# INCOME OF THE POPULATION AND LIVING STANDARDS IN UZBEKISTAN

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**Annotation:** The article presents elaborated conclusions and proposals on the current state of living standards of the population of the country and its further improvement.

**Keywords:** real income per capita, investments, needy population, purchasing power, living standards of population.

**Introduction.**
Regardless of what kind of political and social actions each country implements, their ultimate goal is to improve the interests of the people, the living standards of the population and being ranked among the leading countries.

The United Nations has made a significant contribution to the development of the concept of "living standards" and the system of socio-economic indicators. In 1960 the UN working group prepared a report on the principles of determining and measuring the living standards on a global scale. This was the first step towards creating a comprehensive system. The last version of the UN indicators of the living standards  in the field of international statistics was developed in 1978 and covers 12 main focus areas.

According to the UN recommendation, birth rate, death rate, life expectancy, availability of sanitary and hygienic conditions, food consumption rate, housing, educational and cultural opportunities, working conditions and employment rate, income and expenditure such directions as balance, consumer prices, availability of means of transportation, recreation and leisure, social security, guarantee of human rights and freedoms constitute the part of the indicators representing the living standards.

Even today, this international organization is carrying out a number of activities in order to improve the living standards of the world's population and help countries suffering from poverty. In particular, the "Millennium Development Program" adopted by the UN General Assembly in 2000 and the "Sustainable Development Goals Program until 2030" approved in 2015 directly provide economic and social support to the population of countries around the world, as well as are aimed

at preventing environmental degradation and undertaking essential measures focused on protecting the health of the population have been developed.

It is known that we are all used to estimate the living standards of the population by the increase or decrease in the amount of income and consumption per capita. In fact, it is the concept of the much more comprehensive nature. However, now there is no efficient way to bring these concepts to a single indicator that comprehensively characterizes the quality of life of the population.

It should be noted that the improvement of the living standards of the population, the extent of the efficiency of the direct production and service sectors, research and technical development, the cultural and educational level and composition of the population, national characteristics, are certainly depend on the results of measures and practical actions undertaken by the government.

**LITERATURE REVIEW**

The Decree of the President of the Republic of Uzbekistan Sh. Mirziyoev dated January 28, 2022 "On the development strategy of New Uzbekistan for 2022-2026" specifies seven focus.All of these directions are aimed at ensuring that the population achieves a good life and the fourth focus area is designed to implement a fair social policy, developing human capital, and there are 55 specific measures aimed directly at achieving these goals [1].

It should be noted that the object of our research is the living standards of the population, income of the population, health care, literacy level, cultural life, availability of free time, environment, etc. Moreover, the living standards of the population are considered the most significant criterion for evaluating the efficientcy of the state socio-economic policy and their enhancement is the main goal of social development. During the years of independence, a number of favourable actions have been implemented in this regard in the Republic of Uzbekistan. For example, 2006 was proclaimed the "Year of Valuing the Elderly", 2007 – the "Year of Social Protection of the Population", 2008 – the "Year of the Youth", 2017 – the "Year of the Dialogue with the People and Human Interests", 2019 - the "Year of Active Investments and Social Development", 2020 - the "Year of Science and Digital Economy Development", 2021 – the "Year of Supporting Youth and Strengthening Population Health", 2022 – the "Year of Honoring Human Value and Active Neighborhood" and the implementation of reforms corresponding to the names is a clear proof of the considerations specified above.In the literary sources on economics the living standards of the population is interpreted as the level of satisfaction of material and spiritual needs of people. From the point of view of V.N. Salin and E.P. Shpakovskaya, "The living standards of the population is a complex and multifaceted category that represents the consolidation of human activity, first of all, real socio-economic conditions, and is an essential description of social development" [2]. There are the views on the living standards of the population as the level of satisfaction of material, spiritual and social needs [3].The scholars-economists K.Kh.Abdurahmanov and Sh.R.Holmuminov provide the definition of the concept of "living standards" and theoretical information on its increase. In their opinion, the living standards of the population imply provision of material and spiritual benefits required for their living and the needs of people with these benefits the level of satisfaction. Based on this definition we will make statistical analyzes in the article and develop appropriate conclusions and recommendations [4]. Another scholar-economist        A. Ulmasov in his book "Fundamentals of Economics" provides several definitions of the living standards and well-being of the population from the theoretical point of view. In his opinion, the living standards of the population are determined by the composition and level of needs for various benefits, which are constantly changing, on the other hand, by the opportunities to satisfy needs, the situation in the market of goods and services, the income of the population, and the wages of workers. Moreover,

this book contains proposals and recommendations for improving the living standards and well-being of the population [5]. Furthermore, in 2017 G.L. Husainov, P.I. Sayitkulova were concerned about the issues of improving the labor remuneration system, including the problems caused by debts in the payment of prices, utilities and rent, loans, and taxes. The issues of gas and drinking water supply, lack of pre-school educational institutions, low pensions and social allowances are also sources of concern and anxiety for some categories of citizens, thus the economists have developed proposals and recommendations for improving this system. The research views of the authors on the issues of wages of employees in the economy of Uzbekistan based on market relations are described [6]. In reliance upon the information provided by the Statistical Committee of Uzbekistan, researches and theoretical studies have been implemented and conclusions on the issues of improving the living standards and well-being of the population of our country have been worked out [8].
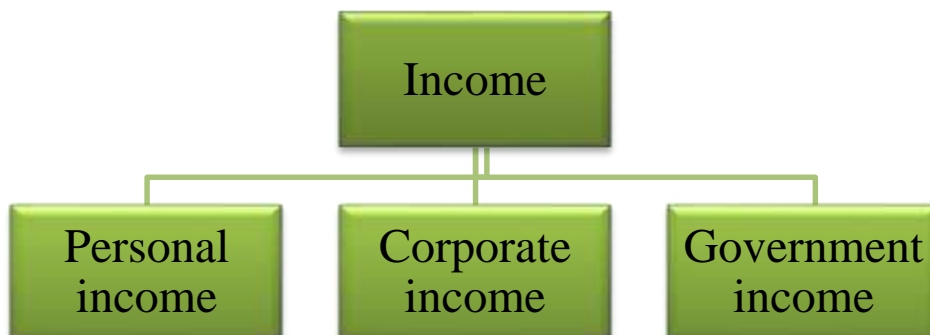
RESEARCH METHODOLOGY

Since the topic of our research is devoted to the issues of improving the living standards and well-being of the population of our country, first of all, the tasks determined by the Decrees and Resolutions of the President of the Republic of Uzbekistan, the resolutions of our government, and relevant research papers have been studied. As the research methodology, statistical research, comparative analysis of literature and methods of hypothesis substantiation have been used. The living standards of the population imply provision of material and spiritual benefits required for their living and the level of satisfaction of human needs with these benefits. The goods requird for human activities include many needs. Examples of these are many needs, such as working conditions, education, healthcare, food and housing quality. In Uzbekistan, the term "living standard" is more widely used and it represents indicators of the material, spiritual and social needs of the population.If we give a complete definition of the living standard concept, it implies a complex socio-economic category that reflects the level of development of physical, spiritual and social needs, the level of satisfaction and the opportunities created to meet these needs.It is known that we all got used to evaluate the living standards of the population by the increase or decrease in the amount of per capita income and consumption. In fact, it is a much more comprehensive concept.According to the recommendation of the UN, birth, death, life expectancy, availability of sanitary and hygienic conditions, level of food consumption, housing, educational and cultural opportunities, working conditions and such directions as the level of employment, the balance of income and expenses, consumer prices, availability of transportation means, recreation and leisure, social security, guarantee of human rights and freedoms constitute the part of the indicators representing the living standards. Among these indicators, the most important is the volume of income per capita, and this indicator enables to evaluate the living standards of the country's population, as well as to use it in international comparisons. It should be noted that the improvement of the living standards of the population, the extent of the efficiency of the direct production and service sectors, research and technical development, cultural and educational level and composition of the population, national peculiarities are certainly connected with the measures undertaken by the government and outcomes of the practical actions. Even today, this international organization is implementing a number of activities in order to improve the living standards of the world population and help countries suffering from poverty. In particular, the "Millennium Development Program" adopted by the UN General Assembly in 2000 and the "Sustainable Development Goals Program until 2030" approved in 2015 directly provide economic and social support to the population of countries around the world, as well as preventing environmental degradation, is one

of the essential measures aimed at protecting the health of the population. However, at the moment there is no effective way to bring the concepts in this regard to a single indicator that comprehensively characterizes the quality of life of the population. The share of income from production in the total income of the population constituted 71.5 percent, of which 69.3 percent derives from labor activities, 2.1 percent accounts for the income from personal services produced for individual consumption.



**Income** is the monetary receipts obtained by residents. In essence, income is the contribution of residents to the gross domestic product (GDP) and is expressed in monetary terms.



**Calculation of salary**

**Salary** is the main income of the working population. In developed countries 70-80% income is generated from salary. Salary or wages are used to purchase means of living and to accumulate savings. It is calculated as follows:

Salary = BS + B + PT

Here: BS - Basic Salary (i.e., the funds of the owner of labor force for the result of his work); B – bonus (salary in the form of a reward, preferential or interest-free loans, provision of various free services, etc.); MP – monetary payments (payments for working overtime).

There are two types of salaries:

- general (brutto);
- net (netto).

**Gross salary** is the gross salary, that is, the salary written to the employee's account.**Net salary** is the salary that remains after the deduction of various payments from the gross salary. It is calculated as follows:

$$NS = GS-(IT + SIT + JAM)$$

Here: GS – gross salary; NS – net salary; IT – income tax; SIT – social insurance tax; MAF – money allocated funds.

If the work goes well, the good profit can be received, if the work does not go well, it may suffer loss instead of profit. By nature, profit is a non-guaranteed income and it changes frequently. The share of profit in the composition of the population's income will not be large because very few people are engaged in entrepreneurship. For example, in the United States, the share of profit in the income of the population constitutes about 15-18 percent.

Profit is calculated according to the following formula:

$$P = GAV – (S + PT+ PI)$$

Here: GAV – gross added value; S – salary; PT – production tax; PI – payments for imports.

**Dividend** is a part of the profit that goes to the shareholders as a share. The dividend depends on the profitability of the company that issued the shares. For this reason, the shares of different companies are given different dividends. Shares can be ordinary and preference. Dividends on ordinary shares are not guaranteed. If the enterprise (compny) makes a profit, a dividend is paid, if it makes a loss, no dividend is paid.

**The living standard of the population** is a socio-economic concept, which describes the level of satisfaction of material and spiritual-educational needs of people and improvement of living conditions. Material needs include a person's needs for food, clothing, housing, fuel, and improvement of household and communal services. Spiritual-educational needs include people's needs for knowledge, skills and spiritual-educational level improvement, intellectual potential.

The social living conditions of the population are implemented by the guarantee of labor, rest, comprehensive physical and cultural development and maintenance of the ability to work for all members of the society, provision of social security, pensions and allowances to those who have temporarily lost their ability to work, provision of pensions and allowances, giving allowances to children of relatively low-income families.

Thus we can make a conclusion the "living standard" s category has a complex and multifaceted content.This system includes the following main sections:

- summarizing synthetic indicators;
- indicators describing the level of meeting the material needs of the population;
- indicators describing the academic and spiritual level of the population.
- indicators describing the social conditions of the population.

These indicators are expressed in terms of nature and value, and reflect the quality and quantity of the population's living standards.

According to Article 14 of the Law "On Official Statistics", the State Statistics Committee collects and processes statistical data on socio-economic events and processes and their results, performs the functions of storage, summarization, analysis, and publication. Moreover, the Committee has the right to collect statistical data on the indicators of the population's living standards from legal entities and individuals according to the established procedure through statistical report forms or various observations.

The "Action Stratgy on the five priority directions of the development of the Republic of Uzbekistan for 2017-2021" determines the main priority areas of the development of the social sphere and the measures to gradually increase the employment and real income of the population:the issues of raising the real money income and purchasing power of the population, further reducing low-income families and the level of income disparity of the population, and improving the social protection and health care system of the population. In addition, the Strategy determines the measures to further improve the living conditions of the population, i.e., to meet the needs of the population for housing, implementation of targeted programs for the construction of affordable housing, road transport, engineering and communication, which ensure the improvement of the living conditions of the population, as well as the development and modernization of social infrastructure[1].

**ANALYSIS AND RESULTS**

The share of income from production in the total income of the population accounts for 71.5 percent, of which 69.3 percent has been received from labor activities, 2.1 percent has been received from personal services produced for personal consumption. The data on the income per capita and the needy population are presented in Table 1 [11]

*Table 1*

*Real income per capita of the population*

| Indicators | 2000 | 2005 | 2010 | 2015 | 2020 | 2022 | In 2022 in relation to 2000 % |
|---|---|---|---|---|---|---|---|
| Income per capita income (thousand UZS) | 77,2 | 349,6 | 2038,7 | 5127,5 | 10873,2 | 15979.3 | 20752 % |
| Fixed capital investments per capita (thousand UZS) | 30,2 | 121,0 | 583,2 | 1431,7 | 6140,3 | 7468.6 | 24728 % |
| Low-income population % | 27,5 | 25,8 | 17,7 | 12,8 | 11,5 | 14.1 | 51.2 |

As it is obvious from the data of this table, the real per capita income of the population has been growing year by year. In particular, this indicator constituted 77.2 thousand UZS in 2000, and in 2022 it accounted for 15979.3 thousand UZS s, which increased 207.5 times over 22 years. It should

be noted that the per capita income has a growing tendency in all periods. As we know, the amount of investment in the manufacturing sector makes a direct impact on the growth of per capita income. We can see these changes from the data in the table below, that is, the amount of fixed capital investments per capita has an increasing tendency from year to year and between 2000 and 2022 increased from 30200 UZS to 7468600 UZS in 22 years and an increase of 247.3 times has been achieved.As a result of this indicator growth, it was reflected in the growth of the real income per capita of the population. As we know, an increase in the real income of the population results in an improvement in the living standards of the population, which, in turn, causes a decrease in the number and weight of the needy population. The share of low-income population amounted to 27.5 percent in 2000, and by 2020 it accounted for 11.5 percent as a result of the increase in real per capita income. Starting from 2021, instead of the low-income population indicator, the poverty indicator began to be calculated, and this year, this indicator was equal to 17.0 percent and by 2022 it has slightly decreased up to almost 3 percent and constituted about 14.1 percent. All this is obvious as the result of the measures undertaken by the government to reduce poverty. In addition to the income per capita, the living standard of the population is also measured by such indicators as the level of education, the use of health services, and the consumption of food products. Some positive progress has been definitely made in this regard after 2016.

The Education Attainment Index is a United Nations Development Program (UNDP) composite indicator that is calculated as an index of adult literacy and an index of total student enrollment.The index evaluates the educational achievements of the country's population with two main indicators: Adult Literacy Index (2/3 weight).

Index of cumulative share of students in primary, secondary and higher education (1/3 weight).

These two measures of educational attainment are summed in a final index and standardized as numerical values ranging from 0 (minimum) to 1 (maximum).The information about the literacy of the world population comes from the official results of the national census and is compared with the accounting books of the UNESCO Institute of Statistics. The index is updated every two years, but reports with UN data are usually delayed by a year because they require international comparisons after publication by national statistical offices.

According to the **Education Attainment Index** published in 2020, Germany is considered the best country in the world. Norway and Great Britain are ranked the second and third. Among the CIS countries, the best result belongs to Georgia, which ranks 26th in the world. The order of the rest of the CIS countries is as follows: Belarus ranks 32, Kazakhstan ranks 35, Russia ranks 39, Ukraine ranks 47, Armenia ranks 64, Kyrgyzstan ranks 70, Uzbekistan ranks 71, Azerbaijan ranks 80, Moldova ranks 82, Tajikistan ranks 96, Turkmenistan ranks 111[10]. However, it is obvious that we still have a lot of work to do in this area. For sure, some work has definitely been done in this area in recent years. In particular, the memorandum on mutual cooperation between UNESCO and the Republic of Uzbekistan stipulates that the implementation of the Tokyo Convention on the Recognition of Higher Education Qualifications in Uzbekistan should be carried out in 2018-2021, and these works are being currently accomplished.

The ratification of this convention enables our compatriots to study and work in foreign countries, and in this regard, the qualification and document obtained in the country where they studied will be recognized in another country, in particular, it will enable to continue study at the next stage, i.e. academic recognition and professional activity."The level of coverage of Uzbek youth with higher education has increased **three times** (in 2016 it was 9 percent, in 2021 it was 28 percent).The participation of representatives of foreign and non-public educational services in the market of educational services has increased. The number of higher education institutions increased by **2.2**

**times** (64 in 2016 - 141 in 2021), the number of non-government higher educational institutions increased by **7.2 times** (4 in 2016 and 29 in 2021).

Based on international experience, the processes of **recognition of foreign education have been simplified**. The practice of nostrification was abandoned and the practice of "**recognition**" has been introduced

The concept of development of the higher education system of the Republic of Uzbekistan until 2030 was approved by the Decree of the President.With the aim of determining the priorities of the systematic reforms of higher education in the Republic of Uzbekistan the following focus areas have been set: raising the process of training highly qualified personnel with the advanced knowledge and high moral and ethical qualities to a new level in terms of quality, modernization of higher education, developing the social sphere and economic sectors based on advanced educational technologies. In this regard the following actions are to be undertaken:

- the concept of the development of the higher education system of the Republic of Uzbekistan until 2030 is to increase the level of coverage with higher education from **50 percent**in reliance upon the development of **public-private partnership** in the field of higher education, organization of the activities of public and non-public higher education institutions in the regions, creating a competitive environment;

- making the National University of Uzbekistan and Samarkand State University the **flagship** of our country's higher education institutions;

- minimum **10** higher education institutions in the republic are to be included in the list of higher education institutions in the first **1000** places of the ranking of internationally recognized organizations (Quacquarelli Symonds World University Rankings, Times Higher Education or Academic Ranking of World Universities), including the inclusion of the National University of Uzbekistan and Samarkand State University in the list of the first **500** higher education institutions;

- step-by-step transfer of the educational process to the credit-module system in higher education institutions.

Implementation of the plans determined in the concept of the development of higher education until 2030 will result in the development of competition in education and thereby further increase the quality of education. We believe that it will take its rightful place.

Another of the main indicators that determine the living standards of the population is the provision of durable goods and housing conditions. In recent years the number of durable goods has also increased per 100 households, as can be seen from the table below.

**Table2**

**The level of providing long-term consumer goods** [11]

| Availability of long-term consumer goods (in 100 households) (*based on sample household survey data), units* | | | | | |
|---|---|---|---|---|---|
| Name of goods | 2010 | 2015 | 2019 | 2020 | 2022 |
| TV sets | 132 | 152 | 160 | 162 | 171 |
| Refrigerators and freezers | 99 | 101 | 106 | 107 | 115 |
| Air conditioners | 19 | 32 | 39 | 40 | 45 |
| Electric vacuum cleaners | 37 | 53 | 58 | 60 | 69 |
| Personal computers | 12 | 47 | 55 | 60 | 64 |
| Washing machines | 75 | 79 | 89 | 90 | 95 |
| Mobile phones | 145 | 234 | 282 | 287 | 304 |
| Motor vehicles | 21 | 42 | 47 | 49 | 55 |

Human nature is such that if their income increases, they tend to buy durable goods that they can use for many years with the money they earn from food and clothing. In the last 10 years the number of televisions per 100 households in Uzbekistan increased by 1.23 times, personal computers from 12 to 60, i.e. by 5 times, cars by 2.3 times, and other long-term used growth has also been achieved in terms of products. All this indicates that the living conditions of the population are improving.

**CONCLUSIONS AND PROPOSALS**

In conclusion, we believe that it is necessary to undertake the following actions in order to further improve the living standards of the people of our country.

Firstly, it is necessary to create high-income jobs for the population, that is, to achieve an increase in the number and weight of network enterprises that add more added value to the products being created.

Secondly, by creating conditions for self-employed people, it is possible to increase their number and thereby reduce the number and weight of those operating in the shadow economy.

Taking into consideration that the majority of the population of the Republic of Uzbekistan receives low income, the cost of living issue is of great importance in the current situation and requires the development of effective measures to improve the well-being of the low-income population.

The following measures are designed to further improve the livingstandards of the population:

supply markets with essential consumer goods and prevent their prices from skyrocketing by promoting the supply and supply chain;

providing financial assistance and essential consumer goods to disabled persons, including single mothers and persons with disabilities, as well as creating suitable working conditions;

to fundamentally improve the efficiency of the use of land and water resources by reforming the agrarian sector in rural areas;

providing the population with affordable housing and public transport services, increasing the level of financial literacy of the population;

to expand the funding of current education and direct it to the cutting-edge information technologies, engineering, biomedicine and other such modern specialties that provide high income;

increase the number of schools and gymnasiums for low-income families and ensure that children receive quality education.

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