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<https://doi.org/10.61796/jaide.v1i7.893>**MONETARY CREDIT POLICY OF THE CENTRAL BANK
AND ITS MACROECONOMIC SIGNIFICANCE****PhD Murodova Dilnoza Choriyevna**

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Abstract: The article includes the purpose, tasks, strategy and tactics of regulating the activities of commercial banks through the monetary and credit policy instruments carried out by the Central Bank of the Republic of Uzbekistan. It describes the nature of commercial banks, threats affecting their economic security, methods of protection against them, criteria for assessing the economic security of commercial banks

Keywords: Commercial Bank, Central Bank, monetary policy, monetary instruments, liquidity, credit, refinancing rate.

This is an open-access article under the [CC-BY 4.0](https://creativecommons.org/licenses/by/4.0/) license**Introduction**

In the development strategy of New Uzbekistan for 2022-2026, approved by the Decree of the President of the Republic of Uzbekistan No. PF-60 of January 28, 2022, the transformation processes in commercial banks with a state share are completed, and the share of the private sector in bank assets is up to 60 percent by the end of 2026. delivery, strengthening the resource potential and financial stability of banks is recognized as one of the necessary conditions for rapid development of the national economy and ensuring high growth rates. This, in turn, creates the need to create financial conditions necessary for the development of commercial banks. One of the necessary financial conditions for the development of banks is the improvement of the practice of regulating their activities [1].

In the implementation of the monetary and credit policy, the Central Bank focuses on fully meeting the demand for money and stimulating investment processes in the real sector. In conducting macroeconomic policy in our country, the economic processes taking place in the world and partner countries are taken into account, to prevent their negative impact on the economy of our country, to stimulate domestic demand and investment activity in the real sector, to create favorable conditions for business activities and to develop in all areas. the main focus is on achieving balanced economic growth rates by ensuring the expansion of output volumes.

Literature review.

In economic literature and international banking practice, the concepts of "monetary policy" and "monetary policy" are widely interpreted as synonymous concepts. For example, famous Russian economists - S. Moiseyev, O. Lavrushin, I. Mamonova, M. Malkina, G. Fetisov widely use the concept of "monetary policy". This situation is clearly seen in the textbooks and training manuals published by them on "Organization of Central Bank Activities", "Monetary Policy: Theory and Practice", "Inflationary Processes in Russia and Abroad and Regulation by Monetary Credit". can be seen.

The concept of "monetary policy" is used in textbooks and scientific articles published by

American, Japanese and European economists. For example, the well-known economist, President of the Federal Reserve Bank of the USA B. Bernanke used only the concept of "monetary policy" in his research and scientific articles [2]. The same situation can also be observed in A. Burns[3].

M. Malkina defines the monetary policy as follows: "Monetary policy is a complex measure by the Central Bank to manage the money supply and the value of money, to ensure the stability of prices and the national currency in the country and economic is implemented in order to stimulate growth" [4].

According to S. Moiseyev, monetary and credit policy is one of the important directions of the state's policy on regulating the economy, and the demand and supply in the money market is its object [5].

In the textbook "Financial-monetary economy" (Finansovo-denezhnaya ekonomika), published under the co-authorship of D. Vinogradov and M. Doroshenko, monetary policy is recognized as a policy aimed at regulating the levels of money supply and interest rates. [6].

In the textbook "Modern money and banking" co-authored by R. Miller and D. Van-Huz, monetary policy is interpreted as a set of measures aimed at controlling money emission and money supply [7].

The well-known economist N. Meniku interpreted the monetary policy of the US FZT as the implementation of control over the money in circulation in the economy [8]. It is recognized as a set of measures aimed at regulating and controlling the demand and supply of money.

Monetary policy is a policy aimed at regulating the economy through monetary and credit instruments and is implemented by the Central Bank. Monetary policy is subordinated to the strategic goal of the Government's economic policy and plays an important role in ensuring macroeconomic stability. The lack of improvement of the monetary policy does not allow to increase the level of money supply of the economy, as a result of which the problem of debtor-creditor debt between economic entities cannot be solved.

The strategic goal of the monetary policy of the Central Bank of the Republic of Uzbekistan is to ensure the stability of the national currency. Therefore, evaluating the dynamics of exchange rates of the national currency is one of the important issues of monetary analysis.

The macroeconomic policy and the monetary policy of the Central Bank of the Republic of Uzbekistan are primarily aimed at increasing interest in the national currency by maintaining price stability and increasing the income of the population in the national currency.

Many economists who conducted scientific research on the monetary policy of the Central Bank, including O. Naumchenko, J. Matuk, V. Usoskin, K. Baynke, T. Bobakulov, and O. Namozov, have identified five aspects of monetary policy. who recognized the existence of a traditional instrument. These instruments include:

1. Refinancing policy of the Central Bank;
2. Mandatory reserves policy;
3. Open market policy;
4. Currency policy;
5. Deposit Policy.

The refinancing policy of the Central Bank is a set of measures related to lending to commercial banks. In all countries, including the Republic of Uzbekistan, the Central Bank is the lender of last resort for commercial banks. At the same time, important activities and investment projects financed within the framework of the economic policy of the government are financed through commercial banks at the expense of centralized resources.

The Central Bank can lend to commercial banks in three ways:

1. Lending by the Central Bank to commercial banks by re-counting the balance sheets;
2. Lending by the Central Bank to commercial banks by pledging securities on their balance sheets.

3. Direct lending by the Central Bank to commercial banks.

Loans granted by the Central Bank to commercial banks by re-accounting of their balance

sheets are called credit loans, and their interest rates are called credit rates. Account rates occupy the main place in the interest policy of the Central Bank. The main reason for this, in our opinion, is that the accounting policy has a number of important advantages compared to other instruments of the Central Bank.

Methods

The methodological basis of the study is the strategic goals of the monetary policy of the Central Bank, which is to fight against inflation, to ensure the stability of the country's banking system and payment systems, the target rate of inflation and the rate of growth of the money supply. are the tactical goals of monetary policy. Statistical data, induction and deduction, expert assessment, comparative and trend analysis methods were used.

Result and Discussion

As part of the structural reforms implemented at the new stage of the economic development of our country, the goals and tasks of the Central Bank of the Republic of Uzbekistan, and the institutional structure have been fundamentally revised. The monetary and credit policy was logically conducted on the basis of new principles. In particular, the task of ensuring the stability of domestic prices in the country was defined as a priority goal of the Central Bank. The measures implemented in the field of currency policy and regulation of money circulation, the conditions that are forming in the macroeconomic sphere in the new reality became the basis for the implementation of important changes in the monetary and credit policy. Ensuring a low and stable level of inflation in the medium-term perspective is an important factor of macroeconomic balance and creates the necessary conditions for improving the social situation in the country, developing investment activity and implementing structural reforms. Along with ensuring the stability of domestic prices in the economy, the measures taken by the Central Bank to develop the banking and payment system in our country will support economic growth in the future. It is worth noting that only monetary policy reforms cannot be the main source of economic growth. Monetary and credit measures are mainly of short-term importance and serve to mitigate short-term fluctuations in the volume of aggregate demand and supply in the economy and reduce production differences.

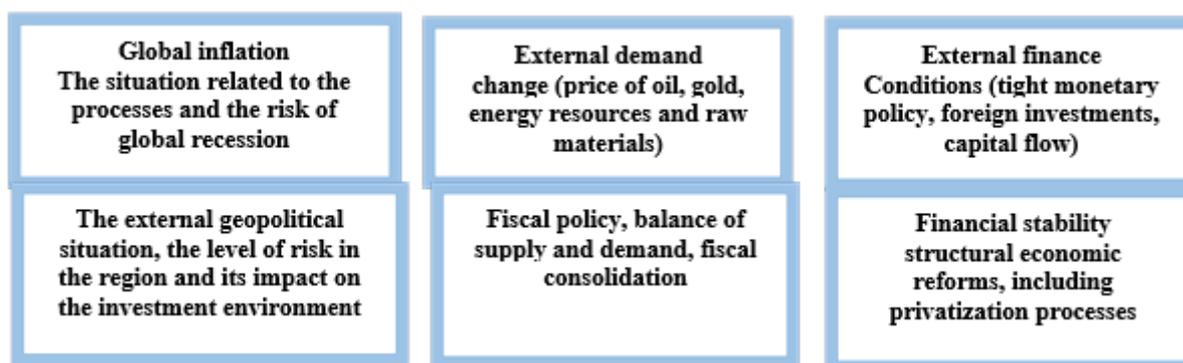
The main directions of the monetary and credit policy are a programmatic document for the Central Bank in the medium-term perspective. Through this document, the Central Bank announces its goals in the field of money and credit to the general public. In the main directions, the principles and methods of monetary policy are explained, the internal and external conditions of economic development and inflationary processes are evaluated, and the analysis and forecasts of macroeconomic indicators are recognized. In the medium-term perspective, the Central Bank is paying attention to the creation of necessary conditions for the transition to the inflation targeting regime while reducing the level of inflation in conducting monetary and credit policy. In this context, it is assumed that the monetary policy of the Central Bank will be implemented in the "transitional" monetary policy regime in the medium term.

Medium-term macroeconomic development scenarios and main directions of monetary policy. In the main directions of monetary policy for 2023 and 2024-2025

- Measures to be implemented in the monetary and credit sphere in the medium-term perspective, the Central Bank's response and response measures to changes in external and internal economic conditions, and approaches to conducting monetary policy are reflected.

- In the coming years, the main attention in the implementation of the monetary policy will be focused on the goals of ensuring price stability in the economy and reducing the inflation level to the 5 percent target level.

- Medium-term macroeconomic forecasts were developed by the Central Bank based on 2 scenarios. Differences in external and internal conditions, the course of economic processes and expectations regarding the implementation of reforms were identified as the main criteria.



1- picture. The main factors of the future macroeconomic situation [9]

Risks and uncertainty remain in the global economy due to high inflation rates, tight global monetary and financial conditions, moderate activity in major economies, and growing geopolitical tensions.

1- table
Macroeconomic indicators [10]

Indicators	2021 (fact)	2022 (wait-n)	Basic scenario projections		
			2023	2024	2025
Annual inflation rate	10	12-12,5	8,5-9,5	5-6	5
Real GDP	7,4	5,2-5,8	4,5-5,0	5-6	6-6,5
Final consumer spending	9,7	10-11	5-6	8-9	7-8
- households	11,6	12-14	5-6	9-10	8-9
- state management bodies	3,4	2-3	3-4	5-6	4-5
Investments in fixed capital	5,2	5-6	9-10	12-13	10-11
- centralized investments	-3,6	-(10-15)	1-2	9-10	6-7
- decentralized investments	7,4	10-14	11-12	14-15	11-12
of which, foreign direct investments	-3,4	5-6	20-30	20-25	10-15

In 2017 and 2018, the economic growth rate of Uzbekistan was higher than the weighted average growth rate of the main trading partners during 2012-2019 (excluding 2017 and 2018). horses accounted for 4.4 and 5.4 percent, respectively. The economy of Uzbekistan grew by 1.9% in 2020, and by 7.4% in 2021, as a result of the easing of monetary and credit policy during the pandemic and the implementation of supportive policies by the government. Taking into account that the impact of changes in external economic conditions will be weaker than expected, the increase in activity in economic sectors, and the high rate of growth in the volume of foreign trade turnover, the Central Bank has set the real GDP growth rate for 2022 at 5.0 He predicts around -5.5 percent.

According to the decree of the President of the Republic of Uzbekistan dated November 18, 2019 No. PF-5877 "On improving the monetary and credit policy through a gradual transition to the inflation targeting regime", the Central Bank of the country is instructed to reduce the inflation rate to 10 percent in 2021 and by setting a permanent inflation target of 5 percent in 2023, starting from January 1, 2020, the task of ensuring the gradual transition of monetary policy mechanisms to the inflation targeting mode was assigned.

Conclusion

The monetary and credit policy of the Central Bank and its macroeconomic importance allow to increase.

Solving these problems includes:

1. The scope of work aimed at increasing the effectiveness of monetary policy instruments in

effectively curbing inflation includes the full implementation of the necessary economic and legal (independence) foundations in connection with the gradual transition to the inflation targeting regime in the medium term. requires.

2. Ensuring the transition of the banking system to the path of innovative development requires prompt provision of liquidity of commercial banks. In banking practice of our republic, there are problems in this regard. In particular, the non-availability of the Central Bank's account and pawn loans does not allow quick provision of liquidity.

3. In our republic, there are some urgent problems related to further increasing the role of financial mediation of banks. In particular, the level of mandatory reserve requirement rates remains high. In particular, as a result of the Central Bank not providing refinancing loans to commercial banks, it has a negative effect on the promotion of credit expansion and current liquidity of banks.

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