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IMPROVING CURRENCY POLICY IN UZBEKISTAN

Kakhramonova Khusnora
Tashkent State Economic University
Student of MT-91 Group

ABSTRACT

Monetary policy is very important for the country's financial strategy and its implementation. Monetary policy itself is related to financial policy, the modern financial and monetary system of monetary policy, new innovative trends observed in the global monetary system, the impact on economic growth and recommendations aimed at its improvement are given.

Keywords: monetary policy, exchange rate, foreign exchange market, currency conversion, foreign exchange restrictions, currency code.

INTRODUCTION

Monetary policy - government measures to influence the currency, exchange rate, foreign exchange transactions within and outside the country; an integral part of state economic policy and foreign economic activity. The main levers of foreign exchange policy are foreign exchange interventions, foreign exchange restrictions, foreign exchange subsidies, foreign exchange parity, foreign exchange reserves, devaluation, and revaluation. The exchange rate in a country is set by the government, central bank and central financial institutions.

International monetary and financial organizations (International Monetary Fund, international banks) conduct monetary policy on a global scale. According to the implementation period, it has the form of current monetary policy and long-term monetary policy. In the current foreign exchange policy, changes in the state of the foreign exchange market, foreign exchange and accounting policies are regulated with the help of foreign exchange reserves, and this policy serves to ensure the balance of payments. Long-term monetary policy aims to change the foreign exchange mechanism, exchange rate and parity, as well as the order of international payments.

The economics of the exchange rate targeting regime is export, especially raw materials dependence on the export of goods, and the import of goods in the consumer basket is actively used in countries with a high share.

Currency is the monetary unit of the state and is the main element of the monetary system. It is legal tender in circulation and serves as a measure of the value of goods, a means of calculation and payment.

Currency conversion is the exchange of the currency of one country for the currency of another country. This exchange allows you to travel to other countries, trade with foreign firms and companies, and buy goods in foreign online stores.

Currency exchange is carried out at the rate of the sending bank and the receiving bank. Exchange fees may apply. Before making a payment in foreign currency, check the exchange rate and commission payments.

Depending on the issuer, the currency issuer:

National currency is the currency of a specific country (sum, dollar, euro, ruble, etc.). It is put into circulation by the Central Bank for use in the territory of this country.

Foreign currency - currencies in circulation in foreign countries and considered legal tender, as well as credit and payment instruments (banknotes, treasury bills, coins, checks, bills).

A collective currency is a currency used by a specific group of countries and international organizations to carry out financial transactions. For example, on January 1, 1999, the countries of the European Union (EU) introduced a single currency - the euro in non-cash form, and from January 1, 2002 - in the form of banknotes and coins.

A currency code is a three-letter symbol for currencies around the world. This makes it easy and concise to present currencies in texts and electronic tabloids.

An exchange rate is the value of one country's currency expressed in other countries' currencies or international currency units. First of all, this is determined by the state of the country's economy, as well as the relative rates of inflation in different countries.

Since the exchange rate is a relative value (the national value of foreign currency), economists should take into account both the domestic economy and the economy outside the country when predicting and explaining its changes. For example, the yen may rise against the US dollar because interest rates have been cut in the US, but nothing has changed in Japan itself. The movement of exchange rates is more similar to the movement of prices in the market for other financial instruments than to the movement of prices in the market for goods and services. These are “forecast” prices, such as stocks and stock prices. This means that today's exchange rate is calculated taking into account changes that may occur tomorrow. This is why it is difficult to predict the exchange rate. The exchange rate depends equally on how people think about a possible situation and what they do in a particular situation. The following factors have a quick impact on the exchange rate.

Determining the exchange rate of foreign currency in national currency is called currency quotation. In practice, different banks use two types of quotes: forward and reverse quotes. In a correct quotation, a fixed specified portion of a foreign currency is expressed in national monetary units. In reverse quotation, used in the UK and partly in the US, the national currency is expressed in units of foreign currency. Banks engaged in foreign exchange transactions buy and sell foreign currencies at different rates. The rate at which banks sell foreign currency in national currency (payment documents in foreign currency) is called the seller's rate, and the rate at which they buy is called the buyer's rate. The difference between them is the bank’s profit from foreign exchange transactions.

Cross rates are the relationship between two different currencies based on their exchange rate against a third currency. For example, if a London bank were selling German marks for US dollars, it would appear to be using cross rates.

In order to stimulate exports, a currency fund is being created at enterprises. The currency fund is determined for a long period of time based on unchanging rules. Its size depends on the volume of goods and services intended for export.

The foreign exchange market is the area where foreign currencies are traded based on supply and demand. It is divided into the stock market (the OzR Currency Exchange has been operating in Uzbekistan since June 1992) and the over-the-counter (interbank) currency market. The foreign exchange market also covers various activities related to insuring foreign exchange risks, diversifying foreign exchange reserves and foreign exchange expenses. As a result of the internationalization of economic life, large international currency markets operate successfully in the USA, Germany, Great Britain, France, Switzerland, Japan, Singapore and other countries. Transactions in the foreign exchange market are carried out with cash delivery (spot) or in the form of delivery (forward) of currency at the exchange rate at an agreed time. Most foreign exchange transactions are carried out in US dollars. On January 1, 1999, the single currency of European countries, the euro, began to participate in foreign exchange transactions.

Currency arbitrage is an agreement to use the difference between the rates of one currency existing in different countries at the same time. There is a difference between simple and complex currency arbitrage. In conventional currency arbitrage, the arbitrageur uses the difference recorded in the foreign exchange market of two countries. For example, if the US dollar exchange rate is 140.5 Japanese yen in New York and 140.75 yen in Paris, then 1 million Japanese arbitrator. $140.5 million in New York. buy it for yen and at the same time sell it in Paris for 140.75 million dollars. selling for yen will bring more profit. The profit is 25 thousand yen. In complex currency arbitrage, transactions are carried out in multiple currencies in different currency markets.

Depending on foreign exchange transactions, the following exchange rates differ:

- for cash transactions - spot rate;
- “forward” rate in futures contracts.

The rate used for cash transactions is called the spot rate. The spot rate is the current exchange rate (compared to the forward rate) to settle a transaction within two business days. Information about its quotes is displayed on bank screens and in newspapers.

The “forward” rate is the rate at which a foreign exchange contract is settled today for final settlement at a specified date in the future. The forward rate differs from the “spot” rate in the amount of the premium or discount (discount), depending on how the prospects for the exchange rate dynamics are assessed.

CONCLUSIONS

In conclusion, we note that the changes taking place today in the global economy, as well as the need to further strengthen the competitiveness of the national economy, require a radical increase in the efficiency of the reforms carried out in the country, and the continuation of institutional and structural updates. Excessive administrative regulation of monetary circulation in any country opens the way to the unreasonable formation of an ineffective system of benefits and preferences for certain industries and business entities. The creation of unequal conditions for doing business leads to a violation of market principles of competition. Attracting foreign investment and increasing the export of goods and services in general becomes an obstacle to the country's economic development.

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