

THE ROLE AND SIGNIFICANCE OF LOCAL STATE AUTHORITIES IN THE  
MANAGEMENT OF LOCAL BUDGETS

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**Annotatsiya:** Ushbu maqolada mahalliy budjetni tartibga solish jarayonida mahalliy davlat hokimiyati ijro organlarining vazifalari va ularning o'ziga xos xususiyatlari kompleks tahlil qilingan. Tadqiqot doirasida O'zbekiston Respublikasining amaldagi qonunchilik bazasi, xususan, 2013-yil 26-dekabrda Budjet kodeksi, Mahalliy davlat hokimiyati to'g'risidagi qonun va boshqa normativ-huquqiy hujjatlar chuqur o'rganilgan. Maqolada mahalliy ijro organlarining budjet jarayonidagi roli, vakolatlari, mas'uliyati hamda boshqa davlat organlari bilan o'zaro munosabatlari yuridik jihatdan tahlil etilgan. Muallif tomonidan mahalliy budjetlarni shakllantirish, tasdiqlash va ijro etish bosqichlaridagi hokimiyat organlarining faoliyati, budjet nazorati mexanizmlari va budjetlararo munosabatlar tizimi batafsilpoq ko'rib chiqilgan. Tadqiqot natijasida mahalliy budjet siyosatini amalga oshirishda ijro organlarining samaradorligini oshirish bo'yicha amaliy takliflar ishlab chiqilgan.

**Kalit so'zlar:** mahalliy budjet, mahalliy davlat hokimiyati, ijro organlari, budjet jarayoni, moliyaviy tartibga solish, hokimlar vakolatlari, budjet siyosati, moliyaviy nazorat, budjetlararo munosabatlar, Budjet kodeksi.

**Abstract:** This article provides a comprehensive analysis of the functions of local executive authorities in the process of regulating local budgets, as well as their distinctive features. The study thoroughly examines the current legislative framework of the Republic of Uzbekistan, in particular the Budget Code dated December 26, 2013, the Law "On Local State Authority," and other regulatory legal acts. The article offers a legal analysis of the role, powers, and responsibilities of local executive bodies in the budgetary process, as well as their interaction with other state authorities. The author gives detailed consideration to the activities of local authorities at the stages of formation, approval, and execution of local budgets, the mechanisms of budgetary control, and the system of intergovernmental fiscal relations. As a result of the research, practical proposals aimed at increasing the effectiveness of executive authorities in implementing local budget policy have been developed.

**Keywords:** local budget, local state authority, executive bodies, budgetary process, financial regulation, powers of hokims, budget policy, financial control, intergovernmental fiscal relations, Budget Code.

### Introduction

In the system of modern public administration, the regulation of local budgets possesses significant strategic importance. Through local budgets, territorial development programs are implemented, the social sphere is financed, the standard of living of the population is improved, and the development of the local economy is ensured. In this regard, the role of local executive authorities in shaping and implementing budgetary policy is steadily increasing.

In the Republic of Uzbekistan, the legal foundations of local budgets have been fundamentally improved in recent years. The Budget Code of the Republic of Uzbekistan, adopted on 26 December 2013, established the principles for the formation, approval, and execution of local budgets and brought the budgetary system to a new stage of development. The Law on Local State Authorities, adopted on 2 September 1993, further expanded the powers and responsibilities of local executive bodies and enhanced their financial and economic autonomy.



## Literature Review and Methodology

Issues related to local budgets and their regulation have been widely examined in the works of both Uzbek and foreign scholars. The theoretical foundations of local finance and the budgetary system were substantiated in the works of A.M. Babich, L.N. Pavlova, G.B. Polyak, and I.A. Rodionova, who analyzed the role and significance of local budgets within the public finance system and elaborated on the principles of budgetary federalism.

Among Uzbek scholars, E. Khojiev, A. Li, L. Hwan, and S. Yusupov have made significant contributions to the study of theoretical and practical aspects of local budgets. In E. Khojiev's textbook *Financial Law*, the general theoretical foundations of the budgetary system are comprehensively presented. The works of A. Li are devoted to expanding the revenue base of local budgets.

In the context of foreign experience, the studies of Richard Bird and François Vaillancourt (Canada), Jorge Martinez-Vazquez and Richard Musgrave (USA), as well as Teresa Ter-Minassian (International Monetary Fund), are of particular importance. They comparatively analyzed fiscal federalism and various models of local financial systems, including decentralization processes.

However, the specific functions of local executive authorities defined in the Budget Code and the distinctive features of their participation in the budgetary process have not been comprehensively studied. In particular, within the context of legislative reforms adopted since 2013, the new powers, responsibilities, and legal aspects of the practical activities of executive bodies require in-depth legal analysis.

The research was conducted using the following scientific methods:

1. **Legal-technical analysis** – A systematic examination of the content and interrelationship of the norms contained in the Budget Code, the Law on Local State Authorities, and other normative legal acts.

2. **Comparative legal method** – A comparison of different stages of Uzbek legislation and a comparative analysis with foreign legal systems.

3. **Systemic approach** – Consideration of the budgetary process as an integrated system of interrelated elements and determination of the place of executive bodies within this system.

4. **Functional analysis** – Assessment of the functions of local executive authorities in the budgetary sphere from the perspective of their practical implementation and effectiveness.

5. **Statistical analysis** – Quantitative assessment of the dynamics of local budget indicators and execution results.

6. **Document analysis** – Examination of official documents, reports, budget laws, and decisions.

## Discussion

According to Article 6 of the Budget Code, the budgetary system represents the aggregate of budgets at all levels, state trust fund budgets, extra-budgetary funds of budgetary institutions, the principles of formation and organization of the budgetary system, and the interrelations arising during the budgetary process. Article 10 establishes the principle of balance and interconnection among budgets within the budgetary system.

As an integral part of the budgetary system, local budgets include:

- the budget of the Republic of Karakalpakstan (the republican budget and local budgets);
- regional budgets;
- the budget of the city of Tashkent;
- district and city budgets.

The main characteristics of local budgets are as follows:



1. **Territorial character** – Orientation toward meeting the needs of the population residing within a specific territory and addressing issues of local significance;
2. **Relative autonomy** – Independent formation and execution by local executive bodies within the framework of the Budget Code and other legislation;
3. **Principle of subsidiarity** – Resolution of issues at the lowest effective level, ensuring that services are delivered by authorities closest to the population;
4. **Balance and targeted use** – In accordance with Article 12, ensuring the targeted and purpose-oriented use of budgetary funds;
5. **Transparency** – In accordance with Article 17, ensuring openness of budgetary information to the public.

Local budgets constitute a substantial part of the consolidated budget, which is used for statistical purposes and serves as an important instrument in shaping budgetary policy.

Article 28 of the Budget Code defines the budgetary powers of the Council of Ministers of the Republic of Karakalpakstan, regional and district hokims (governors), and the Mayor of Tashkent.

The principal budgetary powers of hokims include:

1. drafting the relevant budget and submitting it to the representative body;
2. ensuring budget execution;
3. preparing and submitting budget execution reports;
4. implementing inter-budgetary relations;
5. providing financial assistance from local budget funds;
6. taking measures to strengthen local revenue generation;
7. regulating the attraction and use of extra-budgetary funds;
8. ensuring accountability in the exercise of budgetary powers.

Article 17 of the Budget Code establishes the principle of openness, which requires the publication of budget documents and information, transparency at all stages of the budgetary process, and the right of citizens to access comprehensive budgetary information, except for data protected by law.

In Uzbekistan, transparency mechanisms include the publication of budget information on official websites of local authorities and financial bodies, the Open Data Portal, the “Open Budget” platform, public hearings in representative bodies, public consultations, and dissemination of information through mass media.

## Results

The study led to the following conclusions:

1. **The normative legal framework is improving.** The 2013 Budget Code significantly modernized the legal regulation of local budgets, clearly defining principles, stages, and powers within the budgetary process.
2. **The role of local executive authorities is expanding.** Articles 28–32 of the Budget Code clearly determine the powers of hokimiyats and financial bodies. Local executive authorities play a central role at all stages of the budgetary process—from drafting to control—and bear increasing responsibility.
3. **Inter-budgetary relations are developing.** Transfers (dotations, subsidies, and subventions) are used to redistribute financial resources among territories; however, many local budgets remain substantially dependent on higher-level budget transfers.
4. **Transparency is increasing.** Digital platforms enhance public access to budgetary information, although further strengthening of transparency mechanisms is required.
5. **Existing challenges persist.**  
– Insufficient financial independence of local budgets;



- Limited own-source revenue base;
- Inefficiencies in expenditure management;
- Insufficient professional capacity of personnel;
- Underutilized digitalization potential.

## Conclusion

The functions of local executive authorities in regulating local budgets are multifaceted, complex, and highly responsible. The Budget Code clearly defines these functions and emphasizes the central role of executive bodies at all stages of the budgetary process—drafting, approval, execution, and oversight.

As a result of comprehensive reforms in Uzbekistan, the local budget system is gradually improving. The 2013 Budget Code has established a solid legal framework for regulating budgetary relations. The powers of hokimiyats are expanding, financial autonomy is strengthening, and mechanisms of transparency and accountability are being reinforced.

Local budgets constitute the primary financial instrument for territorial development. Through them, funds are allocated to education, healthcare, social protection, housing and communal services, and other sectors. Consequently, the effective formation and implementation of local budgetary policy by executive authorities directly affect the quality of life of the population.

Nevertheless, several challenges remain. Financial capacities of many local budgets are limited; dependence on transfers persists; expenditure efficiency is not always satisfactory; scientific approaches to budget planning and performance evaluation require further development; and professional training of personnel must be enhanced.

Future development of the local budget system should focus on:

First, expanding and stabilizing local revenue sources through improving the system of local taxation and effective management of state property;

Second, increasing expenditure efficiency by introducing results-oriented budgeting and performance evaluation mechanisms;

Third, broad implementation of digital technologies, including electronic budgeting systems and data-driven management tools;

Fourth, strengthening public participation and oversight in the budgetary process. In conclusion, the effective performance of local executive authorities in regulating local budgets is of fundamental importance for territorial development, social stability, and sustainable economic growth. The practical implementation of the legal framework established by the Budget Code, combined with the adaptation of advanced international experience to national specificities, remains an essential task.

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