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## **Indexation of benefits taking into account inflation and provision of social assistance within the limits of availability budget funds**

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**Abstract:** The article discusses the issues of the intention of benefits taking into account inflation and the provision of social assistance within the framework of capabilities and the economic limit of budget resources. In particular, the legal basis for distinguishing the social security program by functions and purposes (for example, old-age, disability and survivors' pensions, unemployment benefits, medical services and financial assistance to those in need) is outlined. It is noted that the social security program is intended to provide assistance, and as part of this, the article highlights its characteristic features so that the public can better understand the goals of each program, as well as promote accountability within each program. A proposal is made on the need to soften the differentiation of state pensions by establishing a low retirement age, early retirement and disability benefits.

**Key words:** consumption, eradication of excessive consumption, resource shortage, neediness, targeted payments, indexation of benefits, inflation, savings, differentiation, wages, benefits, trust fund.

### **Introduction**

The importance of focusing welfare reform on eliminating overconsumption and waste of scarce resources cannot be overstated. With few exceptions, unlimited consumer price reimbursements should be eliminated and replaced with means-tested payments. In conditions of limited administrative capacity, it is necessary to have the right to use various forms of targeted payments to clearly limited groups (for example, families with children and the elderly), even in the form of benefits in kind. In addition, the automatic indexation of benefits to inflation is fully justified by considerations of the principle of fairness. Another area where there are significant savings opportunities through various cost controls is healthcare, where cost compliance is of paramount importance. Therefore, improved management practices where prevention and education programs, greater awareness of medical and hospital costs for both users and providers of health care, cost sharing and user fees, and supply-side incentives should help reduce abuse and unproductive costs.

There is a need for clear organizational and legal differentiation of social security programs by function or purpose, for example, old-age, disability and survivors' pensions, unemployment benefits, medical services and assistance to the needy. That is, citizens included in the "Iron Book", "Book of Women", "Book of Youth", etc., are provided with assistance by the state in order to

satisfy their needs for essential goods. In addition, the program provides for the allocation of small and large horned livestock and poultry to them in the required quantity for the purpose of running a family farm.

Although there is some inevitable overlap, separating social insurance and social assistance programs helps highlight their distinctive features so that the public can better understand the goals of each program, and also promotes accountability within each program. This functional distinction suggests that public pensions should not be used as a type of unemployment benefit by setting a low retirement age or providing easy access to early retirement and disability benefits. This distinction also affects funding sources. Social insurance programs (old age, disability, unemployment benefits) must be financed primarily by wage-based contributions made by insured workers and by employers on behalf of workers, as well as by additional income from reserves created by these contributions. In contrast, the main source of funding for social assistance programs should be general tax revenues.

In addition to providing social protection and justice for the present generation, social security should aim to equitably distribute benefits and costs between present and future generations. In both industrialized and developing countries, public pension programs must be self-sustaining over long periods of time and must be able to withstand significant demographic and economic fluctuations. The public pension program, viewed as a multigenerational contract, imposes an obligation on future generations, who have no say in the design of the current system, to provide for previous generations. The overly liberal benefit structure inherited from the past can usually be changed through gradual reforms, including measures to retain the benefits of existing benefits.

So, when carrying out a reform, it is necessary to adhere to certain restrictions regarding its scale. It should be noted here that the authority sets an outer limit on the coverage of the programs. The procedure for ensuring the collection of contributions and payment of benefits imposes more stringent restrictions. The provision of social assistance, although not limited by official governance, should mainly be determined by budgetary resources and administrative capacity. Equally important to the success of reform, especially given the unfulfilled expectations of past years, is the institutionalized openness of social security systems and the accountability of management. In this regard, the creation of well-functioning government trust funds (one for each social security program) can go a long way toward increasing trust and acceptance among the public. A severe constraint, particularly on health and social assistance programs and on the ability to maintain benefits for existing beneficiaries during the transition period, is the availability of budgetary resources.

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