

## ECONOMIC VITALIZATION AND BUDGET SYSTEM IN THE REPUBLIC OF UZBEKISTAN AND SOUTH KOREA

**Tirkashev Elzod Mahmarejab o'g'li**

Bachelor degree student, Budget and Treasury,  
Tashkent Institute of Finance, Tashkent, Uzbekistan.

e-mail [elzodtirkashev@gmail.com](mailto:elzodtirkashev@gmail.com)

### ABSTRACT

This article describes the specifics of fiscal management and soundness which define ways and means of enhancing economic recovery, job creation, quality of life and safety and security strategy between Uzbek and south Korean government.

**Keywords:** Vitalization, Resource Allocation, investment, job creation, health and welfare, National defense, Foreign Affairs, General Public Administration, potential growth.

### INTRODUCTION

Recovery of the real economy in both countries through the investment and export stimulation. Stimulation of the local economy through the expansion of local finance, and investments in Local Operation Security are a major commercial multi-stage process that earlier started in the South Korea. Job creation through customized employment support, improvement of the working conditions and employee-oriented job training provide improvement of stability of Citizen's lives as well as communications between the People and the Government and within the Government Sectors in the cyclic period of time for both nations.

### MATERIALS AND METHODS

The main objective of the research is to analyze and compare homogeneous and differential aspects of budget allocation projects, employment reform, fiscal managements and soundness, develop scientific and practical proposals and recommendations among the Republic of Uzbekistan and South Korea. The theoretical and methodological basis of this article is an analysis of economic factors effecting budgetary policies and reforms on public sectors of two different countries. The article uses grouping methods, structural, comparative, factor analysis and financial ratios.

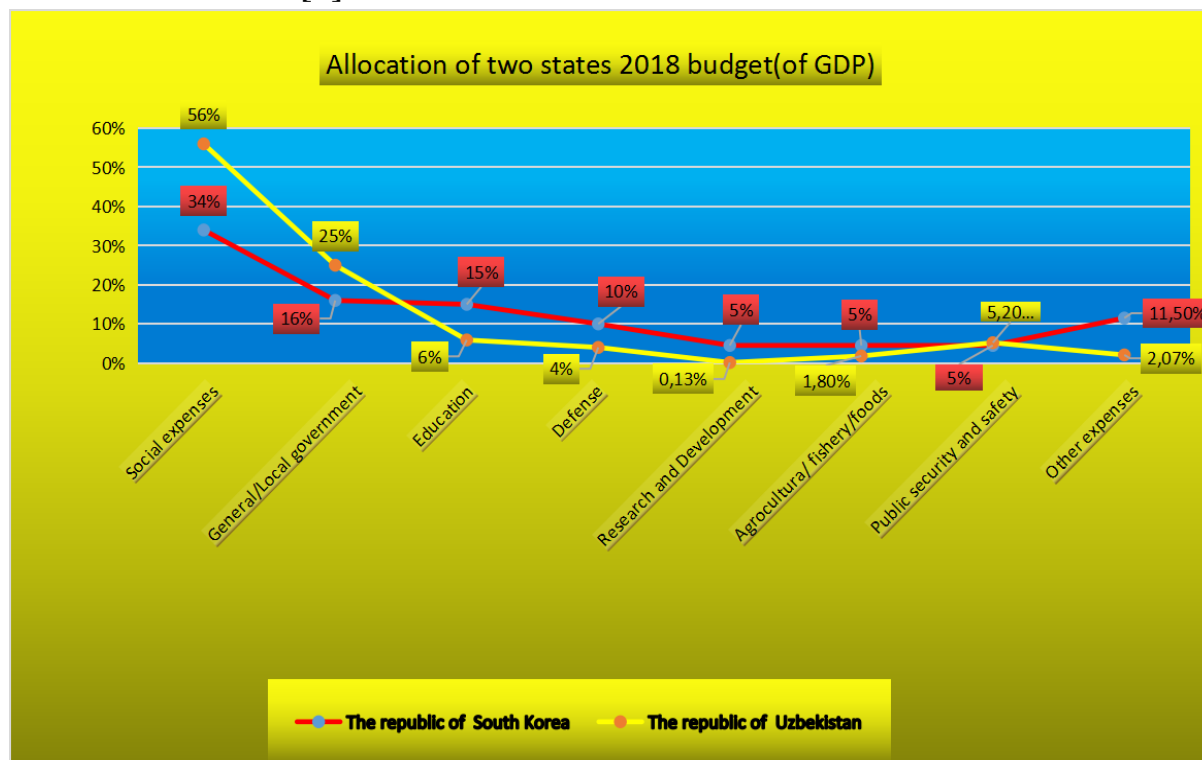
## ANALYSING MAIN POINTS OF TWO COUNTRY'S BUDGET

In the beginning of the detailed factors and aspects of cyclic reforms, programs and strategies as well as formulation of resource allocation by sectors under the consideration of budgetary and financial policies.

In February 2017, Uzbek government formulated Strategy of Actions in five priority areas for the Development of Uzbekistan for 2017-2021, which set out a comprehensive program of reform, including socio-economic, political and administrative aspects, which has begun from a low base and phase. The fundamental renewal reforms require a wisely allocation of budget. In turns of economic reforms, the government took a major step introducing the convertibility of Uzbek currency Sum into foreign currencies which deprives a giant black market. Numerous governmental fees and taxes reduced and adjusted. Deeply rooted cotton economy was almost abolished. Furthermore, Uzbek migrants had made an important contribution to socio-economic stability. Uzbek Authorities pursue a wiser migration polices, for example by diversifying destination countries of migration in order to reduce dependency on Russia. Next strategic plan was all investments in education, including modernization of universities, comprehensive renewal of early childhood education. Moreover, one of the fundamental goals was a service-oriented administration, improved internal management and internal control and combating corruption. Next step was accelerating introduction of e-government system relying in all on long-term cooperation with South Korea. [1] However, authority and folk underwent challenges with the inviolability of the proprietary, high tariffs on motors and its spares, substantially rising product price, relatively, low level of minimum wage and high-level of unemployment and poverty. The statistics shows the global rate of unemployment amounted to 6.57% in 2020. This index was estimated to 9.6% in Uzbekistan, 2.7% in South Korea. [3]

In the meantime, South Korean fundamental development strategy and reforms were imposed much earlier in 20ceturty revolution. In 2017, government formulated a new form of strategic reform in order to deeply strengthen socio-economic, political sectors and macroeconomic scope. That year's budget demonstrated strong will and efforts to promote future growth engine, pave the way of continued growth and strengthen security in the society while placing an investment focus on creating jobs and boosting economic activity. The Korean Government launched the Presidential Committee on Job Creation to operate state affairs focusing on job creation, and is looking for ways to add more jobs in public sector. Moreover, Korea put efforts to build a fair economic ecosystem, involving establishment of the Ministry of small and Medium Venture Business to enhance the support policies for micro, small and medium-sized enterprises as well as ventures and start-ups. The Government introduced the new tax credit up to

10 percent of the investment on infrastructure for commercializing new technologies in the new industries. [2]



**TABLE 1. Distribution of Resource Allocation by Sectors**

In both countries, investments in development of social and environmental spheres, economic liberalization, creative foreign policy, good governance and rule of law sectors were focused on improving people's quality of life and spending efficiency. Korea budget allocation strategy made noticeable projects in comparison with Budget expenditure of Uzbekistan, including research and development, Security Operation System, industry which are determined in consideration of the economic conditions, while activation of investment in the private sector and increased policy funds are to increase the actual size of investment. Creating jobs, especially for young people in regions; enhancing the role of women, including promotion of entrepreneurship, introducing waste and waste water management; increasing electricity efficiency, including by energy saving technology and renewable energy sources. Reducing the role of the state in the economy and promoting privatization; promoting development of private entrepreneurship and small businesses; improving the investment climate and attracting foreign investment; enhancing efficiency of bank sector; restructuring the agricultural sector; investment in modern technology were objective projects of economic vitalization in Uzbekistan.[1] In the meantime, Korean Government established a control tower in order to systematically respond to the 4<sup>th</sup> industrial revolution. Furthermore, state come up with measures step by step for each sector including developing key technologies, laying foundation for the market infrastructure

and industrial structure innovation, fostering human resources and reforming the employment structure. [2]

Analyses shows that more percentage of budget expenditure financed for social sectors both counties including slight above half of the allocation only in Uzbekistan. Comparatively, Education, Defense and Agricultural sectors represented noticeably upward in South Korea. Additionally, investment in Research and Development scope faced considerable down trend. Undoubtedly, countries allocated budget expenditure projects due to requirements of state macroeconomic, political, social condition and cyclic strategic development proposal.

## CONCLUSION

As a result of the factors affecting budgetary allocation by sectors, firstly, the level of investments for Research and and Development and Local Operation Security are slightly low. Second of all, over the average rate of unemployment rate. Then proprietary rights related problems and corruptible procedures.

### Acknowledgements

Some proposals have been considered to recover proper allocation of fiscal and macroeconomic investments for whole sectors.

-By adequately increasing investment on R&D and LOS, achieving highly development in each sector.

-Formulating modern security sphere by legislating benchmarking of proprietary rights from developed countries.

-Multiplying of Job vacancies by introduction of advanced methods includes supporting unemployed to find virtual jobs, subsidizing their start-ups and sticking to empty sectors in both private and government sectors as well as organizing job trainings around whole provinces of Uzbekistan.

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