uniconflix

INTERNATIONAL CONFERENCE ON
BUSINESS & MANAGEMENT
Hosted from London, UK

THE BUDGET SYSTEM OF UZBEKISTAN: A FOUNDATION FOR DEVELOPMENT AND STABILITY

Elov Olimdjon Komilovich

PhD. Lector Geography Department, Navoi State University

Perizat Jusipbekovna Domatova 4th-year Student,

Department of Geography, Navoi State University

mr.olimdjon@gmail.com

https://doi.org/10.5281/zenodo.17875855

ARTICLE INFO

Received: 8th December 2025
Accepted:9th December 2025
Online: 10th December 2025

KEYWORDS

State Budget, Budget System, Republic of Uzbekistan, Consolidated Budget, Budget Revenues, Budget Expenditures, Budget Deficit Inter-budgetary Transfers, Budget Policy, Financial Control, Economic Growth Budget Reform, Digitalization

ABSTRACT

This article provides a comprehensive analysis of the state budget and budget system of the Republic of Uzbekistan, focusing on its structure, functions, and mechanisms for formation and execution. Based on the Law "On the State Budget for 2025" (ZRU-1011), the study examines the components of the consolidated budget, including republican and territorial budgets, and the role of inter-budgetary transfers. Key aspects such as revenue sources (taxes, duties), expenditure priorities (social programs, infrastructure), and the established deficit limit of 3% of GDP are detailed. The article highlights the budget's role in achieving projected economic growth of ~6% and discusses prospects for future development, including digitalization, medium-term financial planning for 2025-2027, and recommendations for enhancing transparency, financial control, and the efficient use of public funds.

Introduction. The state budget is a financial plan of the government that reflects expected revenues and planned expenditures for a specific budget period (usually a year), as well as the sources for covering the deficit. The budget system is the totality of all budgets provided for by legislation, including the republican (state) budget, the budgets of territorial units (republics, regions, municipalities), targeted and extra-budgetary funds, and the mechanism for their interaction. In the context of the Republic of Uzbekistan, the budget system is regulated by special legislation—specifically, a law that defines the structure, and the procedures for the formation and execution of the budget.

The Importance of the State Budget for the Economy and Development of the Country. The state budget is a key tool for resource redistribution: it ensures the financing of government functions, social obligations, and infrastructure and investment projects. Through the budget, the state influences economic development, social protection, education, healthcare, and other critically important sectors. The use of budgetary funds is aimed at sustainable development, improving the quality of life for the population, supporting investment activity, and ensuring public goods.

The purpose of this article is to examine the structure and functioning mechanisms of Uzbekistan's budget system, to reveal the composition, sources of revenue, and items of expenditure, to show how budgets at different levels are formed and executed, to analyze the government's budget policy, and to discuss the prospects for the system's development based on current data for 2025.

The State Budget of the Republic of Uzbekistan: ***Concept and Functions of the State Budget.*** The state budget is the central financial document through which the government plans and distributes financial resources to perform its functions: defense, social policy, education, healthcare, infrastructure, maintenance of the state apparatus, and others. In Uzbekistan, the budget is regulated by legislation on the budget system.

The functions of the budget include: ensuring government expenditures, redistributing income, providing social protection, stimulating economic growth, and financing state programs, as well as investment and infrastructure projects.

Main Sources of Budget Revenue: Taxes, Duties, Fees, and Non-Tax Revenue. The revenue side of the budget is formed by:

- Taxes and duties (profit tax, VAT, excise taxes, property taxes, income of individuals and legal entities, etc.);
- State fees, charges, non-tax revenues, income from state enterprises (dividends, profits), and other payments stipulated by law.

Expenditure Items of the Budget: Social Programs, Infrastructure Projects, Defense, Education, and Healthcare. According to the plans for 2025, a significant portion of expenditures will be directed towards the social sphere—education, healthcare, social protection, culture, sports, etc.

The budget also provides funds for capital and infrastructure projects, regional development, maintenance of government bodies and the administrative apparatus, as well as servicing the state debt.

Through the budget, the state implements socio-economic tasks aimed at improving the standard of living, creating conditions for sustainable development, strengthening infrastructure, and ensuring public services for the population.

The Role of the Budget in the Socio-Economic Development of the Country. The budget is the primary mechanism for redistributing financial resources, which allows for the maintenance of public services, educational and medical systems, the reduction of social inequality, investment in infrastructure, and the stimulation of economic growth.

In 2025, Uzbekistan's economic growth is forecasted to be approximately 6%.

Thus, the budget serves as the foundation for sustainable development, state stability, and improving the well-being of citizens.

Structure and Levels of Uzbekistan's Budget System: ***The Consolidated Budget and Its Components.*** Uzbekistan has what is known as the Consolidated Budget of the Republic of Uzbekistan—which includes:

- The State (Republican) Budget,
- Budgets of State Targeted Funds,
- Extra-budgetary Funds of Budgetary Organizations,
- The Fund for Reconstruction and Development.

The consolidated budget is intended for the analytical accounting of all inflows and expenditures within the country's budget system.

Components: ***The Republican Budget, Budgets of Republics/Regions, Cities, and Districts***

- The **Republican (State) Budget** is the central element of the system, formed based on taxes, duties, revenues from targeted funds, and other sources.
- **Budgets of Territorial Units**: for example, the Republic of Karakalpakstan, regional budgets, and the budgets of cities and districts, including the budget of the city of Tashkent. The law for 2025 provides for revenue and expenditure forecasts for Karakalpakstan, regions, and Tashkent.

A system of revenue distribution, transfers, and equalizing payments operates between these levels.

Interaction of Different Budget Levels. Budgets at different levels interact through inter-budgetary transfers—from the republican budget, equalizing transfers are allocated to the budgets of regions, Karakalpakstan, oblasts, and cities.

Furthermore, a portion of tax revenues and payments is distributed directly to regional or local budgets, especially concerning local taxes, property leases, and the activities of individuals and private entrepreneurs.
Such a structure ensures, on one hand, centralized financing of key state tasks, and on the other, autonomy and financial independence for regions and municipalities.
Formation and Execution of the Budget: ***The Budget Formation Process: Preparation, Approval, and Limits on Budgetary Funds.*** The draft budget is developed by relevant bodies (such as the Ministry of Economy and Finance) based on forecasts of macroeconomic indicators, revenues, expenditures, and the needs of the state and regions.
Law ZRU-1011 "On the State Budget of the Republic of Uzbekistan for 2025," adopted on December 24, 2024, regulates the formation and execution of the consolidated budget for 2025.
The law establishes the maximum amounts of budget allocations to be issued to first-level managers, as well as budgetary targets for 2025–2027.
Importantly, allocations from the republican budget must be used within the corresponding fiscal year and are not carried over to the next.
The Procedure for Budget Execution During the Fiscal Year. After the budget is approved, its execution begins—budgetary funds are directed to managers, financing is provided for programs, social obligations, and government expenditures.
First-level managers of budget funds can redistribute funds within their programs (e.g., from one state development program to another) within the approved limits.
Additionally, at the end of each quarter, ministries are required to report on program results, use internal audit mechanisms, and provide information on the use of funds—this is part of the system of budget control.
Control Over the Use of Budgetary Funds. The law stipulates that the use of funds must correspond to their intended purpose, and spending must remain within the approved limits.
Furthermore, there are regulations on budget accounting, reporting, auditing, and liability for violating budget legislation.
Established Deficit Limits and Financing of the Budget Deficit. For 2025, the maximum size of the consolidated budget deficit is set at 3% of Gross Domestic Product (GDP). To cover the deficit, sources such as internal and external borrowing, the issuance of government securities, and, if necessary, expenditure reductions or reallocation of budgetary allocations are envisaged.
Budget Policy and Control: ***Main Objectives of the Government's Budget Policy.*** Budget policy is aimed at:
- Ensuring sustainable economic growth and stability,
- Financing priority social, infrastructure, and investment programs,
- Fair redistribution of resources between regions and municipalities,
- Balancing revenues and expenditures, controlling the deficit, and servicing debt.

Legislation on the budget system and the laws on each annual budget (including ZRU-1011) establish the goals and targets of budget policy.
The Role of Financial Control and Audit in the Budget Sphere. Control is carried out through a system of budget accounting, mandatory reporting, internal audits by fund managers, as well as through legislative mechanisms: the budget code, relevant laws and regulations on the budget system, which stipulate liability for violating financial discipline.
Such measures are aimed at increasing transparency, and the rational and effective use of budgetary funds, and preventing abuse and inefficient spending.
Mechanisms for Ensuring Transparency and Efficiency of Budget Expenditures
- Mandatory reporting by managers of budget funds,
- Internal audit and control over the use of funds,
- Normative regulation of budget allocations (deadlines, limits),
- Legislative establishment of liability for violations,

- Inter-budgetary transfers and equalizing payments, which prevent excessive centralization and ensure a balance between regions.

Prospects for the Development of the Budget System

Current Trends in the Reform of Uzbekistan's Budget System. In 2025, Uzbekistan's budget was approved with long-term targets for 2026–2027: revenues and expenditures of the consolidated budget are planned to grow.

Such targets ensure stability, predictability, and the ability to plan expenditures for the medium term, which contributes to sustainable development.

Implementation of Digital Technologies and Increased Automation of the Budget Process. Although not all technological measures are explicitly stated in open sources, legislation on the budget system (and its updates) provides the legal basis for improving accounting, control, and reporting. This allows us to assume that the transition to more automated and transparent systems for budget planning and execution will be a logical step.

Furthermore, modern approaches to budget execution and reporting (internal audit, mandatory reports, control) create a foundation for further digitalization.

Optimization of Revenue and Expenditure in Line with Priorities for Economic Growth. When planning the 2025–2027 budget, the emphasis is placed on balance, sustainable revenue growth, and a moderate deficit (no more than 3% of GDP).

This creates room for optimizing expenditures—strengthening financing for priority areas (social programs, infrastructure, education, healthcare), as well as increasing the efficiency of resource use through control, reporting, and prioritization.

Table 1: Main Sources of Budget Revenue

Revenue Category	**Examples**
Taxes and Duties	• Profit Tax • Value Added Tax (VAT) • Excise Taxes • Property Taxes • Income Tax (individuals and legal entities)
Non-Tax Revenues	• State Fees and Charges • Income from State Enterprises (dividends, profit) • Other payments stipulated by legislation

Table 2: Main Areas of Budget Expenditure

Expenditure Category	**Description / Examples**
Social Sphere	Education, healthcare, social protection, culture, and sports.
Infrastructure & Investment	Capital projects, development of regions, and public works.
State Functions	Defense, public security, and maintenance of the state apparatus.
Debt Servicing	Payments on the principal and interest of the state debt.
Inter-budgetary Transfers	Equalizing and other transfers to regional and local budgets.

Table 3: Key Budgetary Indicators and Targets for 2025

Indicator	Value / Target
Projected Economic Growth	~ 6%
Consolidated Budget Deficit Limit	Not to exceed 3% of GDP
Primary Governing Law	Law ZRU-1011 "On the State Budget for 2025" (adopted Dec 24, 2024)
Medium-Term Planning Horizon	Budgetary targets set for 2025-2027
Use of Annual Allocations	Must be used within the fiscal year; not carried over to the next.
Reporting Cadence	Quarterly reports on program results are mandatory for ministries.

Conclusion. The state budget and budget system of Uzbekistan are fundamental tools of public governance that ensure the redistribution of resources, financing of government functions, support for social development, and infrastructure and investment projects. The new law for 2025 (ZRU-1011) and budget data demonstrate a commitment to a balanced, predictable, and transparent budget policy.

The budget system, with its division into the republican budget, regional and municipal budgets, and mechanisms for inter-budgetary transfers and equalization, ensures a combination of centralization and regional autonomy—which is vital for the even development of the country.

To further improve the budget process, the following can be recommended:

- Strengthening mechanisms for financial control and audit,
- Further implementation of digital systems for budget accounting and reporting,
- Increasing the transparency and accessibility of budget information to the public,
- Orienting budget policy towards long-term socio-economic goals, sustainable growth, and investment in human capital and infrastructure.

Such an approach will contribute to sustainable development, strengthen public trust in government institutions, and enhance the effectiveness of the use of state resources.

References:

1. Elov, O. K. (2023). Human Resource Information Systems Developing Of Organization. Экономика и социум, (6-1 (109)), 121-124.
2. Elov, O., & Kuvandikova, B. (2025). INTERNATİONAL MODELS OF MANAGEMENT: BY NAVOIY REGION. Академические исследования в современной науке, 4(32), 141-146.
3. Elov, O., Niyatova, I., & Toshtemirova, M. (2025). FACTORS OF MANAGING AND RESOLVING CONFLICTS: THE CASE OF NAVOI REGION. Академические исследования в современной науке, 4(31), 123-128.
4. Elov, O. (2025). REGISTRATION OF PRIVATE ENTREPRENEURSHIP: IN THE CONTEXT OF NAVOIY REGION. Академические исследования в современной науке, 4(30), 100-108.

5. Elov, O., & Xidirova, S. (2025). COMPARATIVE MANAGEMENT MODELS. Академические исследования в современной науке, 4(30), 95-99.
6. Elov, O., & Baxtiyorova, G. (2025). THE ROLE OF ENTREPRENEURSHIP IN THE ECONOMY: THE CASE OF NAVOI REGION. Академические исследования в современной науке, 4(30), 90-94.
7. Elov, O., & Hasanova, E. (2025). THE ROLE OF TAXES IN ECONOMIC MANAGEMENT AND THEIR PRACTICAL ASPECTS IN THE NAVOI REGION. Академические исследования в современной науке, 4(29), 162-166.
8. Komilovich, E. O., & Buriboyeva, S. (2025). THE PURPOSE AND TASKS OF DEVELOPING SMALL BUSINESS AND ENTREPRENEURIAL ACTIVITIES: THE CASE OF NAVOIY REGION. Modern American Journal of Business, Economics, and Entrepreneurship, 1(2), 291-299.
9. Elov, O., & Bobojonov, D. (2025). STRATEGIES FOR IMPROVING QUALITY IN THE EDUCATIONAL PROCESS. Академические исследования в современной науке, 4(2), 47-51.
10. Elov, O., & Yoqubova, S. (2025). THE PRACTICE OF FORMATIVE ASSESSMENT IN UZBEKISTAN AND INTERNATIONAL EXPERIENCE. Академические исследования в современной науке, 4(2), 15-20.
11. Elov, O., & Sodiqova, O. (2025). ELECTRONIC SYSTEM FOR MONITORING AND EVALUATING EDUCATION QUALITY. Академические исследования в современной науке, 4(2), 38-42.
12. Elov, O., & Ibragimova, I. (2025). QUALITY ASSESSMENT AND MONITORING SYSTEMS. Современные подходы и новые исследования в современной науке, 4(1), 48-53.
13. Elov, O., & Qudratova, S. (2025). ASSESSMENT AND ANALYSIS OF TEACHING QUALITY. Академические исследования в современной науке, 4(1), 137-141.
14. Elov, O., & Baxtiyorova, G. (2025). MODERN ASSESSMENT METHODS. Академические исследования в современной науке, 4(1), 165-170