

**MONEY - FUNCTIONS, HISTORY , VALUE**

**ДЕНЬГИ – ФУНКЦИИ, ИСТОРИЯ, ЦЕННОСТЬ**

**PUL - FUNKSIYALAR, TARIX, QIYMAT**

**Rakhmatkhonov Saidodilkhon**

*Bachelor student of Namangan institute of engineering and technology*

*Tel.: +99894 272-38-00, E-mail.: srahmatxonov@gmail.com*

**Abstract:** *This article is devoted to the study of money and its role in modern society. It examines the basic functions of money, its historical development and importance in modern economics. The first part of the article discusses the functions of money, such as a medium of exchange, a unit of value and a store of value. It then reviews the major phases of the history of money, from the exchange of goods for goods to the emergence of modern forms of money. The final part of the article provides arguments about the importance of money in the modern world, its impact on the economy and society as a whole. The purpose of the article is to provide the reader with a complete and comprehensive understanding of the functions, history and value of money in modern society*

**Key words:** *Money, economy, exchange, goods, prices. Conception, R. Crusoe, Ancient Egypt, Babylonian Empire, Ancient Greece.*

**Аннотация:** *Данная статья посвящена исследованию денег и их роли в современном обществе. В ней рассматриваются основные функции денег, их историческое развитие и важность в современной экономике. В первой части статьи рассматриваются функции денег, такие как средство обмена, единица измерения стоимости и средство накопления. Затем проводится обзор основных фаз истории денег, начиная с обмена товара на товар до появления современных форм денег. В заключительной части статьи приводятся аргументы о важности денег в современном мире, их влиянии на экономику и общество в целом. Цель статьи - обеспечить читателя полным и всесторонним представлением о функциях, истории и ценности денег в современном обществе*

**Ключевые слова:** *Деньги, экономика, обмен, товары, цены. Зачатие, Р. Крузо, Древний Египет, Вавилонская империя, Древняя Греция.*

**Annotatsiya:** *Ushbu maqola pul va uning zamonaviy jamiyatdagi rolini o'rganishga bag'ishlangan. Unda pulning asosiy vazifalari, uning tarixiy rivojlanishi va zamonaviy iqtisodiyotdagi ahamiyati ko'rib chiqiladi. Maqolaning birinchi qismida pulning ayirboshlash vositasi, qiymat birligi va qiymat ombori kabi vazifalari muhokama qilinadi. So'ngra u pul tarixining tovarni tovarga ayirboshlashdan tortib, zamonaviy pul shakllarining paydo bo'lishigacha bo'lgan asosiy bosqichlarini ko'rib chiqadi. Maqolaning yakuniy qismida zamonaviy dunyoda pulning ahamiyati, uning iqtisodiyot va umuman jamiyatga*

*ta'siri haqida dalillar keltirilgan. Maqolaning maqsadi o'quvchiga zamonaviy jamiyatda pulning funktsiyalari, tarixi va qiymati haqida to'liq va har tomonlama tushuncha berishdir.*

**Kalit so'zlar:** *Pul, iqtisodiyot, ayirboshlash, tovar, narxlar. Kontseptsiya, R. Kruzo, Qadimgi Misr, Bobil imperiyasi, Qadimgi Yunoniston.*

## INTRODUCTION

Money is one of the main inventions of mankind, comparable to the invention of writing, electricity, electronic communication, and the Internet. All modern global has the main feature - money. The evolution of some private, regional, national economies into the modern world market is a long process spanning nearly five thousand years. Money appeared almost simultaneously in all civilized human societies (Ancient Egypt, Babylonian Empire, Ancient Greece and Rome, etc.) as a result of similar economic processes. Therefore, money has an objective economic essence, which is universal and absolutely necessary in the process of exchange, which is impossible without property relations.

There are two concepts about the origin of money

First - the origin of money as a result of an agreement between people who are convinced that special intermediaries are needed for the movement of values in exchange.

Second, money appeared as a result of the evolutionary process, which, regardless of the will of people, led to the separation of some objects from the general mass and to take a special place as an intermediary in the act of exchange.

The essence of money. According to the concept, the essence of money is also determined. by the rationalist concept of money is an artificial social convention, a product of the rule of law, an experimental theoretical construction. The evolutionary concept of essence is based on the commodity nature of money, from which it follows that money is a special service commodity. Since money has two properties - value and use value - we can talk about the following.

The origin of money is due to the fact that every commodity has conflicting use values and values. Where use value describes the material properties of the commodity that allow it to satisfy the corresponding needs, and price is the public property of the commodity as part of social wealth. The use and exchange of values exists as a unity of opposites. Exchange value is the property of use value, the ability to exchange it for another use value, that is, the amount of use value that an individual or an organized group of people (corporation) agrees to exchange for a corresponding amount of another use value.

Materials and methods. Since value is a social relationship, it cannot exist by itself in a physical, material form. Its public character requires expression in a socially acceptable and recognized form. In order for value to be adequately expressed as a social relation, some substance is needed to perform this function. This substance is money.

It is known that money was created as a result of the long development of commodity production and exchange. As R. Crusoe pointed out, money is needed only

where there is production of goods, an individual does not need money. He himself created the exchange of money.

The first major division of labor, that is, the separation of agriculture from animal husbandry and the development of the commodity economy in this regard, gave rise to money, which is the expression of the value of products.

The development of production, the increase in the types of goods required the further development of the exchange process. In the process of exchange, the owners of the goods communicated with each other, and the owner of the goods evaluated his product (property). This evaluation process required a unit of measurement. In the course of the equivalent development of the trade of goods, the general equivalent form was played by various goods. Each team presented its product as an equivalent. But the development of society recognized money as a commodity among these goods. Money is a special commodity, a general equivalent, which reflects the costs of abstract labor and represents social production relations in the commodity economy.

This definition expresses the following characteristics of money:

- Money is a special commodity that is different from other goods.
- Money is a common equivalent - it expresses the value of goods that are the only commodity.
- The fact that money represents the labor and other costs involved in creating goods as an equivalent.
- The fact that money expresses the economic relations between people in every economic system, in the production of goods, etc. (private labor expressed in money is manifested as social labor).

An important feature of money is that, like other goods, it has a value and a consumption value, while it is opposed to all other goods. It is money on one side and other goods on the other side. The consumption value of money is that it performs its function and eases the problem of the economy (as an intermediary). The value of money is understood as the purchasing power of a monetary unit, that is, how many goods and services can be purchased with it. The value of money does not refer to the cost of minting or printing paper money. These costs are not the value of money, but the costs of putting money into circulation. The value of money depends on the price, if prices rise and fall, its value (value) decreases and vice versa. In general, money is considered to be the simplest and most understandable of human inventions. All achievements and tragedies of mankind are related to money. Money has been and will remain one of the most important driving forces of human activity.

As noted by one of the famous statesmen, "The position of the state is determined not by the number of soldiers or the power of its guns, but by the strength of the national currency. It can be added that the position of the enterprise is not determined by how many people work in it, the amount of products produced, but by its financial stability.

One of the main tools of the country's development is money, and its role and importance will increase even more during the transition to the market economy and activities in it. Indeed, it is not for nothing that money is called the "language of the market". All economic information, prices of goods and services, payments, income and expenses, financial requirements and obligations, economic relations at the micro and macro levels are expressed only in money. The increasing importance of money in the conditions of the transition to a market economy is related to the activity of legal and physical entities in our society and its result - income. Money is an important factor in the market economy. A market economy lives on money, because money mediates the entire process of reproduction. In the conditions of the market economy, the process from the production of goods and services to the consumer is carried out by means of money.

In the conditions of the market economy, the organization of monetary transactions, exchange of goods, storage and distribution of money, lending free money, and economic relations between enterprises become stronger and more complicated. Funds in the form of money become a resource through the market, and goods are created with their participation, goods are sold and turned into money again. In the conditions of the market economy, not only money, but also its equivalents - securities such as shares, bonds, etc. are widely used. In the conditions of the market economy, some tools that were not converted into money before are now reflected in money (land and others). In general, in the conditions of the market economy, the organization of enterprise finance, money circulation, organization of economic activity in general is organized on the basis of new monetary relations. Based on the above, in the conditions of the market economy, money serves as an economic force, a unique business card of the economy.

Theory. In the context of economic globalization, money performs a number of tasks within this function:

- currency conversion;
- formation of the balance of payments;
- exchange rate formation.

Currency exchange between different countries helps to form foreign trade relations, and again international loans... In addition, this function allows to help foreign partners.

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Functions of money. Money reflects economic relations and performs the following functions:

A measure of value - money as a general equivalent embodies social labor and therefore can measure the value of goods. How much the goods cost is determined in money. The price of goods is measured in money, just as goods are measured in kilograms or meters depending on their weight, width and height. Each country has its own currency, which is the soum in Uzbekistan, the dollar in the United States, the pound sterling in England, the lira in Turkey, the mark in Germany, etc.

For many years, this task has been performed by a commodity that has its own value - gold or monetary units that represent gold.

2. Means of transaction. With the help of this function, the commodity is exchanged for its monetary value. Purchase of goods using money, exchange of goods for money (P-T) or sale of goods, i.e. exchange of goods for money (T-P). In this process, money mediates, money functions as a means of transaction.

Commodity exchange with the participation of money takes the form of commodity transaction. In contrast, barter is a direct exchange of goods for goods that requires a certain agreed price and occurs without the participation of money.

Since barter is a non-monetary exchange, it does not correspond to the market economy, therefore it is used in times when money is devalued and goods are difficult to find.

There are also cases where vouchers and coupons are used in the exchange of goods in conditions of severe shortages and disruption of market relations. Barter is not unique to developed countries. This is because money was invented thousands of years ago for

exchange. At the same time, until young countries catch up, barter has a certain importance in filling their markets with raw materials and equipment.

In 1994, barter accounted for 17% of the total export in Uzbekistan. In 1995, it more than doubled.

3. Means of payment. In some literature, the means of payment of money is combined with its means of exchange. In fact, there are fundamental differences between them, and the main ones are as follows:

a) if the transaction function indicates that the goods are sold only in cash, then in the payment function the goods are sold both in cash and without cash.

b) it is understood that the movement of goods and money is carried out simultaneously in the means of transaction, and in the case of payment it can be delayed, it can be made on credit and the payment period can be expected.

c) the relationship between the seller and the buyer of the goods in the means of transaction ends in one way, and in the case of payment it lasts for a long time and it causes debtor and creditor debts.

Payments are made to the state budget and credit system, and payments are made to residents for wages, allowances, utilities and other services. Non-recognition of the function of payment of money can have a negative impact on the increase of debtor and creditor debts, non-fulfillment of credit and other financial obligations, and the normal functioning of economic processes.

Savings tool. This is the ability of money to enter the form of accumulated wealth and serve as a means of purchase for its owner when necessary. Money is not wealth because it is a piece of paper or a coin, but because it embodies labor, it can be used to buy everything or store it all together.

Money is the most convenient way to accumulate wealth, because money has liquidity, that is, money is accepted everywhere for payment depending on the nominal value set for it (for example, 500 soums). Compared to other liquid assets (land, building, stock, bond, certificate), money is a stable asset, its value is kept stable in the absence of inflation, while the price of other liquid assets fluctuates.

There is quality and quantity of money. The quality of money is unlimited, that is, it is possible to convert money into the desired goods at the time of need, and the quantity may be limited, because a limited amount of goods can be purchased with it. Money can also be saved in the form of expensive, rare items, works of art, housing, land, cars, equipment, stocks, bonds, etc. In the literature, it is noted that money can also perform the task of collecting treasure. Only money (precious metals) that has its real value can do it. Paper money mainly serves the function of transaction and payment.

In the past, money also served as world money. In this case, the price scale in payments for goods and services between countries is characterized by dividing the currency of each country by a certain gold content. For example, after the monetary reform in 1961, the USSR ruble was equated to 0.987412 grams, 1 US\$ = 0.88 grams of

gold. There is no such arrangement now, because at the May 1976 meeting of the IMF in Kingston, Jamaica, it was recognized that gold would no longer serve as world money. For this reason, now, not world money, but world money is used in mutual calculations, and this task is performed by reputable currency units.

The functions of money are interrelated and complementing each other fully express the essence of money. It is necessary to pay attention to the sequence of functions of money. Money cannot be a means of exchange, savings and payment without performing the functions of value measurement. The stability of money as a measure of value increases its role and importance in transaction, payment, and savings functions, and it gains a high reputation at the international level.

The result. In the conditions of the market economy, money serves to maintain stability and development of the economy only when it fulfills the tasks assigned to it.

President of our Republic I.A. As Karimov stated at the IV session of the Oliy Majlis on December 21, 1995, "Today's most important task is to turn our currency into a strong, prestigious currency in the world, it should have a high value and great power." Ensuring the stability of the soum and increasing its value is a national task. The well-being of all citizens of our republic depends on solving this task. In fact, this is not only an economic task, but now it is becoming a task of social and political importance, because the growth of the economy, the standard of living of the population, and the prestige of the state depend on the fulfillment of this task. Our calculations and the capacity we have built and accumulated to solve this task show that we can now set such a task before ourselves and fulfill it. What should be done for this?:

First of all, in order to increase the purchasing power of the soum, it will be necessary to fill the consumer market with the necessary goods, to force the production of our own products that can satisfy the needs of the population and compete with goods imported from abroad.

Secondly, we should take measures to increase foreign exchange reserves in the new year. For this, it is necessary to expand the export opportunities of our republic, to deepen the processes of production of exportable products, and to gain a strong position in the world market. We must do everything in our power to increase export goods by all measures and thereby increase foreign exchange earnings.

Thirdly, reducing foreign purchases of fuel and energy sources, many equipment and food products, replacing them with domestically produced products, is an important aspect of strengthening the foreign trade balance. This process should lead to the reduction of imports of energy sources and basic food products to the minimum necessary.

Fourthly, while developing the stock market of Uzbekistan using all the means of the capital market, it is necessary to fundamentally revise the work we are doing to attract the funds of the population, as well as temporary free funds of enterprises.

Implementation of the specified measures, stabilization of the exchange rate, strengthening of the national currency should show its effectiveness.

Strengthening our national currency and increasing its power in free trade is directly related to the second priority task - the sharp reduction of currency depreciation.

The stability of money means that the purchasing value of money does not change and currency stability. Based on this, the ability to buy it depends in many ways on the amount of goods and services corresponding to it, on the balance of supply and demand for money, on the state of the state budget deficit, and on the measures taken against inflation.

Conclusions. Recognition of Uzbekistan as an independent state required it to have an independent monetary system. The first stage of the establishment of an independent monetary system is the issuance of "soum-coupons" from 1993, and the second stage is the introduction of the national currency "soum" from July 1, 1994. Currently, the monetary system of the Republic of Uzbekistan is based on the Constitution of the Republic of Uzbekistan, "On the Central Bank of the Republic of Uzbekistan" adopted on December 21, 1995, "On Banks and Banking Activities" adopted on April 25, 1996 is acting in accordance with the laws of The currency of the Republic of Uzbekistan is the soum, 1 soum = 100 tinyas. Soum is the only unrestricted and legal means of payment in Uzbekistan. The Central Bank of the Republic of Uzbekistan has the exclusive right to issue banknotes and coins for circulation and is responsible for the state of money circulation in the country. The Central Bank approves new models of banknotes and coins, publishes their images through mass media. Banknotes of 1, 3, 5, 10, 25, 50, 100, 200, 500 and 1000 soums, coins of 1, 10, 25, 50 and 1, 3, 5, 10, 20, 50 soums are currently in circulation. The Central Bank of the Republic of Uzbekistan develops and implements procedures for money, credit and currency management, non-cash settlements and international settlements, exchange of national currency for foreign currency, etc.

In the years of independence, Uzbekistan is moving to the next stages of economic development based on new economic relations that are fundamentally different from before. Market economy is based on commodity-money relations. Commodity-money relations represent relations specific to commodity production, commodity exchange and money circulation. Different goods - cattle, salt, grain, fur, etc. performed the function of general equivalent in different countries. The gradual development of the process of production and exchange of goods created the need for trade and exchange of goods between regions and countries. If we look at history, trade, international economic relations and credit relations between the countries have gradually developed. This process resulted in a single world currency recognized and accepted by all countries. This task has been performed by gold for centuries. That is, settlements between countries, payments for goods and services were made from one country to another in the form of pure gold payment. Money should be issued according to the needs of the circulation of goods. In practice, paper money is also issued to cover the budget deficit and other expenses of the state. As a result, money that is not backed by goods appears in circulation. This, in turn, leads to an increase in prices, that is, to a devaluation of money.



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