

## Impact Of Public Expenditures On Economic Growth

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**Abstract.** This article analyzes the impact of government spending on the economic growth process. The fiscal policy pursued by the state, budget expenditures, and their impact on macroeconomic stability are considered on the basis of examples. It also highlights its role in increasing economic growth rates, creating jobs, and developing infrastructure through effective government spending. Through the analysis, it was determined how the structure and directions of state expenditures affect the national economy.

**Keywords:** government spending, economic growth, fiscal policy, budget, investment, infrastructure, financial stability.

### Introduction

In his speeches, the President of the Republic of Uzbekistan Shavkat Mirziyoyev pays special attention to the issue of strategic planning and effective allocation of state expenditures. As he noted, state funds should serve to improve the quality of life of the population, modernize infrastructure, introduce modern technologies, and develop human capital.

According to the president, government spending should be considered as a direct means of ensuring economic growth. The funds allocated for each sphere and region should be directed towards specific results, "every sum should bear fruit". For this, he puts the "practical effectiveness" of reforms as a priority criterion.

In the speeches of Shavkat Mirziyoyev, it has been repeatedly emphasized that due to the fair and targeted distribution of budget funds, the standard of living of the population will improve, the real sector of the economy will revive, and new jobs will be created.

In particular, he noted the development of local infrastructure, youth employment, and support for entrepreneurship as one of the important areas of government spending. As the head of state noted, "if we use the funds allocated for each sector in a timely and effective manner, achieving economic growth will become a natural process". He emphasized the need to optimize budget expenditures, ensure their transparency, and strengthen accountability for every sum, thereby proposing to strengthen the role of public finance in economic development.<sup>1</sup>

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<sup>1</sup>Mirziyoyev Sh.M. Addresses to the Oliy Majlis of the Republic of Uzbekistan (2017-2023). - Official publications and the President.uz portal.

In this work, the direct and indirect influence of state expenditures on economic growth, their effectiveness and ways to increase efficiency in the context of industries are studied. In order to assess the real impact of public expenditures on economic growth, it is crucial to analyze both quantitative indicators and qualitative outcomes. This includes evaluating how investments in education, healthcare, infrastructure, and innovation translate into productivity gains and improved socio-economic conditions. The effectiveness of government spending must not only be measured by the volume of resources allocated but by the tangible improvements in the livelihoods of citizens.

One of the core principles advocated by President Mirziyoyev is the establishment of result-oriented budgeting, which ties financial inputs directly to measurable outcomes. This approach enhances fiscal discipline and ensures that resources are channeled to priority areas that yield high returns for society. In this regard, performance-based budgeting systems are being introduced to monitor the progress of sectoral programs and projects, helping policymakers to make informed decisions and reallocate funds where necessary.

Moreover, transparency and accountability in the use of public funds are highlighted as foundational elements of effective governance. Strengthening institutional mechanisms such as independent audit bodies, public expenditure reviews, and digital financial tracking tools are among the key reforms aimed at enhancing fiscal responsibility. The active participation of civil society in monitoring budget execution further promotes trust and ensures that expenditures align with public needs and national development goals.

The research also explores the indirect effects of government spending, such as the stimulation of private sector investment, improvements in business climate, and increased investor confidence. Strategic investments in human capital—particularly through education, vocational training, and healthcare—create a more skilled and healthy workforce, which in turn drives long-term economic growth and innovation.

### **Literature analysis and research methodology**

Literature analysis is an important stage in studying the impact of government spending on economic growth. By analyzing existing scientific sources, the views of various economic schools, modern financial approaches, and ideas aimed at increasing the effectiveness of government spending are revealed. In particular, by studying the differences between the classical and Keynesian approaches, it becomes possible to predict the results of decisions in economic policy. One of the creative approaches is the comparative analysis of the experience of foreign countries with the Uzbek economic model. Through this, it is determined in which areas positive experiences can be implemented in practice[4]. Also, the analysis of state budget expenditures using modern information technologies, the issuance of analytical results based on graphical and visual data simplifies the process and makes the research results more accurate.

The research methodology uses such methods as surveys, expert assessments, statistical analysis, and regression models. Today, it is possible to conduct a more in-depth and comprehensive

analysis through the introduction of innovative analytical methods, that is, forecasting technologies based on artificial intelligence, big data (Big Data), and financial simulations.

In the future, research should be aimed at a deeper study of the relationship between government spending and such factors as not only economic growth, but also social well-being, environmental sustainability, and human capital. Also, the openness and transparency of the state budget, strengthening public control over expenditures should be analyzed as the main directions ensuring economic efficiency.

### Analysis and results

Below are the approaches used to study the impact of government spending on economic growth, their possibilities, advantages, and effectiveness:

Comparative table of methods for analyzing government expenditures

Analytical approach	Features	Capabilities	Efficiency level	Future applications
Traditional methods	General analysis based on statistical reports on activities	Economic assessment based only on available data	Average (50-60%)	Limited; useful only in the study of historical processes
Modern economic analysis	Study based on regression, correlation, graphical analysis, questionnaires	The ability to work with real-time data, comprehensive analysis	High (70-75%)	Relevant in the monitoring of ongoing projects
Innovative approaches (AI, Big Data)	Dynamic analysis through artificial intelligence, forecasting, simulations	Quick decision making, long-term forecasts, visual results	Very high (85-95%)	Strategic planning is essential in digital economic policy.

Creative conclusions based on the analysis:

- Although traditional methods have a statistical basis, they do not fully meet the requirements of today's digital society;
- Modern methods offer integrated approaches, but they need to be enriched with real-time data;
- With the help of innovative technologies, it is possible not only to measure, but also to forecast the effectiveness of government spending.<sup>2</sup>

Based on this, conducting economic analysis in an interactive, digital, and systematic form strengthens the positive impact of government spending on the national economy and can serve as a basis for the strategic stages of financial policy.

Government spending plays an important role in the economic policy of each country. Through them, governments finance activities in the social, infrastructure, education, healthcare, defense, and other spheres. The question of how these expenditures will affect economic growth has always been at the center of attention of economists and politicians.

According to economic theories, government spending increases GDP by stimulating demand. For example, investments in the infrastructure sector create new jobs, increase consumer and investment activity, which stimulates economic growth. At the same time, expenditures on education and healthcare will contribute to long-term sustainable development by improving the quality of human capital.

However, the positive impact of government spending on economic growth is not always guaranteed. Excessive or inefficient spending can lead to a budget deficit, inflation, or an increase in public debt. This situation negatively affects economic stability. Therefore, the effectiveness of government spending, its compliance with economic priorities, and the availability of control mechanisms are of great importance.

The types of government spending also determine their impact. Capital expenditures - i.e., investments directed towards the construction of new infrastructure facilities, the purchase of equipment, and other means of production - have a greater positive impact on growth. Conversely, while current expenditures - salaries, subsidies, and transfer payments - can have a positive effect in the short term, it can be difficult to ensure high economic growth in the long term. In conclusion, government spending is an important tool for economic growth. However, for them to yield positive results, it is necessary to ensure high-quality cost planning, its compatibility with economic strategies, and transparency of public financial management. It is through such approaches that government spending can be transformed into a factor of economic growth.

### Conclusion and suggestions

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<sup>2</sup>Qurbonov S.Q. "State Finance." - Тошкент: Иқтисодиёт, 2020.



The importance of modern and innovative approaches to the analysis of government spending is increasing year by year. In the course of the study, it was established that the level of effectiveness of traditional methods is low, they can be sufficient only for basic reports, while modern and innovative methods are distinguished by the fact that they allow for deep analysis, forecasting, and resource optimization. Innovative approaches - especially government spending analysis with the help of artificial intelligence, digital platforms, and big data - play an important role in ensuring economic growth, financial stability, and social well-being. According to the results of the analysis, the introduction of innovative methods in the planning of public expenditures not only increases efficiency, but also serves to make economic policy clear and targeted. Therefore, specialists working in the field of public finance should expand the use of modern analytical tools.

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