OPPORTUNITIES FOR IMPROVING MENTARY POLICY IN THE REPUBLIC OF UZBEKISTAN

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ANNOTATION
The article identifies the problems associated with the improvement of monetary policy, carried out by the Central Bank of the Republic of Uzbekistan and developed scientific proposals aimed at solving these problems.

The author identifies the following problems as topical problems associated with improving monetary policy: the lack of a discount policy of the Central Bank, a small volume of open market transactions, the lack of stability of the national currency, a high proportion of all cash in the money supply.

Also, the article studies the scientific and theoretical views of foreign scientists and economists on improving monetary policy.

Based on the analyzes carried out in the process of writing the article. Scientific conclusions are formulated and scientific proposals are developed, which serve to substantiate the possibility of improving monetary policy. So, in the author's opinion, in order to improve the open market policy of the Central Bank, it is necessary to increase the objects of operations of the open market at the expense of corporate securities of residents - bonds, shares, certificates of deposit that have high ratings from international rating agencies.

KEY WORDS: *Central Bank, monetary policy, discount policy, inflation, exchange rate, open market policy, draft, money supply, cash, refinancing rate.*

INTRODUCTION
In modern conditions of development of the economy of Uzbekistan, improving monetary policy is one of the main directions of reforming the national banking system.

In the Decree of the President of the Republic of Uzbekistan No. PP-3272 of September 13, 2017 "On measures to further improve monetary policy", the Central Bank is entrusted with the following tasks to improve monetary policy:

- Improve the practice of coordinating general economic, fiscal and monetary policy;

- To expand the set of effectively applied interest-rate instruments of monetary policy for the operations of providing and attracting liquidity;

- Widely use by commercial banks market mechanisms for the formation of interest rates, including on loans;

- To improve models of macroeconomic analysis and forecasting in accordance with the best foreign experience;

- To increase the transparency and predictability of the conducted monetary policy, including by strengthening the relationship with the public in order to inform about the instruments used and the ultimate goals of the policy [1].

The developed countries of the world have extensive experience in improving monetary policy. Therefore, the study and generalization of advanced foreign experience in the field of improving monetary policy is of great practical importance for Uzbekistan.

The improvement of monetary policy has been investigated in the scientific works of such economists as J. Keynes [2], V. Krolivetskaya [3], F. Mishkin [4], A. Navoi [5], J. Tobin [6], M Friedman [7], B. McCallum [8], J. Taylor [9], L. Katao, M. Terronza [10], S. Kalderov, K. Schmidt-Hebbel [11].

In the scientific works of these economists, scientific proposals and practical recommendations for improving monetary policy have been developed.

THE PURPOSE OF THE STUDY

The aim of the study is to develop scientific proposals aimed at solving problems associated with improving monetary policy in the Republic of Uzbekistan.

To achieve this goal, we set the following tasks:

* study of the theoretical foundations of monetary policy;

* study and summarize advanced foreign experience in the field of improving monetary policy;

* analyze the current state of monetary policy Central Bank of the Republic of Uzbekistan;

* identify urgent problems associated with improving monetary policy in Uzbekistan;

* to develop scientific proposals aimed at solving urgent problems associated with improving monetary policy.

MATERIAL AND RESEARCH METHODS

When writing the article, the official statistics of the Central Bank of the Republic of Uzbekistan, the US Federal Reserve System were used.

Also, the results of empirical studies of experts of the International Monetary Fund, scientists and economists were used.

The study used research and analytical methods such as peer review, induction and deduction, correlation and regression analysis.

RESULTS AND ITS DISCUSSION

The developed countries of the world, including the United States, have extensive experience in improving monetary policy.

Table 1
GDP (Gross Domestic Products) growth rate and macroeconomic monetary indicators in the USA [12]
In percents

Indicators	2017 y.	2018 y.	2019 y.
GDP	2,3	2,9	2,3
Annual inflation rate	2,1	1,9	2,3
Growth rate of money supply M2	4,5	3,1	7.9
Discount rate federal reserve rate	1,5	2,5	1,75

As can be seen from the data in Table 1, a low GDP growth rate was observed in 2017-2019.

These data show that in the United States the inflation rate is considered moderate, that is, the annual inflation rate does not exceed 3%.

As can be seen from the data in Table 1, in 2019, the growth rate of the money supply in circulation increased significantly compared to 2018.

This is due to the significant reduction in the Fed's discount rate in 2019 compared to 2018.

At present, the strategic goals of the Central Bank's monetary policy are to combat inflation, ensure the stability of the banking system, and ensure the stability of the functioning of national payment systems [13].
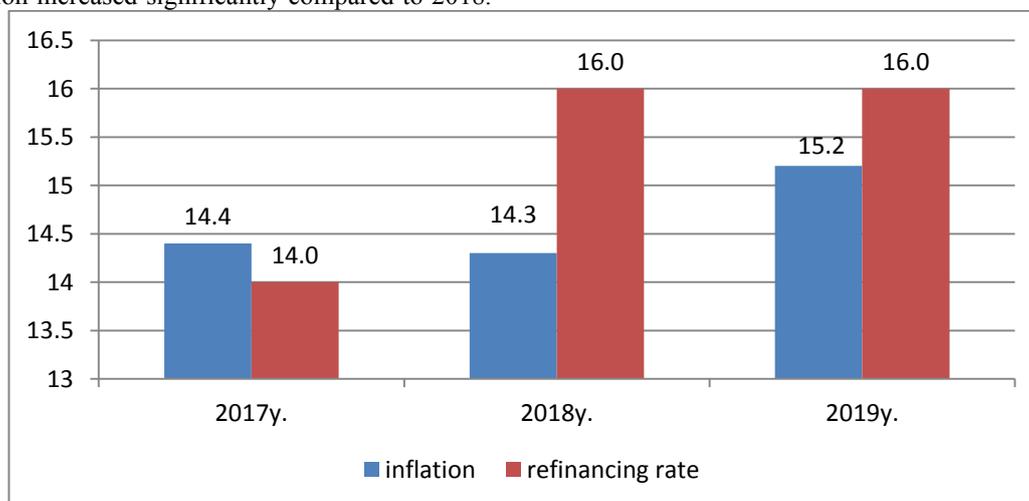

Fig. 1. Annual inflation rate and refinancing rate of the Central Bank of the Republic of Uzbekistan, in percent [14]

As can be seen from the data presented in Fig. 1, high inflation does not allow the Central Bank of Uzbekistan to reduce the refinancing rate.

It should be emphasized that one of the pressing problems of the monetary policy of the Central Bank of Uzbekistan is a relatively high share of all cash in the total money supply (Fig. 2)
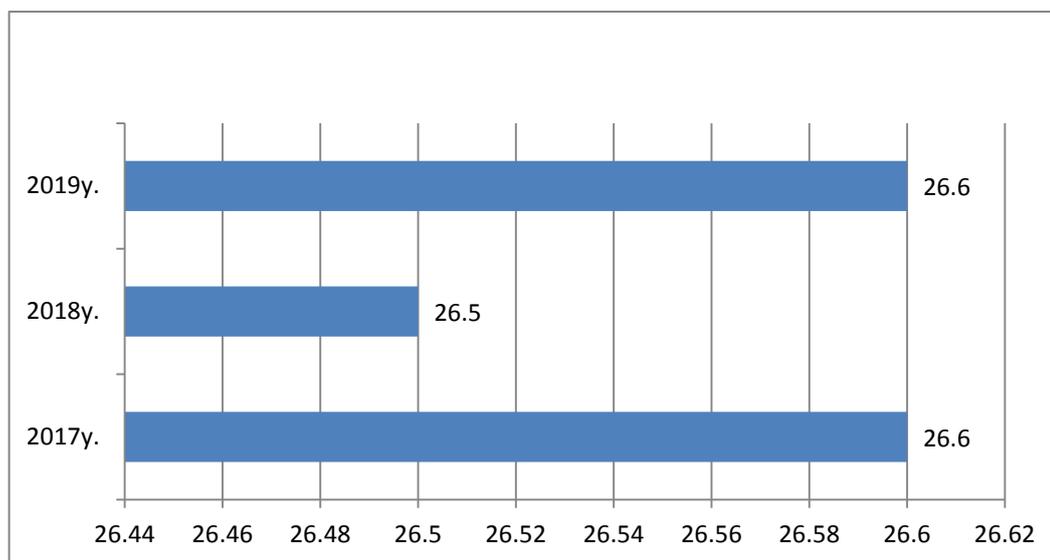

Fig. 2. The share of cash in the volume of the monetary aggregate M2 in the Republic of Uzbekistan, in percent [15]

As can be seen from the data presented in Fig. 2, in the volume of the monetary aggregate, cash occupies a relatively high proportion of the whole.

The problem of securing the national currency is also considered urgent. Over the past three years (2018-2020), the national currency of the republic has depreciated against the dollar by 26.5%.

According to the Central Bank of the Republic of Uzbekistan, in 2019 the total money supply will increase by 13.8% to 91.3 trillion. sum. At the same time, the money supply in the national currency increased by 14.4% (as of January 1, 2020, the money supply in the national currency amounted to 62.8 trillion soums). In turn, positive real interest rates on deposits in national currency increased the attractiveness of deposits. In 2019, the volume of time deposits in the national currency increased by 43%, including an increase in bank deposits of the population by 54%. At the same time, the share of household deposits in the total volume of deposits increased from 25% to 31% [16].

CONCLUSION
Our analyzes within the framework of this study showed:

- In 2017-2019, there was a low growth rate of US GDP;

- In 2017-2019 in the United States, the inflation rate was moderate, since the annual inflation rate did not exceed 3%;

- In 2019, the growth rate of money supply in circulation in the United States increased significantly compared to 2018, which is explained by a significant decrease in the Fed's discount rate in this period;

- In 2017-2019, the high level of inflation did not allow the Central Bank of Uzbekistan to reduce the refinancing rate;

- One of the topical problems of the monetary policy of the Central Bank of Uzbekistan is a relatively high proportion of all cash in the total money supply;

- The level of devaluation of the national currency remains high.

In our opinion, to improve the monetary policy of the Central Bank, it is necessary to take the following measures:

1. In order to improve the practice of using monetary policy instruments, it is necessary:

* develop the national market for loan capital by creating a special reserve fund, which will eliminate the danger of a sharp increase in interest rates on loans as a result of increased demand for credit resources;

   * control changes in interest rates through REPO auctions;

   * to increase the volume of operations on the open market of the Central Bank by increasing the objects of operations on the open market at the expense of corporate securities (bonds, shares, certificates of deposit) of residents that have high ratings from international rating agencies.

   2. It is necessary to reduce the level of devaluation of the national currency by:

   * An increase in the volume of Central Bank swaps in foreign currencies and gold;

   * Introduction of the definition of the nominal exchange rate of the national currency in relation to the "currency basket";

   * Elimination of sources of pressure on the nominal exchange rate of the national currency (foreign trade deficit, state budget deficit, high growth rate of the state external debt);

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