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## **ANALYSIS AND WAYS TO IMPROVE ANTI-INFLATION POLICY IN THE REPUBLIC OF UZBEKISTAN**

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**Abstract:** The article examines the improvement of anti-inflation policy support in Uzbekistan, the economic content and essence of inflation and anti-inflation policy; analysis of the dynamics of inflation in the national economy and the impact of inflation on economic growth.

**Keywords:** inflation, monetary policy, inflation targeting, macroeconomic stability, state budget, national currency, anti-inflation policy, national economy.

### **Introduction**

The current direction of monetary policy can lead to a number of unintended consequences. This necessitates the study and application of new methods of monetary policy. In the experience of many developed countries, one of the mistakes in the conduct of monetary policy can be seen in the fact that in many cases they are aimed only at lowering inflation.

One of the priorities is to further strengthen macroeconomic stability and maintain high rates of economic growth, including the balanced state budget at all levels, the stability of prices in the national currency and the domestic market. Given the characteristics of modern inflation, there is a growing need to effectively regulate the inflation rate, using methods and tools that provide reliable control over its level and dynamics. To identify the factors influencing inflation and anti-inflationary policies, and thus to achieve sustainable economic growth, it is necessary to expand the scope of research. This, in turn, highlights the relevance of the topic.

### **Literature Review**

The theory and practice of inflation control and anti-inflation policy have been widely studied in foreign and Uzbek economic literature.

The nature of inflation processes, inflation regulation, anti-inflation policy, inflation issues and problems were discussed by foreign researchers. It has become a research topic for many economists, such as, M. Friedman [1], Bart, J., Bennett, J [2], S. Moisieiev [3], T.A. Frolova [4], Andrianov V. [5], Nikitin S [6], T. S. Siluk [7], Scriabin O.O [8].

One of the Uzbek scientists conducting research in these areas has been studied in the studies of T.I. Babakulov, Z.Sh. Abdullayeva, O. Sattorov [9], T.

Koraliev, F.M. Mullajonov, A. Yusupov, A.A. Omonov, H. M. Mahmudov [10], I.A. Yakubov [11] etc.

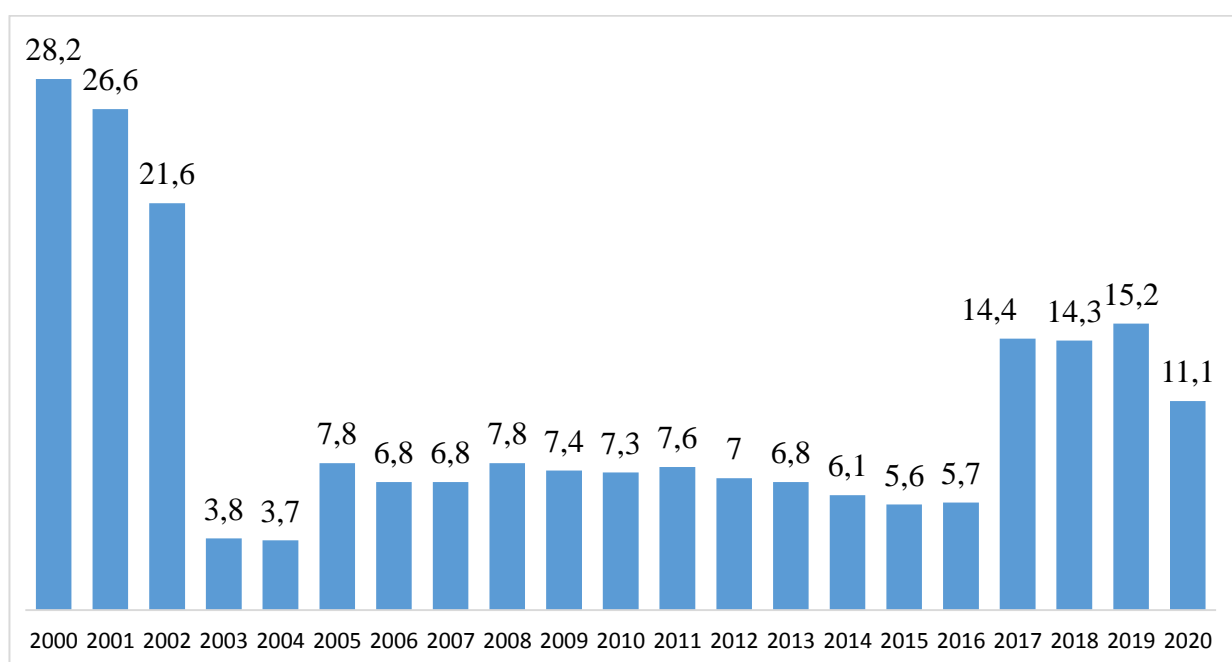
Despite the theoretical research conducted so far, it requires a new approach. The problems of anti-inflation policy and its control have not been studied yet, and it is necessary to study new ways to regulate inflation and use mechanisms and levers to combat it.

### **Research methodology**

Scientific observation, statistical grouping, comparative and structural and systematic analysis, scientific logical generalization, index and economic mathematical methods were used in the implementation of this research.

### **Analysis and results**

In order to improve the anti-inflation policy framework, to prevent it, and to curb high rates, it is necessary to first analyze the inflation process.



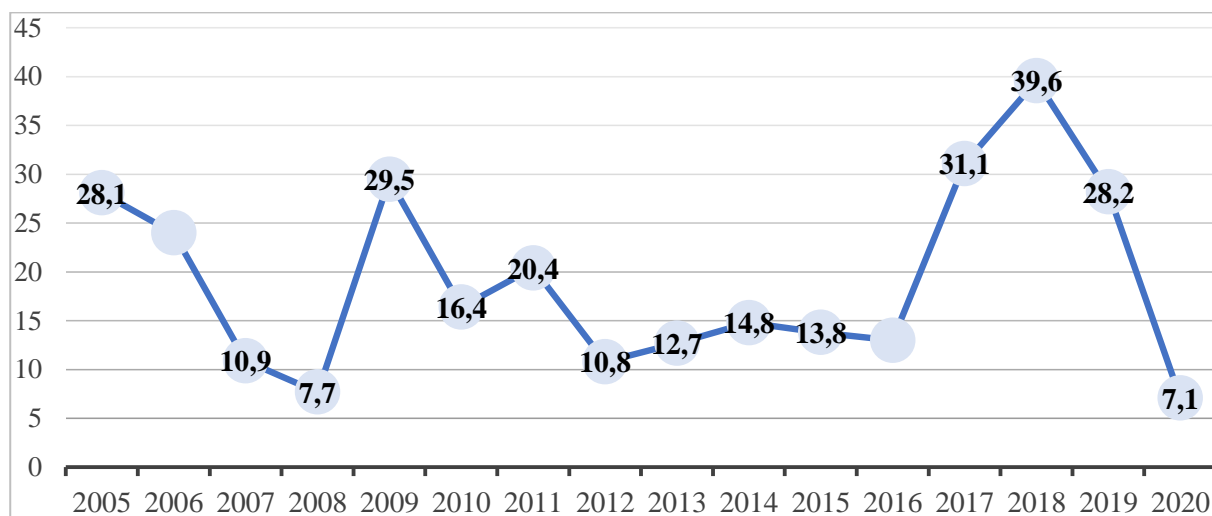
**Figure 1. Dynamics of changes in the inflation rate in Uzbekistan on the consumer price index (%)**

The official website of the Statistics Committee of the Republic of Uzbekistan [www.stat.uz](http://www.stat.uz) was created by the author.

According to the World Bank, in 2020 Uzbekistan will spend 59.7 billion soums on GDP in 192 countries. In 78th place with the US dollar. In terms of GDP growth in 192 countries, in 2019 it ranked 29th with 5.6%.

The inflation rate showed that despite the sharp fluctuations in March-July, the trend was higher at the end of 2020, despite the steady dynamics of the end of 2020. There has been an improvement in the situation with the pandemic, as well as

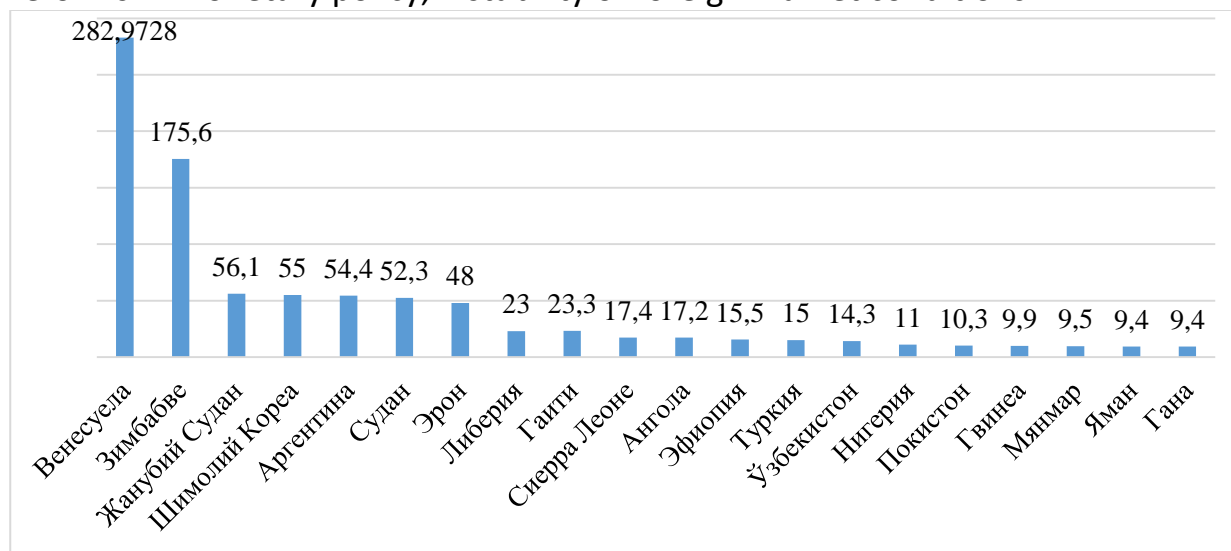
a decline in inflation as a result of the gradual adaptation of the population to economic conditions. At the same time, the perceived inflation rate is higher than the real inflation rate.



**Figure 2. Price dynamics of industrial producers in the Republic of Uzbekistan (%)**

The official website of the Statistics Committee of the Republic of Uzbekistan [www.stat.uz](http://www.stat.uz) was created by the author.

According to the above data, in 2005 it was 28.1%. The latter fell to 7.7 percent in 2008 and was at its lowest point in years. The overall average for the years analyzed was 17.9 percent. Their highest peaks were mainly in 2009 and 2017. This is due to the negative impact of the global crisis, which began in 2008, and in 2017 can be explained by the economic and political transformations in the country, reforms in monetary policy, instability of foreign market conditions.



**Figure 3. Countries with high inflation in 2019, (%)**

The official website of the World Bank [www.worldbank.org](http://www.worldbank.org) was created by the author

In 2019, Uzbekistan ranked 14th among countries with high inflation with 14.3%. Venezuela and Zimbabwe are also on the list with the highest inflation rates. According to the State Statistics Committee, in 2020, the growth rate of prices and

tariffs in the consumer market was 11.1%. In the last month of 2020, the average monthly growth of consumer prices and tariffs was 1.6%. The increase in inflation was mainly observed in food prices, monthly inflation in food prices and services was less than 1%, and food prices rose to 1% in September.

One of the factors contributing to the growth of inflation is inflation expectations.

According to the Central Bank's inflation expectations survey, the main factors for future price increases will be the devaluation of the national currency, the impact of the coronavirus pandemic and rising monopoly prices. It should be noted that the number of respondents who noted the impact of the pandemic has significantly decreased by the end of 2020.

### **Conclusion and recommendations**

Inflation is the degree to which the general level of prices for goods and services rises as a result of the devaluation of money, the loss of the ability to perform its functions with a decrease in the purchasing power of money over time. Inflation is like a disease of the economy. It can be prevented, treated and prevented.

Like all CIS countries, Uzbekistan experienced a difficult economic situation in the early years of independence. In the early years, there were economic instability, inflation, shortages of products and raw materials. As a result of prudent economic and financial policies, the country's economy has grown.

The use of monetary policy instruments in our country is directly related to the introduction of the national currency "Soum" into circulation, the conduct of monetary policy on the basis of the formation of an independent banking system. In the early years of independence, curbing inflation in the country was one of the most important tasks. As a result of the monetary policy measures, specific measures and methodologies for calculating the consumer price index by 2003 have been developed. Inflation fell from 21.6 percent in 2002 to 3.8 percent in 2003. One of the main reasons for the positive change in 2003 was the changes in macroeconomic policy and methodological changes. The consumer price index has been at 14.4 percent since 2017, reaching its highest level in 14 years. Such a rise in consumer prices requires drastic measures in the monetary sphere. In 2020, the consumer price index was 11.1%.

In recent years, the country has been effectively using the tools of inflation control and monetary policy. With the exception of the command-and-control economy, which is typical of an efficient market economy, all developed countries are gradually adopting monetary instruments.

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