

## IMPROVING FINANCIAL RELATIONS IN THE PUBLIC PROCUREMENT SYSTEM IN MODERN CONDITIONS.

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**Annotation.** The most significant and necessary need for public procurement's efficacy is that it be systematic. This thesis is aimed to learn and analyze main areas of developing financial relations in the public procurement system in modern conditions. Moreover, this thesis is going to analyze questions of increasing the effectiveness of public procurement system by changing the financial instruments used in it. This will be achieved through the development and implementation of economic solutions based on theoretical and political knowledge.

**Key words.** State procurements; procurement of goods and works, services; contract system; concept of public procurement; energy security; social sphere; subjects of public procurement; budget customer.

**Introduction.** The requirement to guarantee the efficient, focused, and sensible use of public funds is what defines the current trend in the financial sector's development. In this situation, the state's procurement sector comes first in order to meet needs while carrying out its duties and obligations. As a result, all nations prioritize effective regulation of the public procurement process.

The purchasing of commodities, works, and services at the expense of public funding is known as public procurement. The process of buying commodities for government use through public procurement is primarily funded by state funds.

In order to improve management effectiveness, avoid cost rises, lower state budgetary costs, and control material flows as long as they comply with market requirements public procurement entails the state carrying out a number of tasks.

Public procurement makes up a large portion of government spending and is crucial to the nation's socioeconomic advancement. Through participation in the country's economic processes and government control, as well as governmental orders, the demand for products and services is created. The method by which the demands of the state, its territories, and its regions expressed in state needs are met is decided in compliance with the laws of a particular nation.

In turn, the legislation can also define the concept of public procurement. In particular, according to the Law of the Republic of Uzbekistan “On Public Procurement”, public procurement is the process of meeting the needs of government customers for goods (works, services) on a paid basis.

The term “public procurement” is interpreted differently in different sources. If you pay attention to the views of Russian scientists, this concept also has its own characteristics. According to K.V. Kuznetsov, in most cases we are talking about purchases from the state budget to ensure the life and functioning of government bodies. Simultaneously, the notion of "procurement for government needs" documents the acquisition of commodities (i.e., labor, services) with the intention of reselling them later.

According to the location, consider I.I. Vzglyadtskaya. In terms of economics, "state procurement" is simply the satisfaction of (provisioned for) state demands. The category "state order" marks the public worker and is conveyed via state demand. Therefore, the placement of a government order refers to actions to identify suppliers (performers, contractors) for the purpose of entering into government contracts with them for the supply of goods, performance of work, and provision of services. A state order should be understood as a justified and formalized need for goods, works, and services for state needs.

As per the provisions of Article 69 of the Budget Code of the Republic of Uzbekistan, the State budget's expenditure component comprises the following:

- ❖ costs associated with the social sphere and population support;

- ❖ state support for non-governmental non-profit organizations and other civil society institutions;
- ❖ economic expenses; costs to finance centralized investments;
- ❖ government body and management, justice, and prosecutor's offices;
- ❖ costs associated with vessel maintenance;
- ❖ costs associated with the maintenance of citizen self-government bodies;
- ❖ and other expenses.

The Republic of Uzbekistan's Cabinet of Ministers' reserve funds, the Republic of Karakalpakstan's republican budget, regional budgets for individual regions, the city budget for Tashkent, and budgets for districts and towns are all taken into consideration in the State budget's spending section. Government purchases, which make up a sizable portion of the combined budget's costs, have an immediate impact on the balance. Ensuring the high efficiency of public procurement is crucial to maintaining its size at an ideal level. However, the public sector also benefits from the same incentives for increased procurement efficiency that apply to the private sector.

There are several guiding concepts that guide the planning and execution of public procurement. There are widely acknowledged guidelines for how the public procurement system should operate in actuality.

The legislative and regulatory framework in Uzbekistan regulates in sufficient detail the legal issues of public procurement, the mutual rights and obligations of the parties, the composition and types of documents generated at various stages of concluding contracts and their execution. This framework is fairly complete in terms of organizing and implementing processes of public procurement of goods, works (services) for government needs. Given the importance of public procurement in maintaining budgetary stability, fulfilling the demands of the public sector, and serving as a tool for economic regulation, the creation and enhancement of the legal

framework necessary to support the public procurement system's operation receives a great deal of attention.

There are several basic documents that govern and control public procurement in Uzbekistan, and these documents have been improved over the years. The first document is called Law of the Republic of Uzbekistan “On the legal framework for the activities of economic entities” which was released on 29<sup>th</sup> of August, 1998. The next document that was responsible for regulating public procurement is called Law of the Republic of Uzbekistan N 3RU-385 “On electronic commerce” dated May 22, 2015 and new edition of it was released on 22 April, 2021. Following this document, the following documents named Budget Code of the Republic of Uzbekistan and the Civil Code of the Republic of Uzbekistan were released in 2017. This Code shall regulate relations in the field of formation, preparation, reviewing, adoption, approval, execution of budgets of the budget system of the Republic of Uzbekistan (hereinafter referred to as budgets of the budget system), government borrowing and controlling the implementation of budgetary legislation.

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