

**THE CONCEPT OF CREDIT. HISTORY AND DEVELOPMENT
PROSPECTS OF MONETARY POLICY IN UZBEKISTAN**

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Abstract: This article describes the emergence of monetary policy in the history of Uzbekistan and a forecast of its current future.

Key words: credit, inflation, currency exchange, check, integration, seal, intermediary, Islamic finance, bank, bank credit, state credit, consumer credit, international credit, mortgage credit.

Credit is the lending of funds, goods and services for a certain period of time on the condition that they are returned by paying an agreed premium (interest). The lending party is called the creditor (state, bank, enterprise, private person, etc.), and the borrowing party is called the debtor (debtor). The loan agreement is formalized with a contract that states the terms of using the loan. A credit transaction is an economic relationship between a lender and a borrower. But not every debt relationship can be a Credit. The amount received in connection with the loan must be returned, a fee (at an agreed percentage) must be paid for its use, it must be provided with certain goods and intangible assets, and it must be used for its intended purpose. Loans are divided into short-term (up to 1 year), medium-term (from 1 to 5 years), and long-term (over 6 years) according to the terms of issuance.

There are commercial, bank, state, consumer, international, mortgage and other forms of credit. A commercial credit is issued by a business entity and is usually issued by a promissory note. Bank credit is given by banks to individuals and legal entities in the form of money. There are forms of bank credit such as forfeiting, factoring, lending to the buyer. State Credit - involves the participation of the state as a lender and borrower. As a lender, the state, through the banking system, finances sectors, regions, and enterprises through loans from the budget. As a borrower, he borrows from individuals or legal entities by selling government bonds and bonds to the population, resulting in internal state debt and external state debt due to loans received from foreign

countries. Consumer credit is given to the population in the form of consumer goods, sale of services to the nation, housing construction costs, property mortgages in pawnshops, mutual aid fund loans and other forms. International Credit is a loan given by a creditor in one country to a borrower in another country in the form of money or goods with the terms of term, repayment and interest payment, as well as capital investment in foreign bonds, shares of foreign enterprises, etc.

Credit performs important tasks in the economy, among which the redistribution of financial resources takes the main place. With the help of credit, capital flows from one sector to another, from one owner to another. With this, there are opportunities to expand production, accelerate economic development, and collect funds in the most profitable and promising directions of capital investment. With the help of mechanisms of regulation of credit resources by banks, money circulation is narrowed or expanded, the demand for payment increases or decreases, which, in turn, stimulates the development of production.

Its stability is important in credit relations. To achieve this, the credit policy is conducted in the country. The interest policy of banks and the directions of allocated loans, ensuring their return, increasing the efficiency of the loan, incentives, measures to prevent possible risks play a major role in the credit policy. The credit policy of commercial banks in Uzbekistan is directed to the rapid development of the priority sectors of the country's economy. In particular, centralized credits of the Central Bank of the Republic of Uzbekistan are allocated to the establishment of new production enterprises aimed at strengthening the country's independence. Also, commercial banks of the country provide loans for the establishment of new production facilities and support small and medium-sized businesses. These include loans and microloans on preferential terms. Credit system: branches and representative offices of the Central Bank, commercial banks, credit unions and foreign banks. The Central Bank occupies a special place in the credit system and has the status of an issuer. The activity of the credit system in the country is regulated by the laws "On the Central Bank of the Republic of Uzbekistan" (12.21.1995), "On Banks and Banking Activities" (25.4.1996).

The process of borrowing and lending is not a mistake for the country of Uzbekistan. However, the term "credit" entered this area only a generation ago. The main reason for this is the opening of banks of the Russian Empire in 3 khanates on the territory of the republic at that time. However, before that, there was only interest-free borrowing among the population. Such borrowing policy is completely socio-primitive, and the money is given for a certain period under the testimony of the borrower, the lender, and the intermediary. In the territory of the Bukhara Emirate, lending with interest was considered as "usury" and a person who did such a thing by the order of the judge was severely shamed in front of the public. Only most of the

moneylenders living in the territory of the emirate gave interest loans to the population based on a secret agreement with Bukhara officials. In this case, the interest rate is fixed, and the amount of money would be very high. A part of the received interest went to the money changer and another part went to the official's pocket. At the end of the 19th century and at the beginning of the 20th century, the work of money changers was somewhat legalized. However, during this period, Russian multifunctional banks entered the region as competitors. People who used to make transactions with the money changer by check have now started doing the same with the bank. And this phenomenon began to accelerate over the years. Because the bank is completely legal, the people's money is rewarded to the depositors, and low interest loans are given to the debtors. As a result, the money changers became local creditors. They were approached only by people who were embarrassed to enter the bank, or who refused to do something that was against their honor according to the concept of that time. Now, the amount of money given by money changers has also decreased. In the 20th century, the Soviet government established in Turkestan and the subsequent monetary policy of the USSR remained in absolute control. During the communist regime, strict restrictions on entrepreneurship reduced the importance of credit policy. All banks remained state-controlled financial institutions. Residents thought of a bank only as a "place to get a salary". In the territory of the USSR, there was a kind of credit policy between the countries, but any serious news about money was strictly hidden from the public. Then gradually attention was paid to private entrepreneurship. It was legalized. But the disintegration of the USSR only shows how dangerous this policy is for communism.

In 1991, as a result of the monetary and credit policy of newly independent Uzbekistan in cooperation with several world banks, the country's finances were restored and developed. Legalized and regulated in banks by the Central Bank. In 2016, the value of foreign currency in banks was equalized with the value of currencies in the illegal currency market. This is a great financial achievement for the population and plays a major role in the development of financial policy.

However, there is also an improved monetary policy in modern times, which is Islamic finance. In many parts of the world, research on Islamic finance has been highly effective, and first the Arab countries of the Persian Gulf, then North Africa and some European countries are trying these experiments in the banking system.

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