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### THE ROLE OF FISCAL POLICY IN ENSURING MACROECONOMIC STABILITY IN UZBEKISTAN

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#### Abstract:

This thesis provides a scientific analysis of the role and importance of fiscal policy in ensuring macroeconomic stability in Uzbekistan. The study examines key macroeconomic indicators such as gross domestic product growth, the inflation rate, the budget deficit, and public debt on the basis of the fiscal strategy designed for 2026–2028. In addition, the thesis highlights directions for strengthening economic stability through the improvement and digitalization of fiscal policy.

**Keywords:** macroeconomic stability, public debt, economic growth, digitalization, fiscal policy, GDP, inflation, budget deficit.

#### Introduction

Today, taking into account the global changes occurring in the world economy, ensuring macroeconomic stability under conditions of economic volatility and external risks should be regarded as one of the priority tasks for every country. In particular, maintaining economic growth at a stable level, controlling inflation, and effectively managing public finance are issues of particular relevance. In the Republic of Uzbekistan, ensuring macroeconomic stability is also emphasized as one of the important directions of state policy, and large-scale reforms are being implemented in this area. In particular, the Fiscal Strategy for 2026–2028 identifies economic stability as a key priority. This strategy defines gross



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domestic product growth, the inflation rate, the budget deficit, and the level of public debt as the main indicators of economic development. Keeping these indicators at a stable level is directly related to the effectiveness of fiscal policy.

### Main Part

Fiscal policy is one of the most important components of economic management and is applied by the state to balance economic cycles and ensure long-term stability. In the modern economy, fiscal policy performs the following main functions:

- stimulating economic growth by increasing production volumes;
- controlling inflation by ensuring price stability;
- stabilizing household incomes by strengthening social protection measures;
- improving the investment environment;
- ensuring social equality.

Therefore, fiscal policy is considered one of the most important instruments for ensuring macroeconomic stability.

The main objective in this regard is to preserve economic growth and social stability. The fiscal strategy of the Republic of Uzbekistan sets the following key macroeconomic indicators:

- GDP growth — at least 6%;
- inflation — around 5%;
- budget deficit — not exceeding 3% of GDP;
- public debt — not exceeding 50% of GDP.

These indicators are important criteria for ensuring economic stability. Within the framework of budget policy, special attention is being paid to optimizing public expenditures, introducing a results-oriented budgeting system, and increasing



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budget transparency. Price stability helps preserve the real incomes of the population, ensure economic balance, and improve the investment climate. In budget policy, the main focus is directed toward strengthening budget discipline. In particular, it has been established that the consolidated budget deficit should not exceed 3 percent of gross domestic product. This can be considered an important factor in ensuring the stability of public finance.

In Uzbekistan, attention is being paid to the following areas in the management of public debt:

- maintaining the debt burden at an acceptable level;
- using external debt effectively;
- directing borrowed funds toward investment projects.

At the same time, since excessive growth of public debt may create economic risks, it must be managed with caution. Public debt management is an integral part of fiscal policy. Moreover, an increase in public debt may place pressure on the budget in the long term and intensify inflationary risks. According to the strategy, the ratio of public debt to gross domestic product should not exceed 50 percent, which is emphasized as one of the most important factors in ensuring financial security.

Increasing the efficiency of budget expenditures is of great importance in the effective implementation of fiscal policy. For this purpose, measures are envisaged to introduce a results-oriented budgeting system, ensure budget openness, and optimize public expenditures. In addition, it is planned to increase budget revenues by improving tax policy. In particular, expanding cashless payments, ensuring transparency in the economy, and optimizing tax benefits are considered among the important directions. The complication of global economic conditions affects macroeconomic stability. A slowdown in global economic growth may have a negative impact on export volumes, investment, and financial



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flows. Therefore, conducting fiscal policy in a flexible manner, assessing economic risks in advance, and eliminating them are of great importance.

In the context of the digital economy, the use of modern information technologies is necessary to increase the effectiveness of fiscal policy. Digitalization increases the transparency of budget processes, expands opportunities for monitoring public expenditures, and serves as an important tool for preventing corruption.

### **Conclusion**

In conclusion, fiscal policy is one of the important instruments implemented by the state to ensure economic stability and growth. Through the effective application of this policy, a country can stimulate economic development or mitigate socio-economic problems. At the same time, the implementation of fiscal policy requires control over public debt and inflation.

Fiscal policy plays a decisive role in ensuring macroeconomic stability in Uzbekistan. Further increasing the effectiveness of fiscal policy, improving the tax system, and introducing innovative approaches to public finance management will create opportunities for ensuring the sustainable development of Uzbekistan's economy. Achieving the established macroeconomic indicators will contribute to economic growth and financial stability. In this regard, the following proposals may be put forward:

- further simplification of the tax system;
- improvement of the efficiency of public expenditures;
- broad introduction of a digital budget system;
- improvement of public debt management mechanisms.

The implementation of these measures will ensure the stable and long-term development of the national economy.



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