

## THE IMPORTANCE OF MONETARY REFORMS

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**Abstract:** This article describes in detail the importance of monetary policy, the role of monetary reforms in the financial stability and prosperity of the country. At the same time, the article expresses the thoughts and opinions of historical and contemporary scientists.

**Keywords:** Monetary policy, monetary reform, banking and credit sector, economic stability, financial independence, etc.

Monetary reforms - complete or partial reorganization of the country's monetary system by the state in order to strengthen the national currency, stabilize the monetary unit and regulate money circulation. Monetary reforms are changes in the monetary system, when all or part of paper money signs are devalued and their volume increases and needs to be replaced with new ones (paper or metal), when the gold value of money or the exchange rate changes. conducted as needed. Monetary reforms are carried out in different ways, depending on the economic situation in the country, the level of currency depreciation and the state's policy: reducing the volume of money by eliminating excess paper money (deflation); destroying old banknotes and issuing new banknotes in the necessary amount (nullification); exchange of old currency notes for larger new money notes (denomination); decrease (devaluation) of the exchange rate of a monetary unit or paper money unit in relation to the metal value and foreign currency; increase (revaluation) of the value of metal in a monetary unit or the exchange rate of paper money against the currency of foreign countries and other forms. Important monetary reforms in the current Central Asian regions began during the reign of Amir Temur. On his initiative, instead of the small copper coins that were in circulation until that time, gold and silver coins with a large value, several times higher in quality and volume, began to be minted. There is a lot of information that Amir Temur had several mints and the coins minted in them were popular in Europe. More than 120 types of gold and silver coins bearing the name of Amir Temur were put into circulation in Western Iran and Azerbaijan alone. By Mirzo Ulug'bek in 1428. during the implemented monetary reforms, the circulation of previously minted copper coins was prohibited. New coins were minted in a number of cities - Bukhara, Samarkand, Tashkent, Shahrukhiya, Andijan, Karshi and Termiz. After the replacement of old coins with new coins was completed, however, the mint in Bukhara was preserved and the rest were closed.

After the independence of Uzbekistan, until Russia issued its national currency, it temporarily remained in the ruble zone, like other former Union republics, and taking into account the current economic conditions in the country, the introduction of its national currency into circulation was carried out in two stages. The first stage: from November 15, 1993, as a means of payment in the territory of the Republic of Uzbekistan, in order to ensure the timely payment of wages, pensions, stipends, allowances and incomes of the population, and the domestic consumer market of the republic, 1961- In parallel with the ruble banknotes of 1992 and the ruble of the Bank of Russia in 1993, the "soum coupon" was put into circulation as an intermediate currency in a ratio of 1:1. The Central Bank of the Republic of Uzbekistan issued 1, 3, 5, 10, 25, 50, 100, 200, 500, 1000, 5000, 10000 soum coupon banknotes for circulation. Second stage: 1994. Starting from July 1, the national currency of the Republic of Uzbekistan was put into circulation with the ratio of 1 soum = 1000 soum

coupons. The Central Bank issued bank notes (banknotes) in the denominations of 1, 3, 5, 10, 25, 50, 100 soums and metal coins in the denominations of 1, 3, 5, 10, 20, 50 soums. . If the rate of inflation is high, the redenomination may not have any effect. But it will be possible to stabilize the monetary system by carrying out monetary reform. Transfer of monetary reform can be done in the following ways:

- exchange of money for new money at the deflation rate in order to reduce the mass of money in circulation:
- temporarily (fully or partially) immobilizing (freezing) savings of citizens and enterprises in banks:
- carrying out monetary reform by using both methods together: this method is known as "shock therapy" in international practice.

Denomination essentially consists in issuing new money into circulation by removing excess zeros from the national currency unit. The denomination method was used by the governments of Russia (removed 3 zeros) and Turkey (removed 6 zeros from the lira). Regulation of inflationary processes by the state basically consists in the implementation of specific measures by the state in order to limit the growth of prices for products, works, and services in the country and to stabilize the monetary system. These measures are carried out in two directions: 1) De-inflationary policy. This policy regulates the demand for money in the country with the help of monetary and credit mechanisms. Disinflationary policy includes reducing government spending, increasing interest rates for loans, increasing the tax burden (increasing the number of taxes and their interest rates) and limiting the money supply. It should be noted that the disinflationary policy causes the economic growth in the country to slow down; 2) Income policy. In carrying out this policy, the state immediately controls the prices and wages of products, services, and works performed, and sets a certain limit on their growth or "freezes" them completely. Revenue policy is a strict policy by its very nature, and it can cause discontent among the population. But some countries use income policy to fight inflation. In international practice, in the experience of anti-inflation in developing countries, the two directions that we have highlighted are used wisely together. In order to fight against inflation and strengthen the national monetary system, the following measures are being implemented in the countries whose economy is transitioning to market relations:

- to improve the health of the national economy, to eliminate the decline in investment activity and to ensure a reasonable level of economic development;
- development of the state strategy and its implementation in order to organize and develop competitive, high-tech production;
- changing the structure of production funds in enterprises producing consumer goods and introducing modern equipment and technologies in it;
- stimulation of investment and credit activities of commercial banks;
- improving the tax system and focusing on the incentive function of taxes in this direction;
- state support for small business and private entrepreneurship;
- formation and development of a single market of products, currency, credit land, real estate, labor and securities within the country;
- changing the monetary and credit policy based on the state of economic development;
- liberalization of foreign economic activity and promotion of export of products, works, services;
- state regulation and control of incomes, expenses and prices while maintaining free market prices;
- reducing the state budget deficit in non-inflationary ways;

- is a deep analysis of the state's strategic gold-currency reserves and their rational use.

The turnover of fixed and working capital of organizations is characterized by constant changes in monetary and in-kind forms. In the process of movement, funds of organizations alternately include cash, production reserves, work in progress, finished products, shipped products and original copies, i.e. money, form As a result of the transformation of the commodity form of money into monetary organizations, income is obtained, which, as a rule, is gradually used and distributed. Part of the received income is intended to cover obligations to budget and extrabudgetary funds. Payments are transferred to the budget in clear, fixed terms, so for some time these resources will work as free resources of organizations. Another part of the income is directed to the formation of target funds. The creation and use of these funds, such as wages, is also not timely for social development. In this way, funds are withdrawn from the circulation of organizations, i.e. formation of temporary free funds. In the process of capital circulation, a temporary need for funds appears simultaneously with the creation of free resources.

Most of the money in the modern economy is secured by debt, but money and credit are not only different concepts, but also different relationships. The first difference between credit relations and monetary relations is the difference in the composition of the participants (in the first case, the lender and the borrower, in the second case, the seller and the buyer). In monetary relations, value performs the opposite movement: goods from seller to buyer, money from buyer to seller. In credit relations, the value is not reciprocal: it passes from the lender to the borrower and after a certain time returns to its owner. The second difference between credit and money is observed in the delay of payment for a specific product. In this case, both credit and money participate in the function of means of payment, but if money manifests itself in the act of payment at the time of payment, then payment is only an element in the credit transaction. is a return based on value movement. Credit as an economic category shows its essence not in the payment after the delay, but in the fact of the delayed payment. The third difference between credit and money can be observed in their movement. Credit can be given both in cash and in kind. A commodity becomes money only if it is separated from the general commodity world and has a universal equivalent. Providing a product that has become a universal equivalent is not mandatory for credit; ordinary goods with value for temporary use and value in use may be provided.

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