



## FINANCIAL SYSTEM AND THE DIVISION OF STATE BUDGETS INTO DIFFERENT SECTORS AND SECTIONS.

Amirova Dilshoda Hasan qizi

Ochldiyeva Naima Mengziya qizi

Eshmirzayeva Qurbonoy Bahromovna

Mamaraimova Hilola Abduqahhor qizi

Termiz Institute of Agrotechnologies and Innovative Development

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**Abstract:** In the conditions of the accumulation of a large amount of funds in state trust funds, the weakening of state financial control can lead to the ineffective use of these funds and the occurrence of various situations. Therefore, in order to strengthen control over the use of state financial resources, it is appropriate to include them in the state budget. In this case, it is necessary to ensure that the target direction of the collected funds remains unchanged. In this article, thoughts and opinions about the financial system and the division of state budgets into separate areas and sections are discussed.

**Key words:** financial system, state budgets, local finance, individual, legal entity, gross domestic product, financial-credit relationship.

The financial system is a part of the monetary sector of the economy, financial practice. The financial system covers not only financial relations, but also political and organizational relations related to finance. This system includes the following: a) monetary funds or financial resources forming a financial object; b) subjects - participants of financial relations consisting of enterprises, households, state agencies and non-state organizations; v) financial mechanism, i.e. tools used in financial relations and related to money (profit, loss, profitability, liquidity, budget, extra-budgetary funds, subsidy, subvention, grant, rehabilitation, financial regulations, financial sanction, etc.); g) financial institutions and financial agencies of the state (financial companies, financial funds, the Ministry of Finance, its local divisions, tax authorities, treasury service, tax police, etc.); d) financial market - stock market, insurance service market, currency market; e) financial policy - financial guidelines and behavior of economic subjects.

As mentioned above, this sector of the financial system consists of links such as finance of commercial enterprises and organizations, finance of financial intermediaries and finance of non-profit organizations. The financial relations of economic entities belonging to this group have their own characteristics depending on the forms of organizing business activities, forming incomes and expenses, owning property, and fulfilling their obligations. At the same time, the finance of commercial enterprises and organizations becomes important, and it is here that the main part of financial resources is formed. The general financial situation of the country is determined by the financial situation of these enterprises. Under the conditions of market relations, enterprises carry out their activities on the basis of a commercial account. Accordingly, their expenses should be covered from their income. Profit is the main source of production and social development of labor teams.

Enterprises of this sector have real financial independence, they independently distribute the income from the sale of products, use profits at their own discretion, form production and social funds, use the resources of the financial market - bank loans, bond

issuance, certificates of deposit and other instruments of the financial market - they look for the necessary funds for investment. Enterprises are freed from minor state intervention, and at the same time, their responsibility for the economic and financial results of the work has been increased dramatically.

At the same time, the country's economic system consists of a complex structure and operates as a mixed economy. In addition to the profit-oriented business sector, it also includes other sectors of the economy whose activities are aimed at achieving social welfare. In addition to the public sector, these include the non-commercial sector, which has a large scale in some countries and is growing at a relatively high rate. In the current conditions, the rapid growth of non-profit sector organizations is due to the development of political processes of democratization of society on the one hand, and the social orientation of the market economy (which is characteristic of our country) on the other hand.

Public finance ensures certain rates of development of all sectors of the national economy, distribution of financial resources between economic sectors and regions of the country, between production and non-production sectors, and between forms of property, separate groups and strata of the population. takes a leading place in the redistribution between Through the financial system, the state influences the formation of centralized and decentralized monetary funds, accumulation and consumption funds by means of taxes, state budget expenditures, and the use of state credit.

Financial relations in enterprises are built on the basis of certain principles that depend on the relations based on economic activity. The independence of the enterprise is the provision of material incentives, material responsibility and financial savings. The principle of material incentives is a factor that objectively affects the activity of an entrepreneur in obtaining profit. The results of economic activity determine the interests of the enterprise collective and every employee of organizations and the entire state. The principle of material responsibility requires a certain system of responsibility over the results of financial economic activity. A system of material liability fines is used for business entities that do not fulfill their contractual obligations to implement this principle, and that the heads of enterprises violate the tax legislation.

The division of the financial system into separate sectors and links is determined by the different participation of the subjects of economic relations in the formation, distribution and redistribution of the gross domestic product, in the formation and use of income. Each branch and link of the financial system has its own forms and methods of forming funds and income and using them. For example, the finance of enterprises serves material production, creation of gross domestic product, its distribution among enterprises and redistribution of a part of gross domestic product to budgetary and extra-budgetary savings funds. Through the state budget, resources are attracted to the central fund of the state and they are redistributed among economic regions, sectors and social groups of the population.

In short, the rapid development of economic processes largely depends on the financial sector. Money is involved as the main tool in all stages of reproduction processes. It is not wrong to say that finance is one of the main pillars of the economy, because it creates funds for specific purposes and distributes them in order to develop the economy and meet the needs of society. The financial system consists of capital flows between individuals (personal finance), governments (public finance) and businesses (corporate finance). In modern



financial systems, money, credit and finance are used as means of exchange. They serve as instruments of some value and can alternatively be exchanged for goods and services.

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