



THE ROLE OF MONETARY POLICY IN ENSURING FINANCIAL STABILITY

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ABSTRACT

This article analyzes the importance of monetary policy in achieving economic development, public finances and financial stability, and explores ways to improve them.

INTRODUCTION

If we talk about the role of monetary policy in ensuring the financial stability of the state, it is very important to consider their importance in the development of the economy. Today, the period of economic changes has significantly changed the perception of the role and importance of financial and currency instruments in the development of the economy. and in the system of state regulation of the increasingly developing market economy, their priority achieved the proof found Currently state economic policy, public finance should take into account the priorities of the development of world markets, as well as the rules of world competition.

DISCUSSION AND RESULTS

For this reason, it is necessary to gradually improve the monetary policy in order to ensure the stability of state finances. Also about public finance, financial stability and monetary policy it is important to mention some theories in order to have more accurate and complete information.

State finance these are relations in the field of organization, distribution and spending of money reserves at the disposal of the state. The funds available in the state finances are first mobilized for national interests. There is also the service of public finance in performing the functions of the state. State finance includes money reserves, financial mechanism, financial institutions (offices) of the state and financial policy. (their budget), special funds belonging to the government, state credit (instruments by which the state borrows and lends).

Financial stability is the ability of the financial system, i.e. financial institutions, markets and market infrastructures, to withstand possible shocks and imbalances, while reducing the probability of failure to perform financial intermediation functions. The goal of financial stability is to ensure the stability of the entire financial system , not individual financial institutions . Financial stability is the basis of sustainable economic development.

Monetary policy — macroeconomics of monetary and credit institutions policy is a set of measures aimed at managing aggregate demand through money market conditions (short-term interest rate, nominal exchange rate or current liquidity level). Achieving the ultimate combination of the banking sector, including price stability, maintaining a stable exchange rate, both fiscal stability and the promotion of balanced economic growth. We can also emphasize that monetary policy is also used in many literatures with the concept of monetary policy.

The main path of the government in the field of money circulation and credit, the measures aimed at ensuring the stability of the country's economy, its effective operation, and keeping the monetary system sufficiently stable are called monetary and credit policy. Monetary policy is considered a component of state economic policy and is customary cases him Central bank done increases. Monetary policy by reducing or increasing the surplus money in circulation. Measures will be taken to reduce inflation. Taking the monetary policy of the Central Bank on the go money to the market straight away his own management can influence with the help of its powers and through the issuance of money.

Monetary policy about when talking of course his objects and subjects do not fall out of line. After all, the objects and subjects of the monetary policy are in some sense its "body parts". Therefore, below is the monetary policy we will pay particular attention to objects and subjects:

Objects of monetary policy:

- money and credit bodies;
- banks;
- unbanked organizations actions as a result variable money in the market demand and offer.

Subjects of monetary policy:

- Central bank;
- Central bank mutually in touch economic agents who are;
- finance system in the activity participation doer banks and another financial institutions.

Many economists have discussed the role and importance of monetary policy in ensuring state finances and stability. Representatives of various nationalities have conducted scientific research, published articles and monographs on this issue. However, even today, this topic is the cause of wide discussion by a number of economists and practitioners and remains at the center of the discussion. The importance of monetary policy in ensuring state stability is also reflected in the scientific works of foreign economists. As an example of this, first of all, we can mention the article of Madina Gayfulina, a special employee of the Department, published in 2021 on the topic "Оценка эффективности операционного механизма денежно-кредитной политики". In this article, Madina Gayfulina paid special attention to the level of monetary and credit system and policy in the stability of state finances today, and evaluated its most important aspects. One of the main components of this process is an effective monetary policy. The main instrument of the Central Bank in the implementation of monetary policy is the main rate, which is discussed at the management meetings. With the help of this tool, the Central Bank shows its influence on money market rates. The operational objective will be to bring money market rates closer to the base rate. To achieve this goal, a set of monetary policy tools is used to manage liquidity in the banking system.

So, based on these theories, we can conclude that monetary policy is directly involved in ensuring the stability of public finances. This participation of his will definitely help the people to have a prosperous lifestyle and live a prosperous life clearly manifests itself in the creation of necessary conditions for Since the monetary policy is a component of the state economy, it remains a field that is always in service to ensure the stability of state finances.

Ensuring the stability of domestic prices in the country is a guarantee of macroeconomic and social stability. It is also a necessary condition for the successful implementation of economic reforms and development programs as quickly as possible.

A low and stable level of inflation creates the necessary conditions for the conversion of savings of citizens and legal entities into long-term investments, and serves the effective distribution of available economic resources by reducing price imbalances in the domestic market.

Experiences of central banks of developed and developing countries and research results of international financial institutes show the undoubted priority of the goal of ensuring 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.

CONCLUSION

In conclusion, it should be noted that financial stability and its analysis is one of the main tasks of central banks and financial system regulatory bodies. Monetary policy can enhance financial stability during downturns by supporting the debt servicing capacity of the non-financial sector and limiting losses for the financial sector. In ensuring financial stability, monetary policy ensures that financial resources in the economy of the country are produced in a way that is consistent with the orders of the society and changes in the economy. This ensures the strengthening of economic development, the development of industry, and sufficient supply of goods and services demanded by consumers.

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