

## ECONOMIC NATURE OF STATE PURCHASES, GRADUAL DEVELOPMENT

**Turabov Sarvar Abdumalikovich, Ph.D**

*Tashkent Financial Institute, acting associate professor, Department of Finance,  
sarvarboburo210@mail.ru*

### ARTICLE INFO.

**Keywords:** public procurement, public procurement of developed countries, public customer, history of public procurement, initial public procurement between countries, size of public procurement in GDP, procurement procedure.

### Abstract

In this article, the long history of the formation and development of the public procurement system, the transformation of public procurement in the world in the process of reforming the current public procurement system in our country, and the study of the experience gained in this regard, the determination and implementation of the directions of the formation and development of the public procurement system suitable for our national economy. issues have been considered.

<http://www.gospodarkainnowacje.pl/> © 2023 LWAB.

### Introduction

International experience shows that the public procurement system is of great importance in the development of social, economic and other spheres of the country. According to the data of the World Bank, today "public purchases of the countries of the world amount to 11 trillion. It is the US dollar or 12% of the total world GDP. Development of competition in the markets of goods and services, creation of equal conditions for the activity of all economic entities, ensuring transparency and further improvement of the state procurement system is one of the important directions of the reform of the state administration system.

### Analysis of literature on the topic

Russian scientist L. V. Andreeva, while studying the legal issues of public procurement, singled out "state needs" as a legal concept with an independent meaning. It was noted that the state needs necessary for the implementation of relevant functions and tasks within the scope of the authority of budget customers include the needs for goods, works and services [1].

The theoretical foundations of public procurement have been studied in the researches of T.V. Freiberg, D.Etse, A.McMurray, N.Muenjon from the scientists of distant foreign countries. interrelationship with the procurement process of services and works in the public sector has been researched[2].

The processes of formation and development of the public procurement system have a long history and have been the main factor in the effective functioning of any country. In the process of reforming the current state procurement system in our country, the transformation of public procurement in the world and the study of the experience gained in this regard, the formation and development of the state procurement system suitable for our national economy, and the issues of implementation are urgent.

Practical aspects of public procurement in countries where market relations are being formed are covered by V.E. Belov, L.M. Davleshina, V.S. Gladkov, A.F. Nozdrachev, L.M. Davleshina [3].

## Research methodology

In this article, the history of adoption and origin of the first law on public procurement in the world, interpretation of scientific-theoretical and practical foundations, observation, induction and deduction, scientific abstraction, systematic approach methods were used.

## Result and discussion

According to historical sources [5], the first public purchases were observed to be made in ancient Syria in 2800-2400 BC, and an order for the purchase of 50 jugs of fragrant oil related to this period was found engraved on a clay tile. It is noted in historical sources that the first correspondence between ancient China and Greece regarding the purchase of silk fabric was carried out in 800 BC.

Later, in ancient Rome, it was noted that public procurement was widely used to meet the needs of the empire's defense.

It is worth noting that along with the emergence and development of states in ancient and medieval times, it can be seen that the state procurement system has also developed on a large scale in order to meet the needs of the state.

We can study the formation and development of the modern state procurement system by dividing it into three main stages:

- the first stage (XIX century - beginning of XX century);
- the second stage (40s-70s of XX century);
- the third stage (from the 70s of the 20th century to the present).

It is characterized by the fact that state procurement in the first or initial stage processes is not systematized, is mainly carried out for defense needs, budget funds are allocated only to state enterprises, priority is given to national interests or protectionist policy, it is aimed at the development of internal competition, and the access of foreign manufacturers and suppliers to procurement is limited.

- The second stage is characterized by the period of formation of national public procurement systems, in which we can indicate the following main aspects of public procurement:
  - state procurement has become a means of economic policy implementation;
  - the principles of "fairness", "competitiveness" and "openness" began to be applied to public procurement;
  - In developed countries such as the USA, France, England and Germany, full-fledged national legislation regulating public procurement was formed;
  - took an important place in the implementation of the country's social policy;
  - it was used in the development of national economic sectors, employment provision, creation of new jobs and social support of the population;
  - the protectionist policy towards foreign enterprises and organizations was continued;
  - assessment of the negative consequences of the policy of giving priority to domestic economic entities in public procurement has begun.
- The globalization stage of the development of public procurement, as we noted above, continues today and is characterized by the following characteristics:
  - the disappearance of national differences between countries in the legislation on public procurement;
  - implementation of a single parity for entering the public procurement market;

- formation of a unified information system on state procurement;
- Mandatory introduction of basic principles of public procurement.

**Table 1. Formation and development of the state procurement system main stages**

№	Period	Characteristics
1	<b>First stage:</b> The initial stage (19th century - beginning of 20th century)	<ul style="list-style-type: none"> <li>- lack of systematization of state purchases;</li> <li>- that it is carried out mainly for defense needs;</li> <li>- budget funds are allocated only to state enterprises;</li> <li>- priority given to national interests or protectionist policy;</li> <li>- aimed at developing internal competition;</li> <li>- limited access of foreign manufacturers and suppliers to purchases.</li> </ul>
2	<b>The second stage:</b> the stage of formation of national public procurement systems (40-70s of XX century)	<ul style="list-style-type: none"> <li>- - lack of systematization of state purchases;</li> <li>- - that it is carried out mainly for defense needs;</li> <li>- - budget funds are allocated only to state enterprises;</li> <li>- - priority given to national interests or protectionist policy;</li> <li>- - aimed at developing internal competition;</li> <li>- - limited access of foreign manufacturers and suppliers to purchases.</li> </ul>
3	<b>The third stage:</b> the stage of globalization (from the 1970s to the present time)	<ul style="list-style-type: none"> <li>- - elimination of national differences between countries in terms of public procurement legislation;</li> <li>- - implementation of a single parity for entering the public procurement market;</li> <li>- - formation of a unified information system on state procurement;</li> <li>- - Mandatory introduction of basic principles of public procurement.</li> </ul>

In the process of the last stage, it was concluded by many countries that the implementation of protectionist policies in the public procurement system in order to support the national economy will have a negative effect on the economy, and based on this conclusion, they started a policy of abandoning or reducing the restrictions applied to other countries. At the same time, international mechanisms regulating international trade, including the sphere of public procurement, began to form at this stage. Among such mechanisms, it can be pointed out that the International Trade Organization, the United Nations Commission on International Trade Law, and the General Agreement on Definitions and Trade have been introduced. It is worth noting that the framework of international legislation regulating public procurement was formed on the basis of national public procurement legislation of a number of developed countries. It should be noted that the established legislation of the USA on public procurement contributed greatly to this process.

In the modern public procurement system, the legislative norm related to the sector was first adopted in the USA, in particular, in 1975, the law "On suppliers for the needs of the state" was introduced. In order to regulate public procurement in the USA, the law "On the allocation of funds for various needs of the state" adopted in 1861 established for the first time the organization of public procurement on the basis of the principle of public procurement, and we emphasize that this law has been in force for 86 years.

In the subsequent periods, the legislation of public procurement in the USA was constantly improved. We note that the following steps in the process of reforming the legislation of the US public procurement system were also important in the formation and development of the global public procurement legislation. In particular, the law "On Supply of the Armed Forces" (1947) introduced competitive bidding for the first time in the world procurement practice, the law "On the Use of Only Correct Information in Negotiations" (1962) stipulates the justification of the expenses incurred by participants in public procurement, " The Federal Order Streamlining Act (1994) is notable for introducing electronic commerce for the first time.

- It should be noted that advanced European countries made a significant contribution to the development of the public procurement system. Although the treaty establishing the European Union did not provide a specific procedure for public procurement, this treaty defined the basic principles of the agreement between the ordering and contracting organizations. These principles include:
  - free movement of goods;
  - the right to open an enterprise or organization;
  - general ban on separation by civil status;
  - freedom of service.
- Although these principles were established as general rules for the organization of public procurement among EU countries, they were not sufficient to form a single European public procurement system. Due to the fact that the national legislation formed in the countries of the European Union differed from each other, the domestic public procurement market of the countries was closed to foreign competitors. In order to eliminate this situation and implement effective legislation, the state procurement system was reformed in the following directions:
  - public procurement should be open to all EU countries;
  - transparent organization of the state procurement system.

In 1971, the Council of the European Union adopted directives 75/305/EEC and 77/62/EEC on the coordination of public procurement processes in order to create a competitive environment in public procurement and to create freedom of service for enterprises and organizations. These directives are considered not only as the cornerstone of the legislation on public procurement of EU countries, but also important in the development of the international public procurement system. The directives adopted by the Council of the European Union in this and subsequent periods became the legislative foundation for the implementation of the principles used in procurement today, such as forms of implementation of the stages of public procurement, transfer periods, reduction of the human factor, and ensuring transparency.

In world practice, the emergence and development of public procurement was directly related to the strengthening of the state's position, transformation and improvement of state structures.

Currently, although the processes of organizing public procurement in the world have changed significantly, two features characteristic of public procurement have been preserved, including the fact that it consists of contractual relations between the state customer and business entities on the purchase of goods, works and services, and payment for procurement is made from the state budget.

## Conclusion

The current state of public procurement in Uzbekistan and its management practices based on the implementation of public procurement in developed countries can be concluded as follows.

- All organizations working in the public procurement system should study the public procurement of developed countries and work more on their basis;
- In accordance with the current Law of the Republic of Uzbekistan, the participant who gives the lowest price in public procurement is considered the winner. At the same time, taking into account the fact that the quality level of the goods, works and services delivered to the customers in this case is decreasing, in the case of developed countries, if the announced price falls below 30%, it is necessary to be suspicious of the company that lowered the price. Because in this case, it is often observed that enterprises with lower quality of goods and services or lack of specialization participate;
- Automatically assigning a penalty point to the supplier company that failed to fulfill the terms of the contract on time and increasing this point to a maximum of 5 points for 1 year for each unfulfilled contract 1 point should be set.

### List of used literature

1. Andreeva L.V. Purchases of goods for federal state needs: legal regulation. M.: Wolters Kluwer, 2009. S. 24.
2. Freiberg T.V. State (municipal) order as a form of organization of budget financing: Diss. cand. economy Sciences: 08.00.10. Irkutsk, 2006. S. 66.; Daniel Etse, Adela McMurray, Nuttawuth Muenjohn Comparing sustainable public procurement in the education and health sectors. // Journal of Cleaner Production 279 (2021) 123959
3. Belov V.E. Legal regulation of the placement of the state order // Law and Economics. 2005. No. 2; Davletshina L.M. State order as a tool for industrial policy (on the example of the Republic of Tatarstan): Diss. cand. economy Sciences. Kazan, 2007, p. 47; Gladkov V.S. State order in the spheres of Rostov-on-Don, 2008. P. 14 .; Nozdrachev A.F. State as a customer of production // State and Law. 1994. No. 7.; Nabiev R.A., Arikbaev R.K. Increasing the efficiency of budget expenditures in the system of state orders and purchases // Accounting in budgetary and non-profit organizations. 2008. № 15.
4. Bogachev P.V. Essay on the history of the development of public procurement in Russia, Tambov: Diploma, 2014. No. 5 (43): in 3 parts. Part II. C. 21-24. ISSN 1997-292X
5. Andreeva L.V. Purchases of goods for federal state needs: legal regulation. M.: Wolters Kluwer, 2009. S. 24.
6. [www.president.uz](http://www.president.uz)
7. [www.gov.uz](http://www.gov.uz)
8. [www.mf.uz](http://www.mf.uz)
9. [www.lex.uz](http://www.lex.uz)
10. [www.dxarid.uzex.uz](http://www.dxarid.uzex.uz)