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## THE IMPORTANCE OF ANTI-INFLATIONARY POLICY AND INFLATION TRADING IN UZBEKISTAN

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**Abstract:** Inflation is a primary part of this economic sphere. In this article, the importance of anti-inflation policy and inflation trade in Uzbekistan is described in detail, and not only the local point of view, but also the opinions of world scientists about inflation.

**Keywords:** Inflation, antiinflation, trading, social sphere, banking system, financial independence, etc.

Inflation is a constant general increase in prices, in which the real value of all personal savings, whether in cash or in accounts, decreases. An increase in prices, of course, reduces the mass of products that owners of these savings can buy. First of all, with the onset of inflation, real incomes of permanent and nominal income earners, including budget sector employees and pensioners, are decreasing. Inflation can also reduce people's savings. Through inflation, the income of creditors and debtors is redistributed, between which the debtor is in a winning position. Inflation can affect the welfare of every person, all sections of society and all market sectors.

The presence of banknotes and coins in circulation is one of the economic categories that cause inflation. The term "inflation" is derived from the Latin word "inflation" which means "inflated", "exaggerated", "increased". The economic essence of inflation means a decrease in the purchasing power of cash in circulation, an increase in the price of goods and services. From the middle of the 19th century, until it was used by economists as an economic term, it was used in medicine to describe a malignant tumor. History has shown that this word is indeed dangerous in every way. Because inflation is not only an increase in the price of goods and services in some individual markets, it is a dangerous phenomenon for the economy as a whole. The economic meaning of the word "inflation" means issuing a lot of money in relation to the goods in circulation and their prices. If we pay attention to history, the increase in other expenses due to war and other disasters is inextricably linked with inflation. For example, strong inflation was manifested in England at the beginning of the 19th century during the war with Napoleon, in France - during the French Revolution, and in Russia in the middle of the 19th century. Very high inflation in Germany occurred in 1923, when the money in circulation reached 496 quintillion marks and the currency depreciated a trillion times. These historical examples show that inflation is not a current process, but a historical process. Inflation and its development may have specific characteristics in a particular country. The inflation of the current period has different characteristics from the inflation of the past period.

There is a concept of private inflation, which occurs in the form of an increase in the price of a certain type of product. Inflation can also be general, where the risk is reflected for the entire economy. The main indicator of inflation is the slow growth of a person's income in relation to the price of goods. With inflation, there is a decrease in current real consumption costs, a

decrease in the standard of living. This is related to indexation and other methods of population protection, which cannot adapt to the new dynamics. In economies with a progressive income tax system, the impact of inflationary investments will also be devastating. It can cause social stratification and deepen the property inequality of the society. In times of inflation, incomes are redistributed, which is unfair.

The essence of anti-inflation policy. Anti-inflation policy is a measure to combat inflation through monetary reforms by government agencies. The methods of implementation of monetary reforms are as follows:

- annulment, i.e. the announcement of the removal of obsolete currency units and the introduction of new ones.
- devaluation, i.e. a decrease in the gold content of monetary units or a decrease in the gold, foreign currency, and silver rates of national currencies.
- denomination, that is, the method of cutting off zeros. The method consists in enlarging the currency unit in the form of exchange according to the established ratio of the old banknote to the new one.

In the same ratio, prices, tariffs, wages, cash balances in bank accounts, balance sheets of organizations are recalculated. Deflationary policy regulates the demand for money through money, credit, tax mechanism. It is implemented by reducing government spending, increasing interest rates on loans, and increasing the tax burden while limiting the money supply. A deflationary policy leads to a slowdown in economic growth in any economic system. Income policy is implemented in the process of parallel control by completely freezing prices and wages or setting limits on their growth. The implementation of income policy often causes social contradictions. The main focus of this policy is on price control. These policies include:

- ✓ Long-term and targeted price control of certain groups of goods and services offered to the market by oligopolies or monopolies;
- ✓ Management of discretionary income. In this case, the state acts as a mediator between the employer and the employee in matters of wages and working conditions.
- ✓ The last type of policy - currency policy helps to strengthen the national currency. The main anti-inflation measures are:
  - ✓ Clarification policy, its purpose is to establish the most reliable relations with society regarding public finances and its political activities. This policy is implemented through the media;
  - ✓ Establishment of a stabilization fund, the purpose of which is to support the national currency through interventions, as well as to minimize the cyclical penalty in the economy;
  - ✓ Formation of a stable exchange rate, as well as introduction of certain restrictions on currency and foreign economic policy;
  - ✓ Increase exports and decrease imports to strengthen the position of the national currency.

In addition to the above, monetary reform and institutional methods are among the ways to regulate the inflation rate. Institutional methods are the unique basis of positive anti-inflation policy. This implies the stabilization of market institutions. If the market mechanism is modern, powerful, efficient and developed, this is a strong condition for ensuring economic benefits from it, and serves to attract investments. This, in turn, is a favorable factor for the implementation of anti-inflation policy. Anti-inflationary policy instruments. The main means of regulating inflation in our country include credit and monetary policy, through which the government of the Russian Federation influenced the money supply in the 1990s.

However, there are several negative consequences as a result of these measures. In the state, arrears, consisting of non-payment of wages, debts owed by customers to suppliers and budget debts, appear in large volumes. In such conditions, an increase in the money supply can lead to hyperinflation. For example, when there is a budget deficit, in order to pay public expenses from the government of the Russian Federation, they resort to borrowing from the market and increasing the tax burden on organizations that do not have working capital for economic needs. Another way is foreign debt, including foreign debt and interest on foreign debt. The anti-inflationary policy includes a set of measures aimed at suppressing inflation on state regulation of the economy.

Define demand-regulating deflationary monetary policy. This is done by reducing the cost of society and the state, increasing the discount bank rate, reducing the demand for loans and increasing savings, and limiting the demand for money through taxation to increase budget revenues. the reserve requirement ratio and the central bank's sale of fixed-income government securities. Another weapon of anti-inflationary policy is income policy, which means parallel control over wage and price increases. In this process, they are frozen or limits are set for their growth. With the help of indexation policy, economic entities' losses from currency depreciation are indexed. The government of Uzbekistan periodically indexes the amount of scholarships, allowances, pensions, and wages. At the same time, due to the lack of funds, this indexation is carried out without the necessary connection with the timely growth of prices and the amount of reimbursed expenses. Therefore, the implemented indexation may not always have a significant impact on the standard of living. All methods of combating inflation are represented by anti-inflationary policies. Therefore, the choice of anti-inflation policy depends on the situation in the country, its economy and social situation.

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