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SOME ISSUES ON THE SOCIO-ECONOMIC CONTENT OF THE STATE BUDGET AND ITS IMPORTANCE IN SUSTAINABLE DEVELOPMENT

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ABSTRACT

The article discusses the state budget, its economic significance and the importance of budget expenditures for sustainable development. At the same time, a literature review on the formation of the state budget was conducted, and foreign experience was studied. The next section of the article describes in detail the formation of the state budget in Azerbaijan, the dynamics of development and the impact of budget expenditures on sustainable development and makes relevant generalizations.

At the same time, the article also reflects the trends in the human development index in Azerbaijan as a result of measures taken at the expense of budget expenditures.

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Introduction. One of the main tools in the implementation of economic and social policy of the state, ensuring sustainable development is the availability of financial security, as well as ensuring the systematic and efficient use of this funding. This source of funding is the state budget. The budget is a historical economic category that reflects financial relations. The budget, as an economic category, reflects monetary relations as an integral part of the financial system, as well as is the main source of funding for the implementation of social policy, state regulation of the state through the creation and use of centralized and decentralized monetary funds of the state, and organizes the distribution of gross domestic product. It is clear that the budget has an exceptional role in the management of the state. Therefore, the budget system inherent in the economic and state structure of all states has been formed.

Theoretical approaches.

As the central link in the country's financial system, the budget reflects all the qualitative aspects of the financial category. Finance reflects the monetary relations associated with the creation and use of monetary funds of the state and individual economic entities as a result of the distribution and redistribution of gross domestic product, national income.

The state budget reflects the system of monetary relations related to the establishment and use of the centralized monetary fund of the state, monetary relations related to the establishment, distribution and use of the monetary fund included in the centralized disposal of the state in the process of distribution and redistribution of GDP. In this process, financial relations are formed between the state and enterprises, organizations, as well as between the state and the population. In this process, both the state fund is created, and this monetary fund is used to cover the general expenses of the state, many needs of society, defense, social, governance, etc. used to meet their needs. [8] The use of the term "budget" in the economic literature is well known. However, in some cases, the term "budget" is more appropriately defined as the formation of financial security for the performance of functions belonging to public authorities. Such a characterization is more specific and

expedient. Because both central and local governmental bodies serve the general needs of society. The financial resources required for the implementation of the functions of public authorities represent the formation and use of the state budget and all its links. [7]

It is necessary to clarify the fact that the "budget" includes both financial relations and the form of creation and use of the centralized monetary fund of the state, as well as the notion that the state is the main financial plan. The essence of each economic category, as we know, is expressed by the functions it performs. The state budget, being an economic category, also performs certain functions, and by opening the content of these functions, it is possible to clarify the socio-economic content of the "budget" of the state budget. Many economists point out that the main criterion in revealing the essence of an economic category is the functions it performs. The budget category also includes all the functions related to finance, as it reflects a broad system of public relations. However, the specifics of the budget can also be distinguished from general financial relations. [6] Thus, first of all, we must look at the budget as an integral part of financial relations, secondly, the budget should be characterized as a financial plan, and thirdly, the budget is a centralized monetary fund. Taking into account such characteristics, it becomes clear to us that the budget category is characterized by certain specific directions. These are: [3]

- creation of budget fund (formation of budget revenues)
- use of budget fund (financing of budget expenditures).
- control over the formation of budget revenues and expenditures.

It performs the first function with the generation of income, the receipt of taxes from economic organizations (legal entities, individuals), the sale of bonds, state property are examples. However, we must take into account that the main source of budget revenues are the funds of economic entities created during the initial distribution of gross domestic product. These include:

- employees' salary fund
- profit earned as a result of entrepreneurial activity
- Salary fund of nonemployees
- rental income of landowners
- interest on loan fund (bank profit)

Such a general scheme of budget revenues, of course, is not permanent, but varies depending on the specific economic and social conditions. It is known that the state acts as a general economic entity in society. In this case, the general interests of producers are taken into account, and therefore the budget effects the regulation of economic processes, taking into account the interests of the development of the entire economic system of the country. Development of non-production and service sectors, meeting the general needs of the population, economic development of various forms of ownership, etc. in order to maintain macroeconomic proportions in all economic entities of the country make it necessary to use the budget for the benefit of the country as a whole.

Budget expenditures are based on certain conditions, such as its revenues. However, it is more flexible to change the direction and structure of expenditures than revenues. When the economic and political situation changes, budget expenditures also change in accordance with the interests of military, social, economic and political goals. Thus the proportions of budget expenditures allocated for military and social purposes may change dramatically in some cases. During economic crises and military conflicts, budget expenditures change more to meet military needs.

Thus, the socio-economic content of the budget is determined by the composition and structure of its revenues and expenditures. The control function of the budget is also carried out in different directions depending on the current situation. However, it should be noted that the control function of the budget is carried out both during the formation of revenues and the financing of its expenditures. At the same time, the control function of the budget creates conditions for the proper formation and targeted use of monetary funds by influencing economic processes. However, the control function is carried out systematically both as general financial control and as a control function of financial institutions. The control function of the budget is an integral part of the control function of finance. The economic and social content of the budget is also determined by its role in large-scale reproduction. The state uses the budget fund for the development of progressive economic sectors that serve the common interests of the country. In order to develop the most important areas, the state distributes and redistributes the gross domestic product through the budget in the interests of the country's long-term economic development. The need for financial resources of non-manufacturing

sectors is met through budget funds. Through budget funds, the gross domestic product is distributed and redistributed among the economic regions of the country. In some economic regions, the budget is used as an economic tool for different purposes as the development of the economy, productive forces and the development of infrastructure in the country, and so on.

The budget system, which is inherent in the economic and state structure of all states, has been formed. The budget system inherent in the economic system of the Republic of Azerbaijan and its state structure has been established.

The relationship between the establishment of the budget system and all its types is called the budget structure.

The sum of separate independent budgets and state funds combined in the budget system forms the state budget system. The budget system includes the sum of all types of budgets. [5] The basis for the organization of the country's budget system is reflected in the Constitution and laws on the budget system. The organization of the budget system is based on certain principles, which are also based on the economic, political and social foundations of the country. The budget system is based on the operation of the budgets included in this system on the basis of common principles and their independence.

External experience. In developed countries (unitary states), for example, in the United Kingdom, France, etc., the budget system consists of the central budget of the state and the budgets of local governments, local municipalities. The budget system of federal states consists of three rings, ie the central federal budget, the budgets of the subjects included in the federation and the budgets of local authorities.

For example, in the United States, Russia, the Federal Republic of Germany, etc., the budget system consists of three rings. The federal budget in the United States consists of the budgets of the states, in Russia of the republics, the budgets of the provinces, and the budgets of the central federation. [11]

Budget system in Azerbaijan. Budget system of the Republic of Azerbaijan as stated in Article 3 of the Laws of the Republic of Azerbaijan "On Budget System" dated July 2, 2002 and "On State Budget" dated May 18, 1999: "The budget system in the Republic of Azerbaijan consists of the state budget of the Republic of Azerbaijan, the budget of the Nakhchivan Autonomous Republic and local budgets." The purpose of the state budget of the Republic of Azerbaijan is to ensure the collection and use of funds for the solution of economic, social and other strategic programs and problems of the country, the implementation of state functions in the manner prescribed by law. The budget system of Azerbaijan is regulated by the Constitution and the Law of the Republic of Azerbaijan "On State Budget". [1, 3]

The budget structure of the Republic of Azerbaijan can be shown in the form of the following scheme: [Law of the Republic of Azerbaijan "On State Budget 2016"]

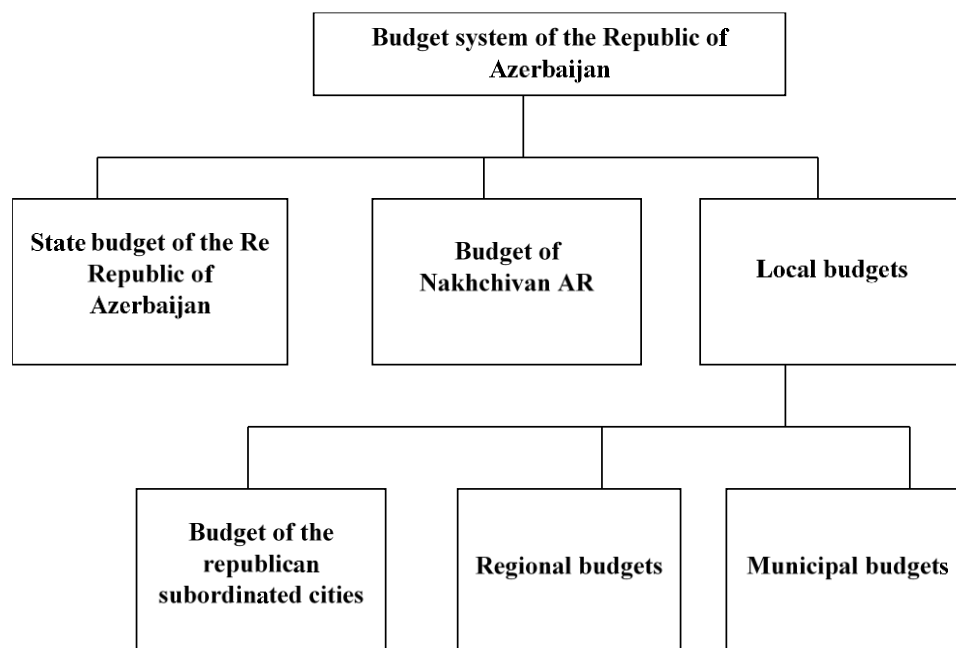


Fig. 1.

So, the budget system of the Republic of Azerbaijan consists of the state budget, ie the central budget, the budget of the Nakhchivan Autonomous Republic and local budgets. Local budgets consist of the budgets of the republican subordinated cities, regional budgets and municipal budgets.

The current situation in Azerbaijan. As a result of consistent and purposeful measures taken, sustainable and continuous development has been achieved in our country. This development is reflected in the dynamics of revenues and expenditures of the state budget. This can be seen more clearly in the picture below.

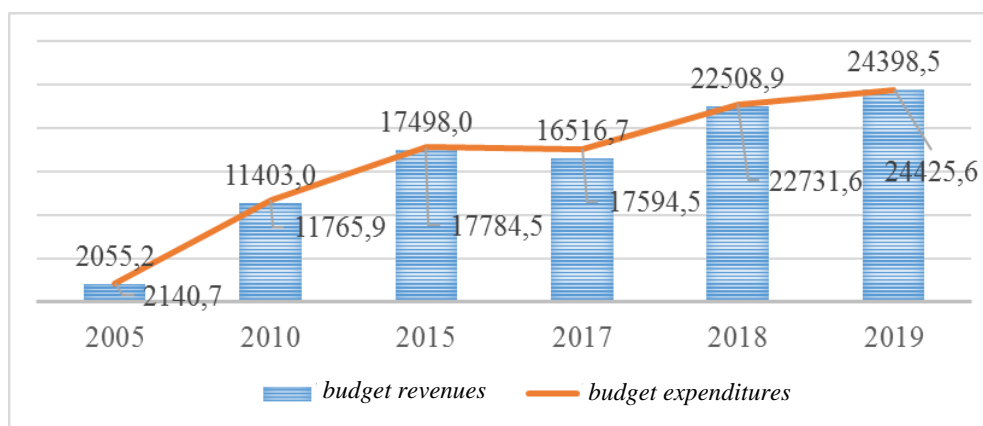


Fig. 2.

As can be seen, 2019 was characterized by an increase in economic activity, the continuation of the tendency to expand the directions of aggregate supply. Socio-economic reforms in the country, factors such as including measures taken to reduce the shadow economy, informal employment and increase transparency, increase the minimum salary, including those of employees of state-funded organizations, and the impact of other social reforms on consumption, control of import operations played an important role in the formation of the country's revenues in 2019, had a positive impact on the dynamic development of the non-oil sector, which is one of the main priorities of fiscal policy.

Revenues of the state budget in 2019 amounted to 24218.1 million manat, which is 1709.2 million manat or 7.6 percent more than in 2018, and about 12 times more than in 2005.

The share of state budget revenues in GDP in 2019 was 29.6 percent, which is 1.4 percentage points more than in 2018. [10]

Table 1.

	2005	2010	2015	2017	2018	2019
Expenditures - total	2140,681	11765,9	17784,5	17594,5	22731,6	24425,6
including:						
Economy	444,7267	4889,9	6408,8	4394,3	7822,7	7961,5
Education	372,4962	1180,8	1605,1	1742,7	1966,6	2195,7
Health	115,2546	429,2	708,2	704,7	709,9	873,6
Social protection and security	304,9256	1123	1857,2	2350,2	2150,7	2281
Activities in the field not related to culture, science, art, information, physical education and other categories	50,58912	168,4	272,4	253,3	299,5	335,8
	28,8	92,8	113,2	109,8	117,8	122,3
Judiciary, law enforcement and the prosecutor's office	206,3526	668,5	1105,7	1177,6	1316,4	1505
Expenditures on maintenance of legislative and executive power, local self-government bodies	123,9	303	430,9	552,2	627,4	774,5
	493,6	2910,3	5283	6309,7	7720,6	8376,2

Priority areas of socio-economic development, which form the basis of long-term sustainable and continuous development of the country in 2019, including the implementation of education, health, social, cultural, sports and physical infrastructure projects, social protection of the poor population, improving their living conditions, the solution of problem loans of individuals, strengthening the national security and defense capacity of the state, stimulation of agriculture, ensuring food security, payment of public debt and membership fees to international organizations and financing of other necessary state measures were provided within the approved state budget.

Expenditures of the state budget in 2019 amounted to 24.5 billion manat, which is 1694.3 million manat or 7.5 percent more than in 2018. According to the structure, 55.4% of the 2019 state budget expenditures were directed to current expenditures, 38.4% to capital expenditures, 6.2% to public debt and liabilities related to servicing. Compared to 2018, the share of current expenditures in the structure of state budget expenditures increased by 4.6 percentage points, the share of capital expenditures decreased by 1.0 percentage points, and the share of public debt service decreased by 3.6 percentage points.

AZN 7342.8 million or 30.1% of the state budget expenditures for 2019 (283.5 million manat or 4% more than in 2018) was directed to the acquisition of non-financial assets (purchase and construction of fixed assets, state capital investment), AZN 4997.1 million or 20.5% to salary (AZN 584.7 million or 13.3% more than in 2018), AZN 3836.8 million or 15.7% to goods (works and services) (AZN 299.6 million or 8.5% more than in 2018), AZN 2153.6 million or 8.8% to pensions and social benefits, AZN 3086.8 million or 12.6% to other expenses (rent and hire services, housing, overhaul of various facilities and roads, bank expenses, reserve funds) (AZN 1119.5 million or 56.9% more than in 2018), AZN 1122,8 million or 4.6 % to financial transactions on liabilities, AZN 1421.4 million or 5.8 % to subsidies and current transfers (AZN 212.6 million or 17.6% more than in 2018), AZN 401.5 million or 1.6 % to interest payments, AZN 62.5 million or 0.3% to grants and other costs, and AZN 0.6 million to operations on financial assets (the amount of the difference arising on the revaluation of foreign exchange positions in 2019). In 2019, the execution of extra-budgetary expenditures of organizations financed from the state budget amounted to AZN 573.1 million (AZN 133.5 million or 30.4% more than in 2018).

AZN 19.8 million was allocated to finance a number of measures of national importance, including the participation of the majority of the country's population, including the census, AZN 55.6 million for the conduct of municipal elections and related events.

Poverty eradication and support for other socially oriented issues, which are the main goals of sustainable development, are also considered as one of the key items in the expenditure side of the state budget. This can be seen more clearly in the chart below.

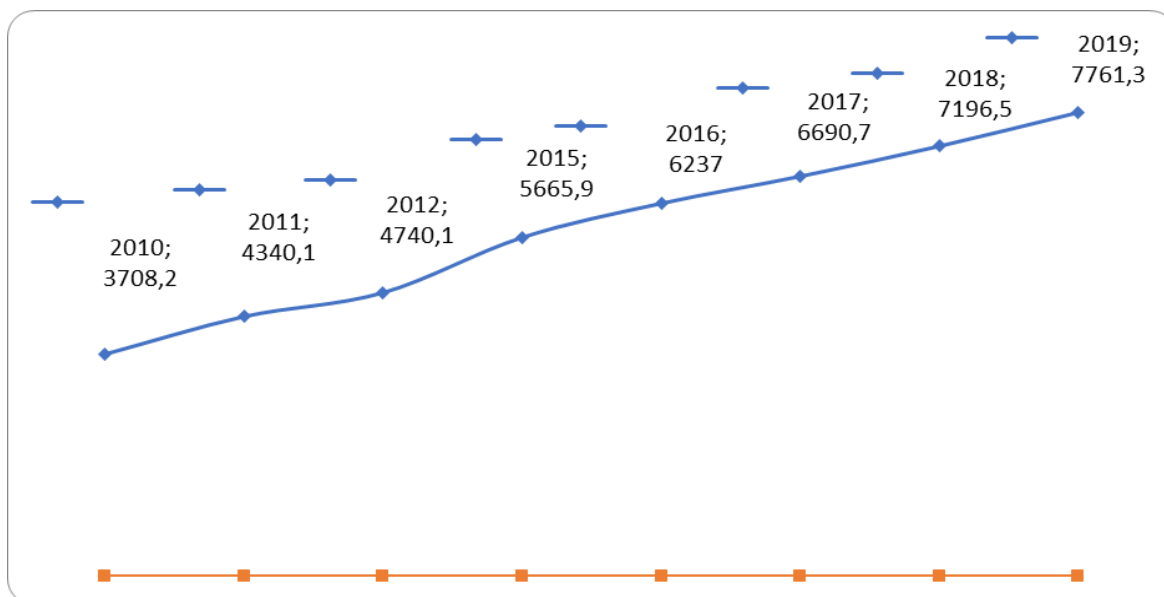


Fig. 3. Dynamics of social expenditures allocated from the state budget, million manat [10]

4997.1 million manat for labor costs (584.7 million manat or 13.3 percent more than in 2018), 2153.6 million manat for pensions and social benefits, 226.1 million manat for expenditures of purchasing materials for medicines, dressings and for the (11.0 million manat or 5.1 percent more than in 2018), 384.5 million manat for the purchase of food products (40.9 million manat or 11 compared to 2018, More than 9 percent) was allocated.

In order to strengthen the social protection of the population in 2019, in particular, to increase the purchasing power and real incomes of the poor, the amount of social benefits paid to them, including salaries, pensions, social benefits and pensions, has been increased.

Thus, in order to further strengthen the social protection of the country's population in 2019, a number of important decisions were made to increase social benefits and pensions by an average of 92.0 percent, the minimum pension by 72.0 percent, the minimum salary by 92.0 percent.

In 2019, AZN 6561.0 million was directed to expenditures in the field not related to education, health, social protection and social security, culture, art, information, physical education and other categories (including funds from state capital investment). This is 394.4 million manat or 6.4 percent more than in 2018. These expenditures accounted for 26.9% of the state budget expenditures.

In 2019, 0.5 percent of state budget expenditures or 122.3 million manat were directed to science, which is 4.5 million manat and 3.8 percent more than in 2018. In 2019, the dynamic implementation of expenditures in the education sector was ensured, including financing of the implementation of state programs on education, regulation of labor costs and financing of other social measures, rehabilitation and reconstruction of a number of educational infrastructures, the provision of free textbooks to students of secondary schools, informatization of the education system, for the first time the development of inclusive education for people with disabilities and funding for other educational activities.

Taking into account the funds allocated from the state capital investment (294.1 million manat), 10.2 percent of the state budget expenditures in 2019 (0.4 percentage points more than in 2018) or 2489.8 million manat funds were directed to education expenditures, which is 272.9 million manat or 12.3 percent more than in 2018.

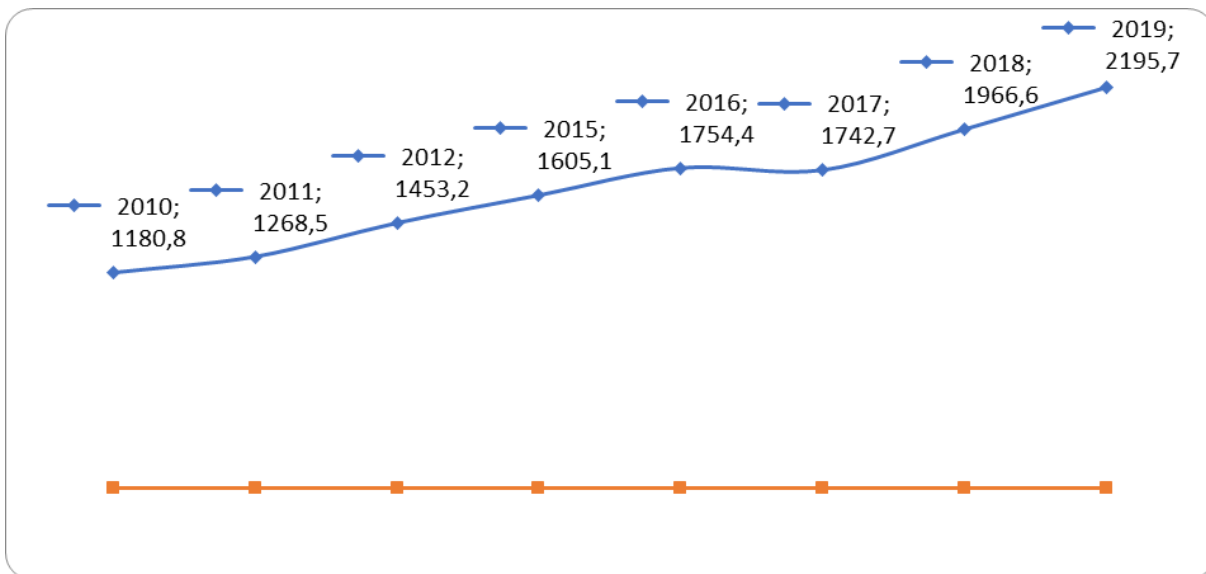


Fig. 4. Dynamics of expenditures from the state budget for education, million manat [10]

Taking into account the funds allocated from the state capital investment expenditures (74.6 million manat), 3.9 percent of the state budget expenditures (at the level of 2018) or 948.2 million manat were directed to health expenditures in 2019, which is 71.9 million manat or 8.2 percent more than in 2018.

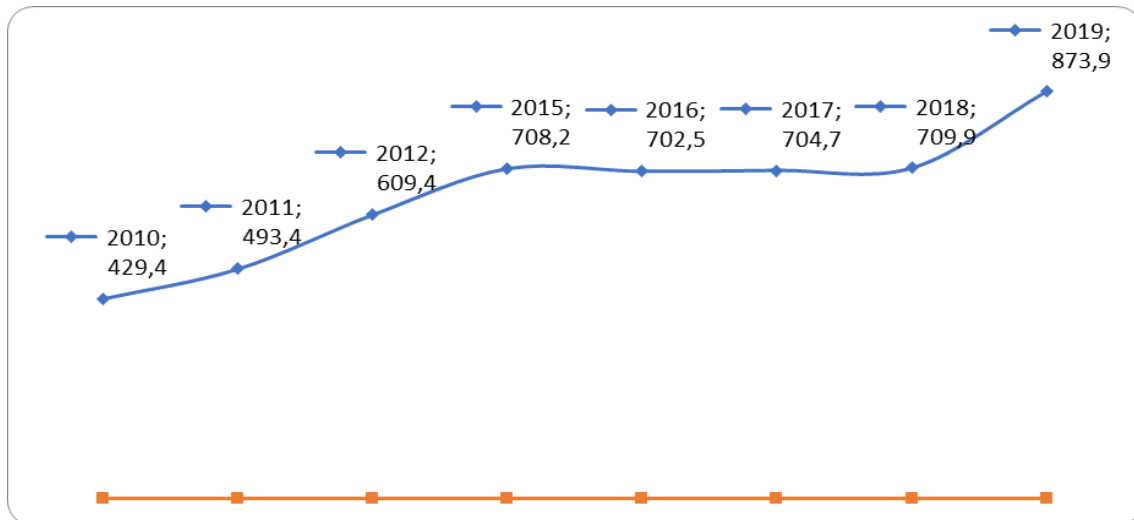


Fig. 5. Dynamics of health expenditures (in million manats) [10]

According to the functional classification (excluding funds allocated from the state capital investment) in 2019, 2243.1 million manat or 98.3 percent of the funds used for social protection and social security expenditures (123.5 million manat or 5.8 percent more than in 2018), 38.0 million manat or 1.7 percent for social security (2018 6.8 million manat or 21.9 percent more than the previous year) were allocated. 918.7 million manat was directed to capital repairs.

All these positive trends have also contributed to the increase in the human development index, which is one of the criteria for sustainable development. Economic development includes income growth, education and health, productivity, technological development and many other factors. The basis of the fact of economic development is human development in parallel with the process of transition to the information society. Human development is defined as the process of increasing people's choice alternatives, and instead of endless choices, it focuses on only three of them: a long and healthy life, access to information, and access to sufficient resources for a minimum standard of living. It should be noted that in 2019, the human development index in our country reached 0.754, which increased by 0.002 points compared to the same period of last year. During the period under review, a dynamic increase was achieved in the main components that determine the human development index. [9]

Conclusions. Thus, as can be seen from the figures of the state budget, budget expenditures have a significant impact on the socio-economic development of the country. The budget policy pursued in Azerbaijan is socially oriented and plays a key role in the development of various sectors of the economy, which is one of the key links in sustainable development. The budget policy implemented in Azerbaijan is based on the UN Sustainable Development Program. Taking into account that the Human Development Index, which is the main criterion for sustainable development so far, and the indicators of the individual indices that determine this index are developing at a dynamic growth rate, we can say that budget expenditures are based on results-oriented principles.

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