

THE BUDGET MECHANISM AND ITS ROLE IN REGULATING SOCIO-ECONOMIC PROCESSES

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Abstract

The paper "The Budgetary Mechanism and its Role in Regulating Socio-Economic Processes" examines the essence and structure of the budgetary mechanism, its functions in ensuring economic stability and social development. Also examines the components of the budget process, the principles of planning and control, and the role of the budget mechanism in regulating socio-economic processes, in particular the relationship between budget expenditures and social development. The results of the study confirm the importance of the budget mechanism as an instrument of state regulation and offer recommendations for improving budget policy to achieve sustainable development.

Keywords: budget mechanism, socio-economic processes, budget financing, economic development, budget system, public administration..

Introduction

In today's economic environment, the budgetary mechanism plays a key role in financial resource management and public policy. It not only provides funding for social programs and projects, but also regulates socio-economic processes, affecting the stability, development, and well-being of society.

An effective budgetary mechanism is the basis for the development of territorial communities, as it determines the use of financial resources to support the vital activity of the population and the economy. Its ability to adapt to changes ensures economic growth, reduction of inequality and development of social infrastructure.

The relevance of the study of the budget mechanism is confirmed by its importance in regulating socio-economic processes. This topic is covered in their scientific works by such authors as Glukhova V. I., Zahirniak D. M., Kravchenko H. V., Yermoshenko M. M., Erokhin S. A., Pluzhnikov I. O., Babysh L. M., Sokolovska A. M., Cherednychenko Y. V., Radionov Y. D. and others[4].

The budgetary mechanism is a set of elements that ensure the organization and functioning of budgetary relations in the state. It plays a key role in the implementation of financial policy, promotes economic stability and regulates socio-economic processes.

Budget process management includes legislative regulation, monitoring, analysis and adjustment of financial policy, which ensures the effective functioning of the budget system. The formation of budgetary resources involves filling the budget through taxes, government borrowing, privatization and other sources, which creates the financial basis for the performance of government functions. The allocation of financial resources determines the mechanisms for redistributing budget funds between different levels of government and areas of activity, ensuring the uniform development and optimal use of finances.

Financing of public expenditures is aimed at meeting basic social needs, such as education, healthcare and social protection, which directly affects the welfare of the population. Budget control and audit verify the effectiveness of the use of financial resources, preventing abuse and financial irregularities, and contributing to the accountability of the budget process. Information transparency of the budget contributes to the openness of public finance management through the use of electronic systems and public access to financial information[1].

The interaction of all these elements creates a holistic budget management system that allows the state to effectively allocate resources, maintain economic stability and provide social guarantees for citizens.

The budget mechanism performs a number of important functions that ensure the efficiency of public administration and socio-economic development.

1. The distribution function ensures a fair distribution of financial resources between regions and sectors of the economy, supporting balanced development and reducing economic inequality.

2. The regulatory function allows the state to influence economic processes through tax policy and budget expenditures, stimulating strategically important industries and stabilizing macroeconomic indicators.
3. The controlling function is aimed at ensuring transparency and efficiency of the use of budget funds through monitoring, auditing and prevention of corruption.
4. The stimulating function promotes economic growth through investments in infrastructure, social programs and technological innovations.
5. The social function guarantees funding for social programs, support for vulnerable groups, and access to basic services such as education and healthcare.

Thus, the budgetary mechanism not only provides financing for public needs, but also plays an important role in regulating the economy, developing society, and improving the quality of life of citizens.

Budgetary policy is a system of measures aimed at organizing and using budgetary resources for the economic and social development of the state. It consists of a budget strategy (long-term goals) and budget tactics (specific actions) implemented through the budget mechanism[5].

The tax system is a key instrument of the budget mechanism that ensures redistribution of income between different social groups. Progressive taxation promotes social equality, and tax revenues finance public spending, including social programs, pensions, and unemployment benefits.

Social transfers and subsidies play an important role in supporting vulnerable groups. The state allocates funds for pensions, assistance to low-income families, payments to people with disabilities and the unemployed. A separate area is utility subsidies, which ease the financial burden on low-income households.

The budget policy through the tax system and social mechanisms is aimed at stabilizing the economy, reducing social inequality and meeting the basic needs of the population.

The budgetary mechanism is a key instrument for implementing the state social policy, providing the financial basis for social protection of citizens. It allocates resources to meet the social needs of the population, support vulnerable segments of society, and promote long-term social development.

Results of research

Financing social security is a priority area of the budget mechanism. The state budget guarantees stable payments of pensions, unemployment benefits, social privileges for people with disabilities, and support for mothers with children. These measures ensure a minimum level of welfare for citizens in difficult life circumstances.

Thus, the budgetary mechanism plays an important role in maintaining social stability by reducing the risks associated with poverty, unemployment, and disease and promoting a fair distribution of resources in society.

Conclusion

Thus, improving the budget mechanism is a prerequisite for ensuring sustainable socio-economic development. Optimization of financial processes, transparency and accountability in the use of budget funds will contribute to raising living standards, strengthening economic stability and improving the welfare of society

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