Increasing The Income Of The Population Is An Opportunity To Reduce Poverty

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Annotation

This article describes the structure of the population's income, income generation, income purchasing power, income variability and poverty problems on the basis of statistics. The poverty situation of the population in Uzbekistan, which has been poorly studied for many years, has been analyzed in terms of income. The state's social policy emphasizes that poverty reduction from 2020 is an important task. It was suggested that it is necessary to set a national poverty line and develop a clear program to reduce poverty, taking into account the world experience in determining the level of poverty in the country. Simply put, who is included or excluded from the poor category, the mechanisms of social protection are not clearly defined. The article examines poverty and income of the population by statistics in the regions of the republic, identifies and analyzes the problems.

By regions, income levels and inflation rates are grouped. The authors provided suggestions and feedback on ways to increase income and reduce poverty.

Keywords: Income, family business, gross income, real income, distribution in a market economy, poverty category, poverty criteria, poverty line, social policy, ordinary poor, extremely poor, poor, poverty trap, social protection mechanisms, wages and consumer basket

Introduction

The process of building socially oriented market relations in Uzbekistan is complicated, and along with achieving economic growth, there are also economic difficulties. Because it is known from international experience that it is impossible to move smoothly to market relations without difficulties and problems. In the context of the transition to market relations, it is important to reduce the problem of poverty, increase the income of the population, improve their incentive role. To this end, the state's social policy will create conditions for increasing incomes, reducing poverty, increasing people's labor activity and entrepreneurship. Such a policy is currently being pursued by President Sh. Mirziyoyev.

A number of scholars have conducted research on the problem of income and poverty, the factors influencing it, as well as poverty reduction. In particular, the works of Nobel Laureate Amartia Sen [1] elaborated on the need to achieve human well-being, the causes of poverty, the need to acquire knowledge to reduce poverty, longevity, disease-free and other opportunities. The problem of poverty has also been studied by the Danish scientist Gesta Esping-Anderson [2], the American scientist Jeffrey Sachs [3] and other scientists in connection with the problems of the existing socio-economic system. In Russia, L. Abalkin, P.V. Savchenko, Yu.P. Kokina [4] has put forward ideas related to the income of the population in his scientific works. Some aspects of these issues specific to Uzbekistan A.A. Abdug'aniev, Sh.Sh. Shodmonov, Q. Abdurahmonov, A. Olmasov, X.P. Abulqosimov [5], R.R. It is reflected in the scientific works of Hasanov [6] and other scientists.

Materials and methods

Ensuring the well-being of the population and reducing poverty will be directly dependent on income. The increase in the welfare of the population is usually explained by real income. Income is a Persian word that means income, income. It means money, profit, wealth received in return for an activity [7]. Usually income is measured in money. The most important feature of a market economy is that the advantage is that income is not limited. This is in keeping with human nature because man always strives to live well. The main condition for prosperity is to have income. The income structure of the population can be divided into 4 groups:

1. Income earned by employees (wages, bonuses, etc.)
2. Income from business activities
3. Social income (transfer payments, unemployment benefits, etc.)

4. Income from property (interest on deposits, rent, etc.).

Today, nominal, disposable income, real income indicators are used to assess the level and dynamics of income of the population. Nominal income is income in the form of money received by individuals over a period of time. Real income, on the other hand, represents the amount of goods and services that an individual can purchase for a given period of time, which depends on changes in prices. The total income of the population in Uzbekistan has been growing in recent years. The table shows that primary incomes in households fluctuated unevenly during 2013-2018. Primary income is market income. If in 2013 the primary income of the population was 73.0%, in 2018 it will increase to 76.1%. However, it decreased from 84.0 percent in 2016 to 76.1 percent in 2018.

Result and discussion

Revenues from manufacturing also declined in 2018 compared to 2016 by 7.9 percent.

Table 1

Total income of the population of the Republic of Uzbekistan [8].

№	Name of indicators	2013 y	2014 y	2015 y	2016 y	2017 y	2018 y
	Total income- in total	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**
	hence:						
I	**Primary income**	**73.0**	**75.6**	**83.1**	**84.0**	**79.1**	**76.1**
	hence:						
1.	Income from production	70.3	73.2	80.8	80.9	75.8	73.0
2.	Income from property	2.8	2.4	2.3	3.1	3.4	3.1
II	**Income from transfers**	**27.0**	**24.4**	**16.9**	**16.0**	**20.9**	**23.9**

Property income in 2018 decreased by 0.3% compared to 2017. In 2019, the share of income from transfers in Khorezm and Samarkand regions was more than 30% of the total income of the population, while in Navoi region the share of this type of income was low, 13.5% [9].

Dynamics of average monthly pensions and minimum benefits in Uzbekistan: 2016-2019 [10]

Indicators	2016	2017	2018	2019
Average monthly allowance				
In soums	494,2	556,8	640,5	701,7
In US dollars	164,0	98,1*	78,0	78,7
Minimum allowance				
In soums	292,9	336,9	396,5	436,2
In US dollars	97,1	59,4	48,2	49,0

* Since September 5, 2017, as a result of currency reforms, the dollar exchange rate has doubled.

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The main problem in the income of the population is that the established average monthly benefits are below the poverty line in the conditions of inflation and cannot cover consumer expenditures. The figures for the past four years show that the average monthly pension in 2016 amounted to 494.2 thousand soums, in 2019 this figure was 701.7 thousand soums or 78.7 US dollars. Another problem in this regard is the composition of the "Consumer Basket" and the lack of a clear mechanism for its calculation.

In our country, there are changes in the general indicators of income. In particular, the total income of the population in 2013 amounted to 101661.2 billion soums, in 2018 - 282762.5 billion soums or 181101.3 billion soums. In 2019, the total income of the population will reach 344.7 trillion soums. soums. The total per capita income amounted to 10,266.1 thousand soums, the real growth rate was 104.5%. During the 6 years of the study, there was an uneven situation, from 2013 to 2015 there was an increase of 123.0% from 123.7% to the previous year, but a decrease of 11.7% in total percentages. From 2016 to 2018, there was another upswing. The total per capita income of the population increased from 3361.5 thousand soums in 2013 to 8580.0 thousand soums in 2018. When these figures are broken down into 12 months, the big results are not noticeable.

In particular, in 2018, the per capita income of 8,580.0 thousand soums per year for 12 months will be 790.0 thousand soums, or about $ 800 at the exchange rate set by the central bank in US dollars. In the context of inflation, the real total income of the population in 2013 amounted to 95028.2 billion. In 2018, this figure amounted to 240587.5 billion soums or 145559.3 billion soums. soums. Real per capita income increased by 3142.1 thousand soums in 2013 and 7300.2 thousand soums in 2018. With money inflation at 12-15 per cent per annum, it has had a negative impact on the purchasing power of the population's total per capita income.

In practice, the inflation rate calculated on the basis of changes in the consumer goods index reflects the average rate of change in the prices of goods and services in the consumer basket. The prices of goods and services used in the calculation of the consumer goods index are the average prices obtained from retail stores across the country, which allows a comprehensive measurement of the overall price level of goods and services in the economy.

In our country, in 2019, regional inflation compared with the statistics of the consumer goods index collected by regions of the country, there are specific differences Table 3.

Table 3

The main indicators of the level of income and inflation in 2019 by regions of the Republic of Uzbekistan

№	Regions		General inflation	Food products	Non- food products	Services
1	Tashkent	20,0	16,6	20,7	11,3	16,5
2	Navai	16,4	12,9	13,7	9,1	17,4
3	Bukhara	12,7	15,9	20,9	10,1	14,8
4	Khorezm	10,8	15,0	18,3	11,3	14,1
5	Tashkent region	10,9	15,3	18,5	10,6	16,3
6	Andijan	9,7	15,4	19,0	9,6	17,3
7	Djizzax	9,4	15,5	18,7	9,7	18,4
8	Syrdarya	9,2	16,0	18,8	12,8	15,5
9	Samarkand	9,1	13,9	17,7	9,2	14,1
10	Kashkadarya	8,8	15,8	17,0	14,9	14,9
11	Surkhandarya	8,7	14,6	18,4	10,3	13,9
12	Namangan	8,0	15,1	17,9	12,4	14,0
13	Fergana	7,9	15,0	18,8	11,9	12,5
14	Republic of Karakalpakistan	7,8	14,6	19,3	8,6	14,9

Source: Prepared on the basis of annual reports of the Statistics Committee of the Republic of Uzbekistan

The table shows that the inflation rate by regions differs significantly from the national average. The level of income and inflation by region are divided into 3 groups in the table:

The first group: the regions with the highest per capita income. These regions include Tashkent, Navoi, Bukhara, Khorezm and Tashkent regions. 30% of the total population of the republic live in these areas. Relatively industrial production is highly developed.

Rich in minerals. GRP per capita amounted to 10.4 mln. 20.0 million soums soums. Overall inflation ranges from 15.3 to 16.6 percent. Food inflation is particularly high.

The second group: Areas with average per capita income. These areas include households in Andijan, Jizzakh, Syrdarya, Samarkand and Kashkadarya regions. The inflation rate in them is almost the same as the overall inflation rate in the country. More than 43% of the total population of the republic live in these areas. Relatively industrial and agricultural production is developing. The amount of GRP per capita is from 8.8 million to 9.7 million soums. Total inflation ranges from 15.8 to 15.4 percent.

The third group: low-income areas per capita. These areas include households in Surkhandarya, Namangan, Fergana, and the Republic of Karakalpakstan. The inflation rate is lower than the overall inflation rate in the country. More than 27% of the total population of the republic live in these areas. The amount of GRP per capita is 8.7 million. 7.8 million soums.

It is known that the incomes of the population differ from each other due to the physical and mental abilities of people by nature. As a result, revenues will be uneven. They are divided into rich, middle and poor categories depending on their income. In society, a person must be literate, capable, and engaged in work in accordance with the acquired skills, in general, to engage in useful activities [11]. However, it should not be concluded that only the income of the population is the basis of poverty. Economic and social factors play an important role in the origin of poverty. The problem of poverty and wealth has existed since time immemorial and always creates social problems and conflicts.

But poverty is a much broader concept than income or calorie depletion. It is the deprivation of the opportunities and choices that are widely needed to live a long, healthy and conscious life and to achieve a level of well-being, freedom, dignity, pride and respect for others as well [12]. Poverty is a situation in which the basic needs of an individual or family are greater than the resources available to meet them [13]. Poverty is when a person does not have enough money for his basic needs, is relatively poor in property and other resources, and has a low level of satisfaction of his material and spiritual needs [14]. The above considerations are inherent in our view that poverty is the product of variable income inequality in a market economy, which means that the goods needed for minimum human consumption are insufficient.

According to the World Bank, 736 million people live in extreme poverty. The UN defines the poverty line as the income needed for basic goods and services (food, clothing, housing, water, electricity, schooling, health care). Poverty rate is a relative concept and depends on the overall welfare level in a particular country. People living in absolute poverty can only meet the minimal needs that ensure biological survival. Local authorities set the poverty line in order to identify the poor, the tasks in the field of social protection. Different criteria are used. In rich countries, the poverty line is much higher than in poor countries.

As the lifestyles and disparities in the lives of people around the world widen, the World Bank has faced the need to periodically review the global poverty rate. In 2005, the bank recalculated this figure based on the poverty rate adopted in the world's poorest countries. As a result, the global poverty line has risen to $ 1.25. In 2015, the limit was revised and increased to $ 1.9. In addition, the World Bank has adopted high poverty lines for countries with below-average and high incomes of $ 3.2, $ 5.5 and $ 21.7. Bank experts say these figures are based on monetary criteria and do not take into account aspects such as education, health care and water and electricity supply. Since 1990, the World Bank's Poverty and Welfare Report has been published annually. The last report was released in October 2018. The key indicator was that the international poverty line was set at $ 1.9 per person per day. However, new definitions and dimensions of poverty are being introduced. According to the World Bank, 736 million people (10 percent of the population) live in extreme poverty (less than $ 1.9 per day), and almost half of the world's 3.4 billion people live on less than $ 5.5 a day.

In our country from 1991 to 2019, the term "low-income population" was used instead of the concept of "poverty", and poverty has been a "closed topic" in our country for many years. It is no secret that

this has led to various misunderstandings. Prior to that, under the former totalitarian regime, there was a policy of equalization of all people, deprivation of property, especially the exclusion from entrepreneurial activity. The share of the poor in Uzbekistan was 19.5% of the total population in 2009, while in 2018 it was 11.4% and decreased by 8.1% [16]. This change can be seen as a result of increased economic activity of the population, external migration and economic policies pursued in these areas.

The level of poverty is inversely proportional to the overall level of the economy. Therefore, while poverty is low in countries with strong economies, it is weak in countries with weak economies. The poverty rate varies depending on economic growth. [17]

There is a permanent and transient form of the category of poverty, and permanence is when people are left in a state of poverty for a long time, while transition is a period of falling into a state of poverty [18].

If permanent poverty has a chronic character, transient poverty is conjectural, i.e., it occurs when the conjuncture is unfavorable, and disappears when the conjuncture is relieved. While poverty is persistent in weak economies, this process is transient in developed economies. While income inequality is a sign of a market system, the presence of the poor in this system is an objective phenomenon. Therefore, poverty cannot be eradicated, but its scale can be reduced. Poverty can be divided into three groups: a) the ordinary poor; b) the extremely poor; c) the poor [19].

Simple poverty is explained by the fact that the income they earn is not enough for the necessities necessary for the minimum consumption of the family. While they are earners, they are able to cover only the most basic of consumer goods. Satisfaction of its excess is a problem. At the same time, the main expenditures will be on food, the cheapest clothing and some services. Ordinary poor are deprived of the consumption of most goods and services. They will have no more opportunity than to resume their vital activities.

In social life, the extremely poor consist of consumers of less food, services and non-food products than the average poor, a layer whose consumption is a problem. They mostly spend on food. Debts on various services, in particular utilities, electricity, gas, water and others, will increase. The bulk of the income of those in this stratum is spent only on living a minimal life.

The poorer strata of the population include those who are unable to meet even the minimum consumption, the risk of starvation is deepening and their hopes for the future are fading. They will not have a steady source of income. Satisfies the minimum consumption of earned income, they are forced to get used to hunger. Even the consumption of the type of food of the poor is limited in content, which is limited by the consumption of bread, water, and some agricultural products. According to statistics, 2.8 billion people, or about half of the world's population, live on less than two U.S. dollars a day. 1.2 billion people, or about 20 percent of the population, live on money worth less than a dollar. As in any country, we have low-income groups. Today, one of the main tasks before us is to develop a National Poverty Standard (NSA) in our country and to establish appropriate standards. In our opinion, it is necessary to pay attention to the following categories of the population: First, the permanent poor, living alone, pensioners without a breadwinner, the disabled, large families who have lost a breadwinner. The second is young people, women and the unemployed who can get out of poverty if economic conditions and opportunities are created. Third are ordinary workers with low incomes and temporarily unemployed who are more likely to fall into poverty. The number of this category is growing rapidly, especially during pandemics. Unfortunately, so far we have not been able to see or hear that most of our citizens are really poor. This is wrong. Unfortunately, according to preliminary estimates, 12-15 percent or 4-5 million of our population is poor Table 4.

Regional distribution of poverty in Uzbekistan (as a percentage)

Regions	2014 year	2015 year	2016 year	2017 year	2018 year	In 2018 compared to 2014 %
Republic of Karakalpakistan	28,8	28,3	27,6	26,3	25,9	0,90
Andijan	9,9	9,3	8,7	8,0	7,9	0,80
Bukhara	10,7	10,1	9,3	9,2	8,9	0,83

Djizzax	15,8	15,4	14,8	14,3	14,0	0,89
Kashkadarya	23,5	23,2	22,6	22,4	20,9	0,89
Navai	14,4	13,9	13,2	12,9	12,2	0,85
Namangan	15,7	15,2	15,0	14,3	14,0	0,89
Samarkand	10,9	10,2	9,7	9,1	8,6	0,79
Surkhandarya	20,5	20,0	19,7	19,2	18,7	0,91
Syrdarya	18,3	17,7	16,4	16,1	15,3	0,83
Tashkent region	8,5	7,9	7,4	7,0	6,5	0,76
Fergana	8,4	7,8	7,4	7,3	6,6	0,78
Kharezm	15,1	14,3	13,3	12,9	12,5	0,83
Tashkent city	1,5	0,9	0,7	0,6	0,4	0,27
In the Republic	14,4	13,8	13,2	12,8	12,3	0,85

Source: Calculated by the author on the basis of data from the Statistics Committee of the Republic of Uzbekistan.

The table shows that the level of poverty is high in the Republic of Karakalpakstan, Kashkadarya and Surkhandarya regions, and the reforms implemented over the past five years have not created the conditions for significant changes in the level of poverty. Partially positive changes were observed in Tashkent (0.27%), Fergana and Samarkand regions (0.78% and 0.79%, respectively).

It is possible to know the number of poor people in exact numbers by the ratio of the percentage of the poverty rate to the population. In 2014, the population of the country was 30 million 492 thousand 8 hundred people, in 2019 this figure was 33 million 724 thousand. It has a population of 9 million and a population of 3 million in six years. It increased by 232 thousand people. The average annual natural increase was 539 thousand people. According to the analysis, in 2014, when the population was 30,492.8 thousand, poverty was 14.4% or 4 million 39 thousand people, while in 2018, the population was 32,656.7 thousand, and poverty was 12.3 percent or 4 million 16 thousand seven hundred people, no big change is noticeable.

Conclusion

The main problem in poverty reduction in our country is that the link between economic growth and poverty reduction is not large. As a result, the daily income of most poor people does not exceed 10-13,000 soums ($ 1.0-1.3). Or a family may have both a car and a pet, but if a person is seriously ill, at least 70 percent of the family income goes to treating him. So, can such families be called self-sufficient?

As President, I am troubled every day by the question of what is going on with the vital needs of our people, such as food, treatment, education, and clothing for their children. Currently, Kashkadarya region is the most vulnerable to poverty. 700,000 people are poor. This represents about 21 percent of the total population. In this situation, leaders in Kashkadarya cannot sit still. In addition, 500,000 people are poor in the Republic of Karakalpakstan, 500,000 in Surkhandarya, 400,000 in Namangan, 210,000 in Jizzakh and 130,000 in Syrdarya.

This means that the problems aimed at improving the welfare of the population have accumulated, and the ongoing economic reforms are aimed at solving these problems. As noted above, the poverty line is set at $ 3.2 per person per day. If we take into account that this amount is 96 US dollars per person per month (918 thousand soums at the official exchange rate of the Central Bank), the average number of families in Uzbekistan is 4.6 people, and this limit should be 441.6 US dollars per family. In this regard, Uzbekistan is required to set its own national poverty line, taking into account international experience in determining the level of poverty.

Today, per capita income in rural areas is almost 2 times lower than in cities. Also, industry in rural areas is underdeveloped and there is a lack of jobs. The elderly, the disabled, the unemployed make up the majority and therefore it is difficult to solve the problem of poverty in the village. Retirees and people with disabilities who are in a very difficult situation also live on limited social benefits: pensions or disability benefits [21]. In short, in order to reduce poverty in our country, we need, first of all, to further expand the incomes of the population, their income opportunities. At the same time, it is necessary to increase the income and purchasing power of the population, to increase

wages, pensions and social benefits in excess of inflation. Second, in order to increase the income of the population and reduce poverty, it is necessary to awaken the entrepreneurial spirit in the society, to develop gardening and home-based work from the most effective forms of increasing the income of the family budget. In this regard, it is expedient to reduce poverty, to fully realize the inner strength and potential of man, to further increase the main reforming task of the state in creating new jobs.

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