
Theoretical Basis of Poverty Reduction in Uzbekistan

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Abstract: This article describes the theoretical basis of poverty reduction for the development of the economy of the Republic of Uzbekistan, offers and recommendations for reducing poverty.

Key words: Economy, poverty reduction, economic growth, level of inequality, competition.

INTRODUCTION

In connection with the study of factors affecting poverty reduction in Uzbekistan, great attention is being paid to new ways of reducing poverty and increasing the income of the population. In particular, increasing the inclusiveness of the social protection system, supporting low-income families and increasing their income and living conditions, as defined in the decision "On approval of the strategy for reducing poverty in the Republic of Uzbekistan in 2022-2026" improvement, development of entrepreneurship, small and medium-sized business and expansion of the opportunities of the needy strata of the population to start entrepreneurship, the development and implementation of comprehensive socio-economic development programs of the regions, the tasks of paying special attention to the reduction of poverty it indicates that this research is focused on a topical issue.

Research methods.

Scientific approach, comparative analysis, analysis and synthesis, sampling, economic-statistical analysis, econometric modeling and forecasting methods using the specified model were used in the research process.

LITERATURE ANALYSIS

Economic development by itself does not lead to a uniform increase in the well-being of the population and a decrease in inequality. Based on the above comments, it is worth noting that although these concepts are closely related to each other, policies aimed at solving only one of the problems can worsen the others. Thus, the concepts of poverty, inequality and economic development are closely related and influence each other.

The impact of economic growth on the level of poverty and inequality can be both negative and positive. In particular, economic growth leads to the uneven development of some sectors of the economy, as well as to the deepening of the country's dependence on some sources of economic growth, which, in turn, leads to an increase in inequality. It can be seen that determining the levels of poverty requires the use of econometric models based on the current BiGDATA for its causes and reduction. Increasing dependence on the sources of economic growth increases inequality due to factors such as complementarity between capital and skilled labor, skills associated with technological change, and an increase in capital's share of total income.

In this case, public policy should be focused on increasing competition and reducing corruption, which in turn will lead to a decrease in inequality. On the other hand, economic growth leads to increased employment and opportunities for business development, increasing resources for redistribution within the country. All this helps to reduce the level of inequality and poverty in general. Many studies have been conducted on these issues by the World Bank, and economists David Dollar and Aart Kraay have studied the relationship between economic growth and poverty using econometric models, examining the impact of economic growth on poverty. concluded that the incomes of the poorest sections of the population would grow at the same rate as the overall average income.

1. Studies show that these phenomena are observed in different regions and at different times and are determined by many factors at the country level, which, in turn, proves the importance of economic growth in poverty alleviation. Thus, the econometric analyzes carried out in recent decades clearly show that the concepts of economic development, inequality among the population and uniform growth of well-being are closely related to each other. It showed that economic and political measures aimed at solving only one of the three problems can have a negative impact on the other two. In this regard, the former chief economist of the World Bank, Francois Bourguignon, created the economic model "Triangle: poverty-economic growth-inequality", the basis of which is to determine the change in the level of poverty in the world by the growth of total incomes and income inequality. is based on the idea that it is possible
2. According to studies of this model, on the one hand, the general level of income and economic growth and on the other hand, changes in distribution and redistribution in the country affect each other. Both phenomena, in turn, affect the level of absolute poverty and the reduction of poverty in general.

ANALYSIS AND RESULTS

Reducing absolute poverty will be very difficult to achieve if the government focuses its efforts on only one of the above-mentioned goals. Therefore, at present, the model of the "triangle" (the relationship between poverty, inequality and economic growth and their interaction) is used by many international organizations in the development strategies of countries and measures to reduce poverty. - is being used in the development of events.

Poverty has a negative impact on a country's ability to accumulate physical or human capital. The poverty trap is caused by market inefficiencies (fixed prices, lending norms, risks, lack of insurance, the poor generally do not make risky economic decisions) and institutional failures (civil conflicts, corruption). Humberto López and Luis Servén in their work "Too Poor to Grow" econometrically analyzed the impact of poverty on economic growth and said that poverty has a significant negative impact on economic growth. concluded and proved that a 10% increase in the number of poor people leads to a 1 percentage point decrease in economic growth.

In 2015, the share of poor people in the Republic of Uzbekistan decreased by 10.0% (more precisely, 9.8%) for the first time compared to 2006. This means that economic growth has increased by 1.0 percent compared to the same period. In 2023, it can be seen that it decreased by 10.5%, and during this period, the economic growth of the Republic of Uzbekistan increased by 1.05%. Today, the world's top 10 percent of workers earn ten times more than the bottom 10 percent. However, it should be noted that the impact of inequality on economic growth can be both positive and negative. The positive effect is due to the fact that income inequality and wealth inequality encourage the population to compete, save and invest. Inequality encourages innovative development and small business development. The negative impact is related to the following factors: inequality of opportunities negatively affects the choice of education and work, contributes to the ineffectiveness of state institutions and policies and the growth of corruption, civil conflicts, as well as the public's opposition to state authorities. reduces the level of confidence.

Financial reforms have direct and indirect effects on poverty reduction. It usually depends on the specific characteristics of the country's economy and the type of reforms.

Indirect effects can be important in cases where the net effect of a reform, observed through multiple channels, ultimately leads to behavioral changes at the household level. Reforms with stronger indirect effects:

- macroeconomic and fiscal reforms: monetary and credit reforms affect inflation and interest rates, foreign policy reforms affect the country's balance of payments and reserves, and fiscal reforms affect the fiscal deficit;
- reforms related to foreign trade and exchange rate reform: reform of tariffs and non-tariff barriers and exchange rate adjustment;
- agricultural reforms: ending regulated prices and changes in domestic subsidies and taxes;
- Financial sector reforms: liberalization of interest rates, credit distribution, reduction of entry barriers and regulatory reforms. Also, reforms that have a less indirect effect on raising the standard of living:
- reform of state finances: changes in the distribution and level of state expenses, changes in the level and structure of state revenues, improvement of tax administration;
- land reform: when the legality of distribution, land ownership, exchange and inheritance changes in favor of the landless;
- reforming the communal economy: restructuring state communal enterprises and increasing private participation;
- reforms in the financial sector: privatization or closure of state banks, support of financial institutions serving the poor;
- privatization: asset leasing and private management contracts and full privatization;
- reduction of public service: layoffs, salary reduction and decentralization of public services;
- social welfare: changes in targeted money and cash transfers, assistance to needy groups and social benefits;
- Pensions: reduction of national schemes, increase of non-state pension provision, introduction of social pensions such as cash assistance to the poorest pensioners.

It is worth noting that fiscal reforms affect the living standards of the population through three main channels: development of human capital, labor market, investments and taxation. An important task of the financial policy is to provide equal opportunities for the citizens of the country to develop and reach their full potential, because labor resources are the main component of the sustainable development of the country.

Low level of education and limited access to medicine leads to further impoverishment of the population and increasing inequality. Therefore, ensuring the availability of education and medicine, especially for the low-income sections of the population, should be an important direction of the tax-budget policy. Reforms in this regard include increasing state investment in education, development of free basic medical services.

Impact on the level of employment and unemployment is one of the main channels of direct impact on the income of the population. In this regard, a reduction in payroll taxes leads to an increase in the final amount of wages and, as a result, stimulates employment growth.

CONCLUSION

To sum up, to raise the standard of living, to reduce poverty, to reduce the unemployment rate, to introduce additional active programs to the labor market, to develop targeted social programs to support the population, to improve the project of targeted programs of the state will help. Based on

this, it can be noted that a number of factors are characteristic of the application of econometric models in the study of poverty reduction: in today's conditions of population aging and migration changes, youth, women, older workers, as well as low-skilled workers the number of workers and their corresponding observations: annual statistical data, the presence of qualitative indicators in addition to quantitative indicators: the effect of the developed program and decrees can be cited. This, in turn, confirms that the use of econometric models in the study of poverty reduction has its own characteristics.

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