Issue Of Effective Public Debt Management

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Annotation. *This article discusses issues of public debt management, its direct relationship with monetary and fiscal policies, payment of public debt, the accumulation of public reserves, transparent and complete accounting of public debt, the formation of a single database and the creation of a unified system of public debt management. Also, investigated the basic concepts of public debt, the views of economists who formed economic schools, scientific theories of public debt, a variety of public debt transactions, the content of gross external debt, and public debt management.*
Keywords: *debt, state, limit, risk, cost, interest, reserve, market, creditor, tax.*

Introduction

Interest on public debt will also depend on the general level of interest rates in the country, inflation, the size of the state budget deficit, and so on. External debt is an obligation arising in foreign currency, except for the obligations of the subjects of the Republic of Uzbekistan and the local budget of the country in the use of targeted foreign loans (borrowings) in foreign currency in the country.

Literature review

V. M. Fedosov, V. M. According to Ogorodnik [1], "public debt is the amount of debt on domestic public debt, as well as their amount is the date set for foreign creditors for a certain amount of financial liabilities." According to E.J. Dolan, K.D. Campbell, and R.J. Campbell, "public debt is the accumulated amount of the budget deficit of previous years" [2].

In our opinion, public debt is the amount of debt of the state on foreign and domestic credit operations.

The external debt of a state can be formed when a country borrows from another state or applies to the services of international credit institutions. The most important of these is the International Monetary Fund. According to the experts of the International Monetary Fund, a particular international financial institution should have a green color for the country in which the country has expressed a desire to receive a loan. The red color of the states indicates the low creditworthiness of the state.

Features of organization of production at light industry enterprises and improving logistics were studied by several scientific works of Ergashxodjaeva, S. J. [6], Yuldashev N.[7], Tursunov B. [8;9;10;11;12].

The negative effects of public debt Interest payments on domestic debt increase income inequality and require higher taxes, which negatively affects economic incentives to develop production, as well as increase overall interest rates and reduce private investment financing.

The biggest burden for the country is external debt, in which case the country is forced to provide the most expensive goods, pay interest and provide certain services to pay off the debt. In addition, obtaining foreign loans and credits is usually related to the fulfillment of certain conditions required from the lender. However, underdeveloped countries suffer from the burden of external debt. With successful economic reforms underway, many foreign theorists believe that private and public debt will play a positive role in the country's development. We can see the structure of gross public debt in Figure 1.

Governments of all countries will have to make strategic decisions in selecting debt management objectives, acceptable risk levels, contingent liabilities management methods, and public debt management trust management methods.

According to the Russian economist BM Sabanti, "... public credit is a system of economic relations in which the state is one of the parties to credit relations." [3]

American economist Dj. According to Buchanan, "public debt is an obligation of the federal government in the federal government system. The government receives the resources at its disposal when a debt arises in exchange for a promise to make payments to creditors in the future. Typically, these future payments include interest and principal payments." According to I. Dobrynin,

"..External public debt is a debt to foreign countries, organizations and individuals, and domestic debt is formed as a result of borrowing between residents." [5]

In our view, "public debt is the amount of debt on the state's issued and outstanding debt obligations, including interest accrued on them."

Analysis and results

There is a growing convergence of views on methods that constitute a reliable practice of public debt management, which will help reduce the spread of external financial shocks. These include:

-determine the advantages of clearly defining the objectives of debt management;

- accounting for risk-related costs;

- Debt management and regulation of monetary policy, as well as the limitation and coordination of appropriate accounting;
- setting limits for debt growth;
- the need for careful management of refinancing and market risks, the cost of paying interest on the debt burden;
- It is necessary to create a sound legal framework and a policy to reduce operational risks, including a clear division of responsibilities and relevant obligations between government agencies involved in debt management.

Public debt management problems often stem from the lack of an arbitrary or credible debt management strategy and the low cost of macroeconomic regulation, as well as the lack of interaction between government structures that make decisions and exercise oversight in public debt.

The history of many countries shows that the maturity of unsecured debt obligations, currency or interest rates, are important factors in the emergence or spread of economic crises in terms of significant contingent liabilities.

International experience shows that excessive levels of debt lead to high interest rates and can have a negative impact on real output. Debt denominated in foreign currency is also associated with a certain risk, and excessive dependence on foreign currency debt can affect the exchange rate or monetary tension if governments do not want to refinance the debt, if governments buy debt in foreign currency.

The crises in the debt markets have highlighted the need for effective methods of debt management and the creation of an efficient and reliable capital market. Although public debt management policies have not always been the sole or main cause of these crises, the maturity and interest and currency composition of the public debt portfolio often lead to crises. Even when the state has a positive macroeconomic system, the practice of managing risky debt increases the impact of the economy on economic and financial shocks.

The dangerous causes of the debt structure are often related to the implementation of unreasonable economic policies - taxes, money and exchange rates. However, it is not possible to expect a sensible debt management policy to solve all the problems. Debt management policy is not a panacea and cannot replace fiscal and monetary policy.

Public debt management, no matter how credible, is unable to prevent a crisis with weak macroeconomic policies. Debt management policy minimizes the impact of crises and the spread of financial risks as they play a catalytic role in developing a broader and more inclusive financial market. Experience has shown that developed domestic debt markets can replace bank financing when there is a shortage of this source (and vice versa), which helps countries overcome financial difficulties.

As we can see in Figure 1 below, the object of public debt management is the internal and external debts of the state, the subject of which is the relationship with public debt as a financial instrument. The subjects of public debt management are the legislative and executive bodies of the state.

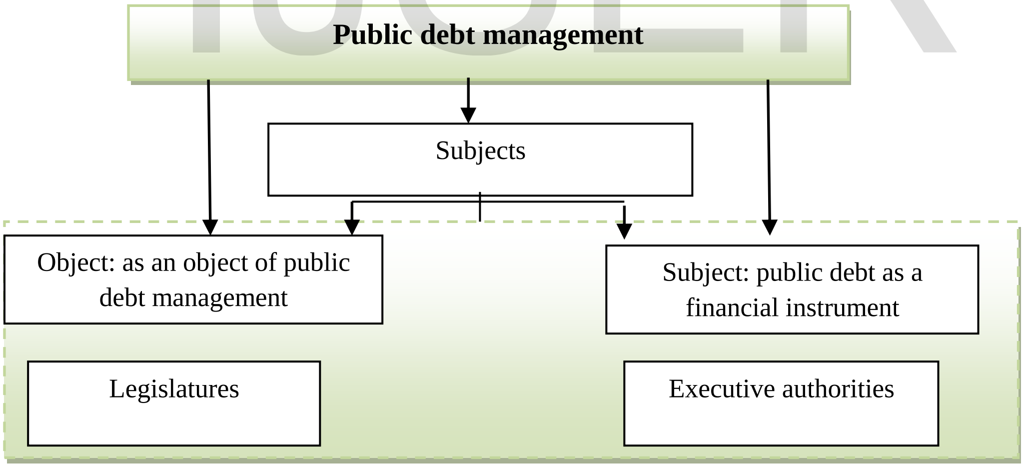

Fig.1. Public debt management

As a factor that has a significant impact on a debtor's debt status, the level of "sensitivity" of the country's solvency to external activities (called "vulnerability factors"), such as exchange rates and interest rates, changes in the state of goods. markets and others.

The generalization of the world experience reveals to us the most important methodological principles used in the analysis of the debt stability of a sovereign state:

- "as a country" approach: the correlation of the country's debt parameters (external debt, external debt repayment and servicing) with the country's macroeconomic indicators (GDP, GDP, exports, gold and foreign exchange reserves);
- "sovereign" ("budget") approach: the parameters of public debt (the amount of public external debt, the amount of payments for public external debt and its servicing) with an indicator characterizing the state budget (the amount of budget revenues);

ISSN 2229-5518

- The priority use in calculating debt ratios is not the nominal amount of debt, but its current (net) value Net Present Value, NPV, payment schedule and debt service costs, thus accurately reflecting the actual debt burden of the debtor.

However, if a large part of the debt is to be serviced under market conditions (without preferential treatment), then it is advisable to use its nominal amount in the calculations, because in this case the current value of the debt will be close to its nominal value. Using an analysis of a sovereign borrower's debt sustainability status, preparing a conclusion about the likelihood of a financial crisis, determining the amount of debt required for a borrower, and formulating a government's debt or debt policy based on generally accepted debt ratios can pose a risk to the borrower country.

At the same time, the "critical" or "maximum" values of the debt ratios are not strictly defined levels, but its increase inevitably means that debt problems will arise in the debtor country. Depending on the current macroeconomic conditions of a particular borrower, the different objectives of the debt sustainability analysis, and who performed the analysis (borrower, lender, International Financial Institutions), the debt ratio values recognized as high risk may vary widely.

Thus, the "threshold" values of the debt ratio, which are widely used in world practice (for example, set by international financial institutions), are a conditional indicator of the risky state of external debt. They only allow you to act on the optimal (safe) level of debt for a particular state. The higher the real level of indicators from these values, the lower the risk of a debt crisis in the country, the higher the potential of the country. Obligations to repay the amount of accumulated debt to external creditors and service them (without compromising socio-economic development). allows for successful completion.

In addition, the real value of "far" coefficients from debt instability zones is further evidence in favor of raising the international credit rating of international agencies. For example, a comprehensive analysis uses a wide range of borrowers 'data to formulate a debt strategy, in particular evaluating different scenarios for macroeconomic and debt development and analyzing overall debt ratios, taking into account their actual and future (forecast) dynamics.

None of the applicable debt ratios cover all aspects of a debtor country's debt position and therefore cannot be considered as a criterion that comprehensively (completely) characterizes the state of debt stability. For reasons specific to the macroeconomic situation and the terms of servicing a particular borrower's debt, it is possible to "combine" risky values for one of the debt indicators with satisfactory indicators of other debt ratios.

The following table provides information on the status of external debt by type of creditors in the Republic of Uzbekistan. (Table 1). According to him, in 2008 the long-term reserves of external debt amounted to 4.495 million US dollars, while this figure increased year by year and in 2018 increased to 16.542 million US dollars. Debts guaranteed by the state and the state amounted to 3.188 million US dollars in 2008 and 9.481 million US dollars in 2018, of which official creditors in 2008 amounted to 2.707 million US dollars. In 2018, it increased to 9.282 million US dollars. The volume of multilateral loans in 2008 amounted to 963 million. By the time it was purchased in U.S. dollars, by 2018, its volume had more than doubled. The World Bank of the Republic of Uzbekistan issued a total of 368 mln. If presented in US dollars, this figure will more than triple by 2018.

In addition, the volume of bilateral loans provided by the World Bank in 2008 amounted to 1.744 million. If taken in the amount of USD, their amount was able to increase significantly in 2017-2018.

Table 1
Information on the status of external debt of creditors in the Republic of Uzbekistan by types

(mln.USA dollars)

External debt by types of creditors	2008	2014	2015	2016	2017	2018
total amount	4,495	11,680	13,024	14,848	15,653	16,542
Long-term reserves of external debt	3,188	4,816	5,709	6,699	7,619	9,481
Debts guaranteed by the state and the state, including:	2,707	4,630	5,454	6,430	7,337	9,282
Official creditors	963	2,532	3,128	3,451	3,965	5,507
Polygamy	368	494	599	779	910	1,907
Including: World Bank	1,744	2,098	2,325	2,979	3,372	3,775
bilateral	482	185	255	269	281	199
Private creditors	-	-	-	-	-	-
Bonds	482	185	255	269	281	199
Commercial banks and others	1,306	6,864	7,315	8,149	8,035	7,061
Private unsecured loans	-	-	-	-	-	-
Bonds	1,306	6,864	7,315	8,149	8,035	7,061
Commercial banks and others	405	381	364	353	374	365

No bonds were purchased between 2008 and 2018. The volume of credit resources received by commercial banks and others in 2008 amounted to 482 mln. USD, and by 2018 their volume has halved. The volume of private unsecured loans in 2018 increased by 6 times compared to 2008. The volume of loans from the International Monetary Fund in 2008 amounted to 405 mln. By 2018, its volume will reach 365 million US dollars. The U.S. dollar depreciated.

Solving the problem of public debt repayment is the most important aspect of the policy of many developed countries, including the Republic of Uzbekistan.

The main tasks of public debt policy management in the Republic of Uzbekistan in recent years are:

- issues of improving the tax system, because currently budget revenues are the main source of public debt;

- increase social spending (mainly science, education, medicine), which is important in terms of reducing inefficient budget expenditures and stimulating economic growth;

- limiting the formation of new debts;

-creation of an effective system of public debt management.

The types (forms, items) of public debt are unsustainable and increasing (primarily due to non-market-based instruments). The aggravation of the situation with the budget also determines the structural change in domestic debt. The critical shift includes, in particular, the large DQMO pyramids. The budget expenditures to repay the DQMO debt were not actually considered as part of the budget expenditures. The Ministry of Finance has balanced all turnovers in the DQMO market, including revenues from new issues and funds allocated to repay old issues.

With the reform process and the expansion of foreign exchange operations, the development of financial markets has necessitated the search for new solutions. The problem is that external and internal debts in a number of processes lead to a more harmonious symbiosis, especially when it comes to technical problems, although we can observe that when we have the practice of balancing certain indicators (especially when servicing public debt).

Control over the effective use of borrowed funds and the targeted use of allocated loans should ensure the maximum solution of the tasks set by the fiscal policy. At present, public debt management is regulated by the Budget Code of the Republic of Uzbekistan.

In the table below we consider the structure of public external debt of the Republic of Uzbekistan in Table 2.

Table-2

Information on external debts of the Republic of Uzbekistan [13]

(mln.USA dollars)

№	Debt category	2008	2014	2015	2016	2017	2018
1	Total external debt reserves	**5,070**	**12,556**	**14,059**	**15,801**	**16,866**	**17,630**
2	Use of IMF credit	405	381	364	353	374	365
3	Long-term external debt	4,495	11,680	13,024	14,848	15,653	16,542
4	State-guaranteed sector	3,188	4,816	5,709	6,699	7,619	9,481
5	Public sector	3,181	4,816	5,709	6,699	7,619	9,481
6	of which: General government debt	2,279	3,369	4,004	4,408	5,162	6,838
7	The private sector is guaranteed by the public sector	7	-	-	-	-	-
8	The private sector is not guaranteed	1,306	6,864	7,315	8,149	8,035	7,061
9	Short-term external debt	171	495	671	600	838	722
10	Payments on long-term external debt	**1,011**	**2,632**	**2,387**	**2,894**	**2,081**	**2,612**
11	State-guaranteed sector	317	923	1,258	1,393	1,100	2,282
12	Public sector	317	923	1,258	1,393	1,100	2,282
13	of which: General Government	200	559	867	657	813	1,903
14	The private sector is guaranteed by the public sector	-	-	-	-	-	-
15	The private sector is not guaranteed	694	1,709	1,130	1,501	981	330
16	Payments on principal (long-term)	**710**	**683**	**962**	**1,008**	**1,438**	**691**
17	State-guaranteed sector	460	307	285	343	343	382
18	The public sector is:	447	307	285	343	343	382
19	General government	131	194	176	210	179	198
20	The private sector is guaranteed by the public sector	13	-	-	-	-	-
21	The private sector is not guaranteed	250	376	677	665	1,095	309

22	Interest payments (long-term)	**141**	**199**	**281**	**354**	**449**	**284**
23	State-guaranteed sector	114	67	73	91	118	143
24	The public sector is:	114	67	73	91	118	143
25	General government	71	38	37	49	68	96
26	The private sector is guaranteed by the public sector	0	-	-	-	-	-
27	The private sector is not guaranteed	26	132	208	262	331	141

As can be seen from Table 1, total external debt reserves were $ 5.070 million in 2008 and $ 17.630 million by 2018. dollars. In the last 10 years, we have seen an increase of $ 12,560 million. The amount of loans provided by the IMF in 2008 amounted to 405 mln. By 2018, its volume will reach $ 40 million. dollars. Long-term external debt amounted to $ 4.495 million, which is three times higher than in 2018. The amount of loans attracted to the state-guaranteed sector in 2008 amounted to $ 3.181 million, and in 2018 its volume reached $ 9.481 million. While the private sector has attracted $ 7 million in loans secured by the public sector, we can see that the sector has not received loans in recent years. The volume of unsecured loans to the private sector amounted to $ 1.306 million, and by 2018 its volume will increase to $ 7.061 million. The volume of short-term external debt in 2008 amounted to 171 million dollars, and in 2018 it amounted to 722 million dollars.

Public debt service is the key to macroeconomic stability in the country. The state of the state budget, gold and foreign exchange reserves, the stability of the national currency, interest rates, inflation and the investment climate are important. This can be defined as:

- budget deficit leads to rapid growth of public debt;
- All available budget funds in surrogate forms over the past six years are written off to public debt.

These are loans issued to agricultural enterprises, importing organizations, the Central Bank of the Republic of Uzbekistan, the Pension Fund, etc. to repay debt obligations;

- The Central Bank of the Republic of Uzbekistan and the Ministry of Finance will concentrate their funds in a narrow "bond" segment of the financial market. Debt management is done to plan the volume and turnover of the next issue of short-term bonds and treasury bonds.
- There is no medium and long-term planning in the preparation of the draft budget, the composition and volume of public debt, as well as the schedule of its payment. Without such a forecast, it is impossible to analyze the situation in advance, at least in the two-three-year period.

The Uzbek government securities market will develop only with an increase in the number of instruments and the share of long-term securities (5-30 years), which will happen in two or three years. In the first stage, the management of government liabilities requires a unified approach to the budgeting of operations related to government debt obligations.

Currently, most of the illicit remittances in Uzbekistan continue to serve the turnover of goods and services. In addition, there has been a trend of capital return in recent years. Because Uzbekistan can make much more money than the West, many of those who have taken capital illegally at the same time want to return it and invest in the Uzbek economy.

But they need guarantees and, above all, guarantees of unimpeded return to their homeland in the event of an unfavorable political situation. The problem is that at present in Uzbekistan it is very difficult to legalize this money, there are no financial structures, legislation and organizational mechanisms that facilitate the return of capital.

There are two ways to solve this problem - first, to prevent the outflow of capital, and secondly, to direct the already exported funds to the development of the Uzbek economy. This will not only restore the confidence of investors and lenders, but also increase the domestic savings needed for the Uzbek economy. Theoretically, there are two main ways to solve this problem.

The first method is to strengthen administrative control over financial flows, tightening laws. The second method is to implement structural institutional changes that create a favorable investment climate. The first method is to take administrative measures against standard schemes of illicit capital withdrawals - to reduce export prices, non-refundable foreign exchange earnings, fake import contracts with advance payments and surcharges, customs corruption, settlements through offshore companies. is important for.

Conclusions

In conclusion, measures to strengthen confidence in the economy of Uzbekistan should include: a balanced budget; improving the tax system and tax administration; ensuring reliable operation of the banking system; protection of the rights of creditors and investors; transparency of financial statements of all enterprises and organizations; significant changes in the fight against crime and corruption, a sharp improvement in the functioning of the prosecutor's office and the judiciary; In the territory of Uzbekistan it is expedient to strictly observe the laws of the country, to abolish arbitrariness and some unjustified privileges by regional and local authorities.

In conclusion, in order to increase the efficiency of public debt management in the Republic of Uzbekistan, the following should be done:

1. Development of a new specialized law on public debt;

2. It is expedient to develop medium and long-term debt policy, which is directly related to monetary and fiscal policy. From the point of view of making payments on the public debt of the Republic of Uzbekistan, it is necessary to eliminate the maximum burden on the budget. (accumulation of state reserves, including by improving the collection of payments on loans to the country);

3. It is expedient to maintain transparent and complete accounting of public debt on all types of debt obligations and transactions with them, to create a single database and a single system of public debt management.

4. It is necessary to create a system for monitoring and management of private and corporate debt.

6. Public debt management should be closely linked to asset management.

7. It is necessary to increase the transparency of the Ministry of Finance and its subordinate bodies.

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