

Open Access Article

## THE ECONOMIC CONTENT OF ORGANIZING PUBLIC PROCUREMENT AND ITS ROLE IN THE ECONOMY

**Turabov Sarvar Abdumalikovich**

Independent researcher, Tashkent Financial Institute, e-mail:

### ABSTRACT

The article discusses the role of public procurement in the national economy in the context of the pandemic, the wider introduction of modern forms and methods of procurement, the prevention of corruption and a number of similar measures.

**Keywords:** government procurement, government customer, government procurement entities, government procurement contract, special information portal, procurement process, electronic government procurement, procurement announcement, state order

### 抽象的

本文讨论了大流行背景下公共采购在国民经济中的作用、更广泛地采用现代采购形式和方法、预防腐败以及一些类似措施。

**关键词：**政府采购、政府客户、政府采购主体、政府采购合同、专项信息门户、采购流程、电子政府采购、采购公告、国家订单

### INTRODUCTION

Along with the development of modern sectors of the economy in recent years, the reforms in the budget and tax system, in particular, the establishment and strengthening of strict control over the targeted use of budget funds, ensuring openness and transparency of this process has become one of the important issues. In particular, the President expressed the following views on the prevention of various illegal actions in the use of budget funds, the effective use of them: “It is necessary to further improve the system of effective use of budget funds, any program or project funded from the budget should have quality-quantity and results-oriented indicators” [7].

Further development of public procurement plays an important role in the effective use of budget funds. Because today, public procurement is an important factor in the socio-economic development of the country, the timely provision of recipients of funds from government agencies, the state budget and state trust funds with the necessary and affordable goods and services. This saves not only financially, but also time by public procurement participants.

### RELEVANT LITERATURE DISCUSSION

A number of foreign and domestic scholars have conducted researches on public procurement and its development. In particular, some foreign literature uses the term “state order”

Received: August 12, 2021 / Revised: September 08, 2021 / Accepted: September 30, 2021 / Published: October 10, 2021

About the authors : Turabov Sarvar Abdumalikovich

Corresponding author- Email:

instead of “public procurement”. According to L.M.Davletshina, V.S.Gladkov, and a number of other young scientists, the current interpretation of the state order does not reflect its essence, confuses the concepts of “state order” and “public procurement”, and thus negatively affects the order of practice. [8].

According to the German scientist T.V. Freiberg, the “state order” is a particular form of organization of funding from the budget, which has its own characteristics, principles, classification and stages of development.

A.F. Nozdrachev noted that the state order is one of the main instruments influencing the economic and social development of the state in market conditions. It is also a market instrument that regulates law [9].

According to one of our local scientists, Doctor of Economics, Professor T. Malikov, the state, as the legislative and regulatory body, is fully responsible for the regulation of the financial system [10].

Economist U.Burkhanov defines public procurement as the purchase of goods, works and services for public needs in part or in full at the expense of public funds [11].

As a result of his research, N. Zosimov clarified several advantages of using e-commerce in public procurement. First, participation in public procurement provides access to a large market of goods and services. Each bidder can sign a contract by offering their own business opportunities and at the same time receive a certain part of the funds allocated for public procurement from the state budget. Second, e-commerce is done online and does not require additional costs (travel costs, time and money). Third, contracts for the supply of goods, works and services for public procurement are

long-term and do not pose a risk to reliability [12].

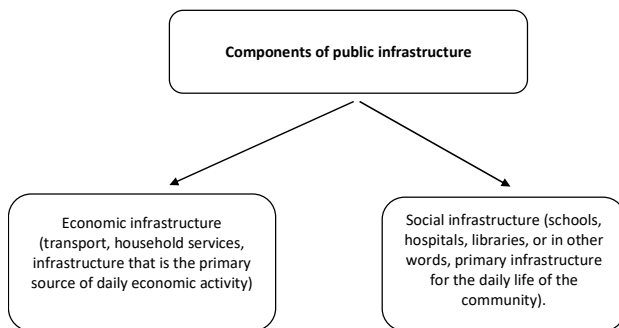
Also, the Law of the Republic of Uzbekistan “On Public Procurement” of April 9, 2018 defines public procurement as follows: “Public procurement - the receipt of goods (works, services) by public customers on a paid basis.”

## RESULTS AND DISCUSSION

From the first days of independence, measures have been taken to improve the living standards of the population and the gradual development of the country's economy. As a result of reforms in the public system and management, a new legal system of cost management is being formed. This, in turn, will ensure the efficiency of public spending, the implementation of its modern management mechanisms. The new economic situation on the international stage increases the importance of the tasks set by governments in the implementation of public spending. It is known that the state has to incur a number of costs in the performance of its duties. These expenditures are primarily aimed at investing in various sectors for the development of the country's economy, improving the living standards of the population, as well as the implementation of social tasks, such as governance, defense. Public expenditures are mainly financed from the state budget and other centralized state funds.

Public procurement has a special place as an important component of public spending. Procurement of goods and services plays an important role in world practice, and it is a continuous process aimed at the effective use of funds and investments. The Uzbek term "xarid" is used in the same sense as "purchase", and in modern terms, means the purchase of products,

work performed or services for a fee (in English, procurement of goods, works and services). Public procurement is the purchase of goods and services for public needs, in part or in full, at public expense. A systematic approach to public procurement management would be more appropriate. Therefore, all processes related to the planning and implementation and control of procurement for public needs represent the public procurement system. Public procurement is carried out to provide material and financial support to public infrastructure. Public infrastructure can be broadly divided into two major components (figure 1):



**Figure 1. Components of public infrastructure**

The need for public procurement in the social sphere stems from the public interest. As an integral part of the ongoing changes in public financial management reform, it is an important tool to radically reform the organization of public procurement, to form a legal framework governing it, to increase the efficiency of public spending.

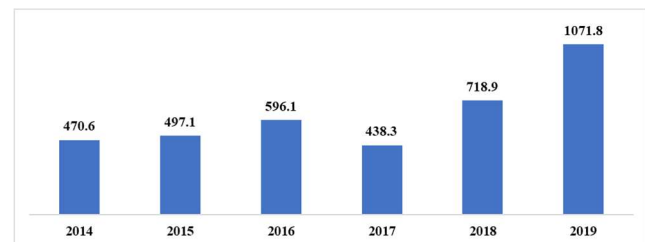
The use of the following elements to improve the public procurement management system is an effective direction:

- use of advanced foreign experience in public procurement management;

- coordination of public procurement policy with the goals of economic policy of the state;
- monitoring and evaluation of public procurement policy.

The effectiveness of the procurement mechanism for public needs depends, in large part, on the level of qualification, professional training and integrity of public servants who decide on public procurement. In many countries, the training and retraining of public procurement staff is a direct responsibility of the government. The Government of the Republic of Uzbekistan pays great attention to overcoming the problems in the above areas and is actively working to improve the mechanisms of the public procurement process and its legal framework with the participation of other entities involved in public procurement. In particular, the need for a systemic approach to public procurement management and strategies for using public procurement as a mechanism to influence certain sectors of the economy are being formed.

Through the organization of public procurement, the volume of sales of small businesses has increased and budget savings have been achieved.

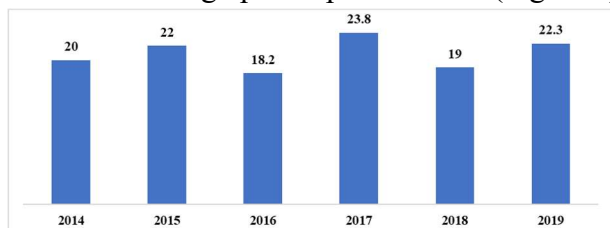


**Figure 2. Dynamics of the volume of e-tenders for public procurement of budget customers in 2014-2018 (billion soums)**

From the data in figure 2, we can see that in 2014-2016, e-commerce in public procurement had a growth rate, that is, in 2016, it increased by 1.2 times compared to 2014. By 2017, it was 1.4

times lower than in 2016. However, in 2018, compared to 2017, we can see that e-sales on budget orders increased by 1.6 times and in 2019 by 1.4 times compared to 2018.

In the next figure, we can get information about the savings of budget customers as a result of e-sales through public procurement (Figure 3).



**Figure 3. The volume of the cash saved in e-auction through the public procurement of budget customers, in percent**

From this figure data, we can see that in 2014-2019, an average of 21% of budget savings were achieved by budget customers. From the results of this analysis, we can see how high the role of public procurement in the effective use of budget funds.

## Conclusion

In conclusion, the role of public procurement in the effective use of budget funds in our country is invaluable. Therefore, a number of measures are being taken in our country to develop public procurement and effectively organize their activities. However, there are still a number of issues that need to be addressed, the main ones being the following:

- non-compliance with the terms of the contract by the supplier of goods and services;
- existence of cases of corruption in budget organizations despite the implementation

of a number of measures to organize public procurement in order to eliminate corruption;

- lack of trade skills and responsibility of suppliers of goods, works and services in e-commerce for the goods, works and services in which they participate;
- higher prices of some goods and services than market prices, and lower level of quality;
- lack of all goods and services necessary for budget organizations in e-commerce;
- less using the practices of advanced foreign countries in the development of e-commerce;

In order to overcome these problems, the following scientific proposals and practical recommendations have been developed:

- increase the responsibility of the customer and suppliers for non-compliance with the terms of the contract;
- regulation of suppliers of goods, works and services participating in e-commerce to have full information about their goods, works and services, if necessary, conduct seminars and trainings for them, improve their skills;
- it is necessary to ensure that prices in e-commerce do not exceed market prices;
- expanding the range of goods and services offered in e-commerce;

- extensive use of modern technologies in e-commerce, using advanced foreign experience, and etc.

Hopefully, the implementation of these scientific proposals and practical recommendations will make a positive contribution to improving public procurement in our country.

### CONFLICT OF INTERESTS AND CONTRIBUTION OF AUTHORS

The authors declare the absence of obvious and potential conflicts of interest related to the publication of this article and report on the contribution of each author.

### SOURCE OF FINANCING

No funding was required for this research.

### REFERENCES:

- Давлетшина Л.М. Государственный заказ как инструмент проведения промышленной политики (на примере Республики Татарстан): Дисс. канд. экон. наук. Казань, 2007. С. 47; Гладков В.С. Государственный заказ в сфер Ростов-на-Дону, 2008. С. 14.
- Ноздрачев А.Ф. Государство как заказчик продукции // Государство и право. 1994. № 7.
- Н.Зосимов, “Электронные торги дали новый вектор российскому бизнесу” 2011. url:<http://ca.skbkontur.ru>
- Т.С.Маликов. Молия. Ўқув қўлланма. –Т.: “Иқтисод-молия” 2018 й. б 169.
- Бурхонов У.А. “Давлат хариди” Ўқув қўлланма, Тошкент .:Infocom.uz 2010.
- Ўзбекистон Республикасининг “Давлат харидлари тўғрисида”ги ЎРҚ-472-сон Қонуни. (янги таҳрири) 9.04.2018 йил. [www.lex.uz](http://www.lex.uz).
- Ўзбекистон Республикаси Президенти Ш.Мирзиёевнинг 2018 йил 28 декабрдаги Олий Мажлис палаталарига қилган Мурожаатномаси
- Давлетшина Л.М. Государственный заказ как инструмент проведения промышленной политики (на примере Республики Татарстан): Дисс. канд. экон. наук. Казань, 2007. С. 47; Гладков В.С. Государственный заказ в сфер Ростов-на-Дону, 2008. С. 14.
- Ноздрачев А.Ф. Государство как заказчик продукции // Государство и право. 1994. № 7.
- Т.С.Маликов. Молия. Ўқув қўлланма. –Т.: “Иқтисод-молия” 2018 й. б 169.
- Бурханов У.А. “Давлат хариди” Ўқув қўлланма, Тошкент .:Infocom.uz 2010.
- Н.Зосимов, “Электронные торги дали новый вектор российскому бизнесу” 2011 г. url:<http://ca.skbkontur.ru>