THE ESSENCE AND FUNCTIONS OF FINANCIAL RESOURCES: AN ANALYSIS OF THEIR FORMATION AND DISTRIBUTION IN THE ECONOMY OF UZBEKISTAN

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https://doi.org/10.5281/zenodo.17965649

ARTICLE INFO

Received: 15th December 2025
Accepted: 16th December 2025
Online: 17th December 2025

KEYWORDS

Financial Resources, Uzbekistan Economy, State Budget, Distribution Function, Economic Growth, Budget Deficit, Structural Changes, Financial Market.

ABSTRACT

This article examines the essence and functions of financial resources as a cornerstone for economic development, with a specific focus on the Republic of Uzbekistan. The objective of the study is to analyze the formation, distribution, and utilization of financial resources within the framework of Uzbekistan's "Uzbekistan – 2030" strategy. Using statistical data from 2022-2024, the paper analyzes the dynamics of the state budget, the sectoral distribution of funds, and the key challenges in financial resource management. The findings indicate a significant growth in Uzbekistan's financial potential, accompanied by a structural shift from centralized budgetary resources towards private sector and market-driven funds. The article concludes that to ensure sustainable economic growth, Uzbekistan must prioritize reducing the budget deficit, phasing out inefficient subsidies, and developing its financial market to attract greater private investment.

Introduction. In the current era of globalization and economic instability, the sustainable and rapid development of any country depends on its ability to modernize and strengthen its financial resource base. It is crucial not only to possess these resources but also to utilize them effectively. In the Republic of Uzbekistan, within the framework of the "Uzbekistan – 2030" strategy, programs aimed at modernizing the economy, reducing poverty, and increasing the welfare of the population are being implemented. These initiatives are directly financed through the centralized and decentralized distribution of financial resources. Therefore, the rational allocation of these resources is a pressing demand.

Financial resources in academic literature are defined not merely as funds or monetary aggregates but as the primary driving force that sets material resources in motion within a managed economic environment.

The objective of this study is to elucidate the essence of financial resources, analyze the functions they perform, and assess their role in the socio-economic development of Uzbekistan, based on statistical data.

The Concept of Financial Resources. In economic literature, various definitions of financial resources are offered. The most common definition is:

Financial resources are the monetary funds of the state, enterprises, and organizations, formed from their incomes and contributions, which are directed towards expanding production, covering costs, and fulfilling social needs when they are channeled into a specific economic cycle.

It is important to distinguish between the concepts of "money" and "financial resources." Their fundamental difference is that money, as a means of payment, only acquires the status of a financial resource when it is purposefully allocated to specific funds and integrated into this economic circulation to facilitate economic development.

Feature	Money (Funds)	Financial Resources
Essence	A universal means of exchange, a measure of value.	A source for distribution and use of funds.
Movement	Moves freely in commodity-money relations.	Allocated to specific funds for targeted purposes.
Outcome	Facilitates the pre-sale process.	Provides for expanded reproduction and social protection.
Management	Can be held in a cash register or personal wallet.	Managed through budgets, estimates, and plans.

Centralized and Decentralized Financial Resources. Financial resources are classified into two main groups based on their level of formation:

1.Centralized Financial Resources (at the state level): These include the State Budget, the Pension Fund, the State Medical Insurance Fund, and other state trust funds. These resources are formed through the redistribution of national income.

2.Decentralized Financial Resources (at the level of economic entities): These include the net profits of enterprises, depreciation deductions, and authorized capital. These resources are created directly during the production process.

Financial resources in the economy perform five key functions, each playing a vital role in the life of society.

The Distribution Function. This function operates through the redistribution of Gross Domestic Product (GDP) among the state, enterprises, and the population. For example, a portion of an enterprise's income is distributed to the state budget (centralized funds) in the form of taxes, while the remaining portion is distributed to the population (decentralized funds) in the form of wages and dividends.

The Control Function ("Control through the Ruble"). The movement of financial resources is monitored through financial records. Tax authorities, banks, and financial departments control the targeted expenditure of funds. For instance, if an enterprise fails to pay its taxes on time, the financial control mechanism may impose fines or sanctions, thereby strengthening financial discipline.

The Regulation and Stabilization Function. The state uses financial resources to regulate the economy. If inflation rises, the state may take measures to reduce the money supply. During an economic crisis, financial resources from state funds (e.g., the Fund for Reconstruction and Development) are used to ensure stability.

This chapter analyzes the state of Uzbekistan's financial resources and their distribution based on statistical data from recent years.

Dynamics of the State Budget and Economic Resources (2022-2024). In 2024, despite global challenges, Uzbekistan's economy demonstrated high growth rates. According to official statistics, the country's GDP reached $121.4 billion (approximately 1,535 trillion UZS).

The table below shows the dynamics of the state's primary financial resource, the State Budget.

Key Indicators of the State Budget of the Republic of Uzbekistan (Source: Ministry of Economy and Finance of Uzbekistan)

Indicator	2022 (billion UZS)	2023 (billion UZS)	2024 (9 months, billion UZS)
State Budget Revenues	202,043.0	231,850.5	186,300.0
State Budget Expenditures	236,786.0	281,050.2	223,700.0
Budget Deficit	-34,743.0	-49,199.7	-37,400.0
Deficit as % of GDP	~3.9%	~4.0%	~3.5-4.0% (expected)

The table shows that the state's need for financial resources (expenditures) consistently exceeds its revenues. In the first 9 months of 2024, revenues grew by 14.4% compared to the same period in the previous year, largely due to increased activity in the service sector and infrastructure projects. The budget deficit is primarily covered by international financial institution loans and the issuance of government securities.

Distribution of Financial Resources by Economic Sector

Understanding which sectors receive the largest flow of financial resources is crucial for analyzing economic structure. In 2024, the largest share of financial resources was directed towards the service sector.

Sector	Share (2024, %)	Primary Sources of Financial Resources
Services	47.4%	Trade, banking, transport, tourism revenues.

Sector	Share (2024, %)	Primary Sources of Financial Resources
Industry	26.4%	Mining (gold, copper), energy, textiles.
Agriculture	19.2%	Cotton and grain clusters, export revenues.
Construction	7.0%	Investment programs, mortgage lending.

This data indicates a structural shift in Uzbekistan's economy, with financial resources moving from the agricultural sector to industry and, most notably, to the service sector, which supports the country's industrialization goals.

Ensuring Efficient Use of Financial Resources. Today, the primary task is to direct limited funds towards the most efficient sectors.

- **Problem:** In some cases, state-owned enterprises with low profitability continue to receive large subsidies.
- **Solution:** In line with presidential decrees, the state is tasked with transforming enterprises and privatizing them to enhance their financial independence.

Stimulating Economic Growth and Efficiency. Financial resources must perform a stimulating function. Examples include:

1.Tax Incentives: Export-oriented enterprises are provided with tax benefits, such as the VAT refund (Cashback) system.

2.Green Economy: Households and entrepreneurs installing solar panels receive subsidies and preferential loans. This not only addresses environmental concerns but also promotes energy efficiency.

Ensuring Social Stability. Approximately 50% of state budget expenditures are allocated to the social sphere (education, healthcare, pensions). The proper allocation of these financial resources is a fundamental task for ensuring social justice.

Conclusion. Financial resources are the foundation of the state and society's material well-being. Based on the analysis and statistical data presented, the following conclusions can be drawn:

1.Growth in Resources: Uzbekistan's financial potential is growing annually (GDP reaching $121.4 billion), demonstrating an increase in the volume of resources.

2.Structural Changes: There is a shift from centralized budget resources towards resources from the private sector and market mechanisms.

Future Tasks: It is necessary to reduce the budget deficit, phase out inefficient subsidies, and develop the financial market (e.g., the stock exchange) to attract private funds into the economy.

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