DIRECTIONS OF REGULATION OF THE ECONOMY BY THE STATE WITH THE HELP OF MONETARY POLICY

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Abstract

This article describes in detail about the stable directions of regulation of the economy by the state with the help of monetary policy.

Keywords: economy, monetary relations, monetary policy, financial independence, etc.

Stabilization of money circulation in the market economy is always one of the most urgent conditions for saving the economy from crisis. Economic tensions are of different scales in different countries and have a deep impact on the country's financial and monetary credit system. Therefore, improvement of finance, monetary and credit system and policies will be an important part of the country's economic life. Especially. In the context of economic globalization, the growth of economic integration between countries, the issue of maintaining the stability of money circulation is of great importance. The theoretical foundations of monetary and credit relations are the quantitative theory of money and its Keynesian and monetary theories, and the modern interpretation of the theoretical basis of coordination of the economy through monetary policy is considered. The institutional basis of the current monetary policy is the market mechanism. In the market system, the role of the market of credit resources and the money market in coordinating the economy is incomparable. Basically, in the money market, the supply and demand for it is embodied, and the price, that is, the interest rate, is determined based on it. In the conditions of the market economy, the establishment of a two-tier banking system and the assignment of the task of coordinating money circulation to the Central Bank on the basis of the law require that the Central Bank conduct an independent monetary policy in order to achieve this goal. The main purpose of coordination through money credit is to prevent the depreciation of the country's currency. Ensuring the value of the monetary unit is carried out by regulating money circulation and managing the money supply in circulation. It is necessary to divide the mass of money in circulation into monetary aggregates, taking into account the possibilities of its conversion into cash, and to manage them in accordance with the state of the economy. Coordination of the money supply in circulation with the state of growth or recession of the economy requires the use of monetary policy. Through the money-credit instrument, the supply, demand or price of money in the market is affected. In other words, by creating "cheap" or "expensive" money in the money market, the amount of money in circulation is adjusted to the state of the economy. At present, central banks widely use discount or refinancing, open market operations, mandatory reserve ratio, currency policy and other tools of monetary policy. The selective use of one or more means depends on their effectiveness. In the process of transition to market economy4, the correct organization of cash-issuance work, constant forecasting of cash flow are also important methods of regulating money circulation. Through these, the issues of the demand for cash and its timely satisfaction are solved.

The science of monetary and credit coordination is the management of money circulation, the amount of money in circulation and its components, the body that coordinates money circulation, the methods and principles of money circulation coordination, and the monetary policy used by the Central Bank for the purpose of coordinating money circulation, their nature and purpose. learns Influence on the economy by means of money and credit is mainly aimed at ensuring the stability of the country's currency, curbing the crisis process, and ensuring the stability of commodity-money relations. Coordination through money and credit should be carried out in accordance with the laws of the market economy. One of the institutional foundations of modern monetary policy is the market system. It is difficult to imagine the efficient operation of a two-tier banking system without a market system in the field of money and credit. The market economy is the 7 main criterion of coordination of the economy by means of money and credit. In it, the main elements of monetary policy, such as supply and demand for credit for various terms, price of money (interest), are formed. The classification of markets in the field of money and credit is mainly based on the following three characteristics: transaction object, composition of participants and duration of the transaction. Taking these into account, two types of marketing are distinguished. They are the credit and financial market, after all, they are also divided into specific sectors. Credit markets include interbank credit resources and money markets. Only banks are the participants of the interbank credit resources market, and in order to maintain the liquidity of banks, that is, to ensure the balance between asset and liability operations, trade of short-term temporary free money resources is carried out there. Depending on the form of ownership of banks, the sale and purchase of credit resources to each other is consistent with the principles of the market between them.

Ensuring internal price stability in the country is a guarantee of macroeconomic and social stability and is a necessary condition for the successful implementation of economic reforms and development programs. In this case, low and stable indicators of inflation are considered an important factor in ensuring balanced economic growth, production competitiveness and raising the standard of living of the population. From this point of view, reduction and stabilization of price growth rates should be one of the main goals of the state economic policy. Experiences of central banks of developed and developing countries and research results of international financial institutions show the undoubted priority of price stability in the implementation of monetary policy. At the same time, the procedure and sequence of monetary policy implementation differs in different countries depending on the characteristics and structural structure of the economy. According to the current Law of the Republic of Uzbekistan "On the Central

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Bank of the Republic of Uzbekistan", the main goal of the Central Bank is to ensure the stability of the national currency. In this case, the concept of "national currency stability" can be interpreted in two ways, that is, the stability of the exchange rate against foreign currencies or the stability of its internal purchasing power. In the conditions of free formation of the exchange rate, the stability of the national currency is achieved by maintaining its internal purchasing power. In this case, the free-floating exchange rate functions as an internal stabilizer of the economy. In other words, when external shocks and difficulties related to the balance of payments are observed, the corresponding change in the exchange rate serves to stimulate exporters and enterprises producing import substitutes. At the moment, it is planned to make appropriate changes to the legislation in order to prevent double understanding of the main goal of the Central Bank's monetary and credit policy and to clearly define the main direction of its activity. Methods widely used by central banks of developed and developing countries include inflation targeting, monetary targeting, exchange rate targeting, and nominal anchor regimes. Although the task of achieving inflation targets is considered the main goal for most central banks, the above-mentioned methods differ mainly depending on the immediate and intermediate goals. In order to ensure price stability, this method of monetary and credit policy involves control of changes in the volume of money aggregates, reserve money and money supply. The effective application of this strategy requires a strong permanent relationship between inflation indicators and monetary aggregates. In this case, the target indicators of inflation are achieved by keeping the volume of money aggregates at an acceptable level. The monetary targeting regime was actively used in the 1970s and 1980s in the USA, Canada, Great Britain, Germany, Switzerland and other developed countries. At the same time, the unstable level of demand for money due to the development of financial markets and the implementation of new financial instruments in recent years has led to a decrease in the effectiveness of this method. As a result, it was observed that the ability of central banks to effectively influence changes in the money supply and to ensure inflation targets was limited. Due to the weakening of the relationship between monetary aggregates and the level of inflation, most central banks abandoned the practice of targeting monetary aggregates and introduced the inflation targeting regime. The monetary targeting regime was widely used as an effective strategy in the early years of economic development in developing and transition countries, where sharp changes in money supply and demand were observed. In this case, the goals of stimulating economic growth were taken into account when setting the appropriate indicators for inflation. Starting from 19941, the monetary and credit policy implemented in Uzbekistan was also focused on the goals of ensuring the stability of the national currency by preventing a sharp increase in the money supply. In this case, reserve money and change in money supply were used as operational and intermediate targets. Although this regime is officially classified as monetary targeting, in practice, due to the gradual devaluation of the national currency by pegging the exchange rate to the dollar, this regime is classified as a mixed regime by some international institutions and experts. A dual-purpose exchange rate policy has shown to be ineffective in the face of external shocks. On the one hand, the goal is to increase the gold-currency reserves, and on the other hand, the goal is to maintain the exchange rate of the soum at a certain level. In turn, this exchange rate does not reflect the state of the balance of payments and external economic conditions. This policy, in turn, created problems in the domestic currency market and reduced the possibilities of effective monetary policy. In addition, the passive mode of using monetary and credit instruments created additional difficulties in the effective application of monetary targeting.

The market economy operates through its objective laws and self-regulating levers and tools. But the market economy has both positive and negative aspects. The most important of them are the growth of disparity, economic stress and crises, which arise due to the violation of market balance and imbalance, formed on the basis of objective laws and relations in the economy, regulators. As a result of crises, there is economic decline, unemployment, inflation, and deterioration of people's standard of living. Therefore, it will be necessary for the state to intervene in the economy and prioritize it with the help of economic levers and tools. This requires the harmonization of the market mechanism of self-regulation of the modern market economy with the mechanism of its regulation by the state. As a result of the reforms implemented in Uzbekistan, including institutional reforms, the mechanism of state regulation of the economy has been created and is gaining development tendencies. The mechanism of state regulation of the economy formed in Uzbekistan made it possible to mitigate its negative impact in the current world financial and economic crisis. In the development of the society's economy, in the division of social labor, in the expansion of interstate relations, in economic processes such as the regulation of relations between the components of the economy, the regulatory possibilities of the market mechanism are shown to be limited. An example of this is the contradictions that arose in the economy during the economic crisis. The world economic crisis that occurred in 1929-1933 is a clear example. There are tasks of the process of social reproduction that the market mechanism cannot fulfill and regulate. In the development of industry, on the basis of free competition, production forces are growing not only within the framework of individual private property, but also the role of collective (shareholding) and other forms of ownership is increasing. However, the state is forced to take over large sectors of the economy, to develop and regulate them. For example: railway, telegraph, post, defense, etc. There are also social functions that the market mechanism cannot fulfill. In addition, there is a need for state intervention in the results of some activities based on market relations.

The analysis of the change in the money supply based on the factors shows that the growth of the money supply is ensured by the increase in gold and foreign exchange reserves and the expansion of the volume of lending to the economy in different periods. In turn, balanced execution of the State budget and accumulation of funds in the government accounts, as well as accumulation of funds in the accounts of the Republic of Uzbekistan Recovery and Development Fund were among the factors that optimized the growth of the money supply. At the moment, the main sources of lending to the economy are financed from centralized funds, including the Reconstruction and Development Fund of the Republic of Uzbekistan, and these funds are mainly used for the purpose of importing production technologies and raw materials. respectively, did not have a direct impact on the inflation rate. In this case, the level of interest is considered to be an influencer of the monetary policy, that is, by influencing the interest rate, the money supply is affected. Therefore, in the conditions of the market economy, the object of coordination through money and credit is the demand and supply in the money market and the resulting rate of interest. The subject of coordination through credit is the Central Bank of the country.

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