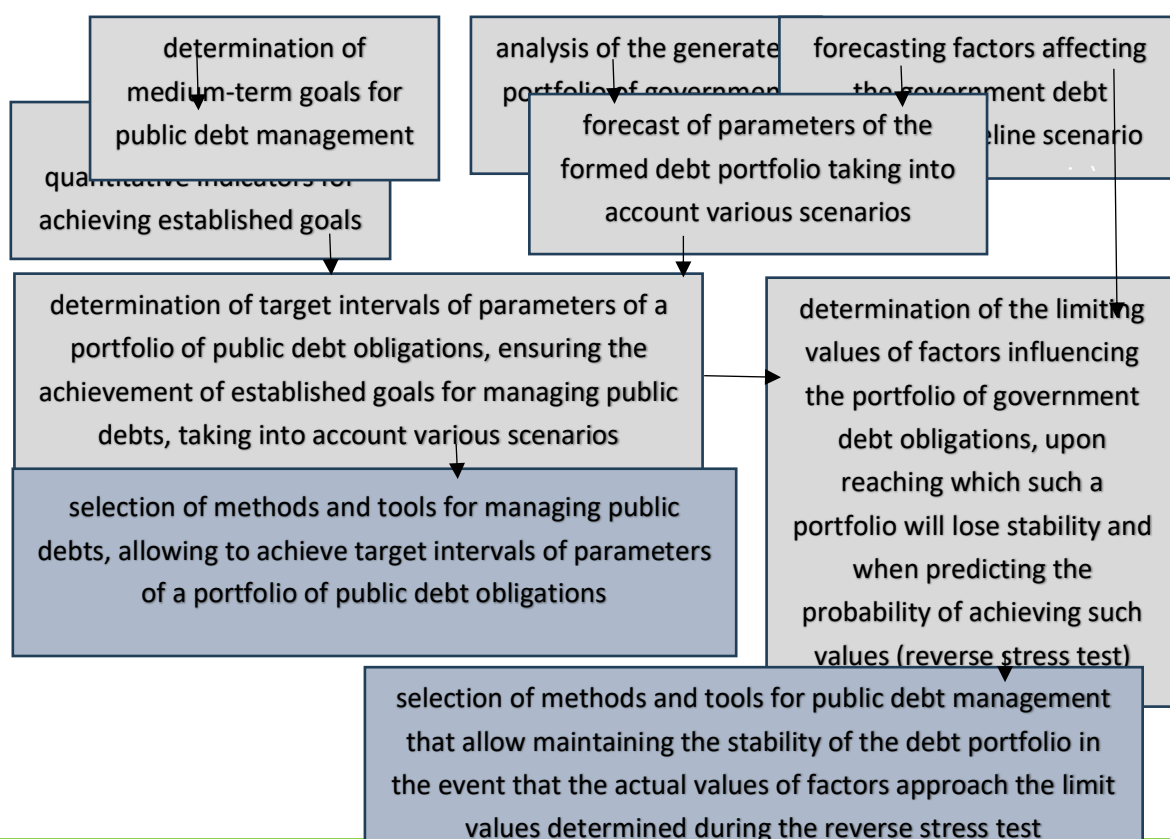
The purpose of public debt is not only to attract funds from the population, institutional investors and banks to meet state expenses, but also in the fact that with its help it regulates monetary circulation, supports the exchange rate of the national currency, and has a significant impact on the formation and execution of the state budget.

It is necessary to develop a set of methodological, organizational and legal recommendations to improve the management of public debt obligations based on a medium-term strategy. Based on an analysis of the compliance of the Russian public debt management system with the best foreign practices, the study identifies the following main directions for improving methodological approaches to public debt management, which will improve the debt sustainability of Uzbekistan:

1) Preparation of a medium-term strategy for managing public debt.

Preparation of the strategy will improve the debt sustainability of Uzbekistan by assessing the impact of current decisions on managing public debt on the medium-term risks of the state's debt sustainability, for example, by correctly taking into account, when carrying out government borrowing, the risks of placing government securities, which reduce the cost of borrowing in the current period due to the risk of increasing the cost of servicing such securities in the future. The proposed mechanism for developing a debt management strategy is shown in Figure 1.

1.

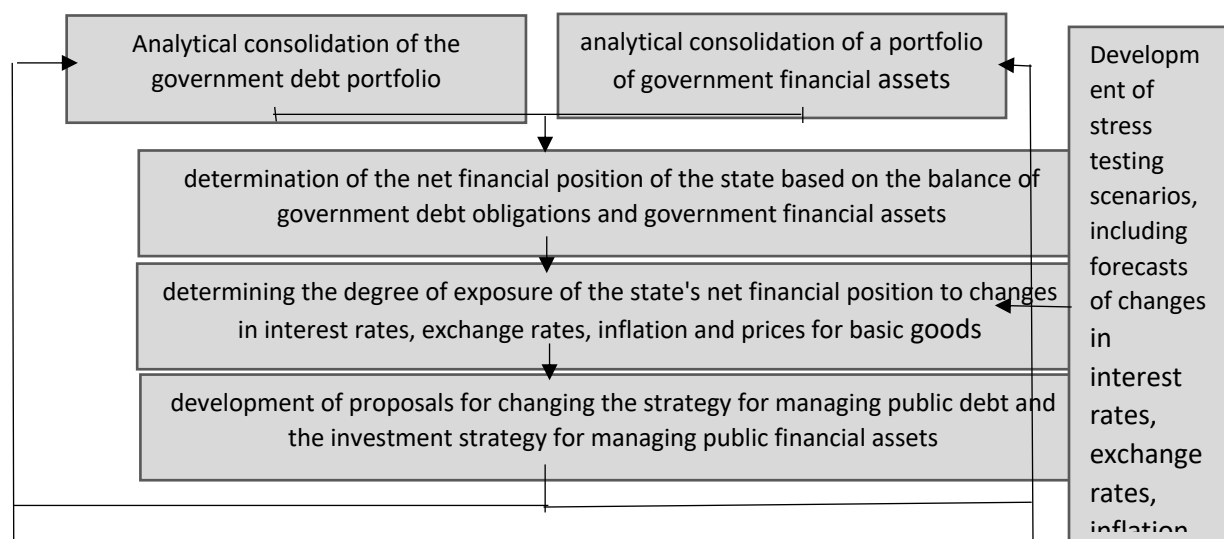


Rice. 1. Mechanism for developing a medium-term public debt management strategy

2) An annual analysis of the state's long-term debt sustainability will allow us to assess the risks of the state losing its debt sustainability in the future, both due to excessive accumulation of public debt and due to the impact on debt sustainability of long-term risks (for example, an aging population or the abandonment of the use of fossil fuels), and increase the debt sustainability of the Republic of Uzbekistan through timely adjustment of debt and budget policies, taking into account identified long-term risks.

3) Development of a methodology for monitoring the implicit obligations of the state and assessing their impact on the debt sustainability of the state will improve the debt sustainability of Uzbekistan by identifying risks associated with the possible loss of debt sustainability of state corporations and systemically important national companies, the bankruptcy of which may be politically unacceptable or economically inexpedient.

4) Development of a mechanism for taking into account the risks of the state's debt sustainability when managing state financial assets. The implementation of the measure will improve the debt sustainability of Uzbekistan by reducing the risks of the state's debt sustainability through hedging them during the placement of state financial assets.



Rice.2. Mechanism for taking into account the risks of the state's debt sustainability when managing state assets

**Conclusion.** An assessment of the state's debt sustainability made it possible to establish that Uzbekistan maintains debt sustainability in 2023–2026. The impact of fiscal and macroeconomic risks, as well as the risks of loss of stability in the banking sector and the risk of the continuation of the pandemic, was limited. It was revealed that the risks of debt sustainability of Uzbekistan in the medium term will be limited if the level of the debt burden remains below 26% of GDP.

Formulated on the basis of identified trends in the development of methodological approaches to managing public debt obligations, a set of practical recommendations will increase the debt sustainability of Uzbekistan through the development of public debt management techniques, including linking long-term and short-term goals for the implementation of public debt policy.

The proposed mechanism for placing government bonds for sustainable development will simplify and reduce the risks of issuing such bonds, which will help increase the debt sustainability of the state by diversifying the demand for government securities by attracting new groups of investors.



Also, effective in application, in our opinion, is the method of fiscal consolidation as a method of restoring debt sustainability. The essence of this method is to reduce debt by increasing revenues or reducing state budget expenditures. The goal of the method is to improve the primary balance, reduce new borrowings and reduce the level of accumulated debt.

IMF experts believe that the main instruments of debt policy used by different countries during a crisis can be: additional issue of government securities and changes in their composition; open market operations; changing the procedure and mechanism for placing a loan.

**List of literature:**

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