# INCOME INEQUALITY AND POVERTY REDUCTION

Karimov Bekzod Kayumovich
Teacher of the "Chemical Technologies" Tashkent State Technical
University  named after Islam Karimov, Kokan branch

Saminova Dilbarxon G`anijon qizi
Department of the "Engineering" Faculty. Tashkent State Technical University
Named After Islam Karimov, Kokan Branch Faculty of "Engineering"
1-22- Economics 2nd Year Student

Abdug'aniyeva Zulxumor Alijon qizi
Tashkent State Technical University Named After Islam Karimov,
Kokan Branch Faculty of "Engineering"  1-22 – Economics 2nd Year Student

Saminova Dilbarkhan daughter of Ganijon
2nd Year Student

**Abstract**:
Izvestno, chto povysheniye blagosostoyaniya naseleniya, urovnya i kachestva zhizni, uvelicheniye yego dokhodov yavlyayutsya vysshimi tselyami Presidenta nashey strany i nashego gosudarstva. Dokhody naseleniya igrayut klyuchevuyu role' v dostizhenii etoy tseli. V dannoy glave rassmatrivayetsya ekonomicheskoye soderzhaniye urovnya zhizni i dokhodov, ikh sostav, a takzhe vliyaniye dokhodov na uroven' zhizni naseleniya. The basic cause of income inequality in the market economy has been studied. Proanalizirovany mneniya o neravenstve dokhodov, pokazano neravenstvo, yego prichiny i sledstviya. Takzhe opisany sotsial'naya politika gosudarstva, gosudarstvennyye programmy i ikh rol' v obespechenii problemy bednosti, snizhenii yeye urownya, povyshenii dokhodov naseleniya.

**Keywords**: Uroven jizni naseleniya, Dokhody naseleniya, Nominalnyy khod, Realnyy khod, neravenstvo dokhodov, bednost, sloi naseleniya.

## Introduction

Population standard of living and its main indicators. Population standard of living is a very broad and diverse economic concept. Therefore, this concept has been given different definitions in the economic literature. We summarize them and describe it as follows. The standard of living of the population is the level of providing the population with the material and spiritual benefits necessary for living and satisfying their needs with these benefits. The population's demand for material and spiritual benefits varies and changes rapidly depending on the natural, historical, national and other conditions. Accordingly,

the indicators representing the standard of living of the population are also different. A person's standard of living is related to the dialectical connection between the level of growing demands and the level of opportunities to satisfy them and its change. In this, the freedom of choice of a person should be increased, that is, he should be able to freely choose what to eat, where, how to live, how to study and learn. Therefore, in order for a person's standard of living to increase, he must have the necessary economic resources (opportunities) to expand his freedom of choice, live a long and healthy life, and acquire knowledge. Issues of peace, security, ecology and social justice are also important.

 The system of indicators of the standard of living of the population recommended by the UN includes the following groups:

1) birth and death rates and other demographic indicators;

2) sanitary and hygienic living conditions;

3) consumption of food products;

4) living conditions; 5) information and culture;

6) working and employment conditions;

7) incomes and expenses of the population;

8) cost of living and consumer prices;

9) vehicles;

10) organization of recreation;

11) social security;

12) human freedom.

 In addition to these main indicators, there are several other indicators that are shown separately: per capita GDP, per capita national income, per capita volume of consumption and others. The set of goods necessary for human life includes such diverse needs as working conditions, education, health, food and housing quality. The level of satisfaction of people's needs depends on the level of individual and family income of society members. Living standards can be measured at the national level (for the entire population) and at the stratified micro level (for a specific group of the population). The standard of living is closely related to people's lifestyle. Lifestyle is a socio-economic category that reflects the type and methods of life activity of people (society, social class, individual) in the national and world community. Lifestyle covers various aspects of human activity, namely: - work, social forms of its organization; - forms of life and free time use; - participation in political and social life; - forms of meeting material and spiritual needs; - norms and rules of behavior of people in everyday life. Population income and its composition. As a result of the distribution and redistribution of the gross domestic product, the income of the population is formed. Income of the population refers to the amount of money and in-kind receipts received by them in a certain period of time (for example, in a year). The level of income of members of society is considered an important indicator of their well-being, and at the same time, it determines the possibilities of individuals to have fun, get education, maintain health, and meet their most basic needs. Among the factors that have a direct impact on the level of income of the population, in addition to wages, the dynamics of retail

prices, the degree of saturation of the consumer market with goods, etc. take an important place. Population income can be in monetary and in-kind forms. Income of the population includes all monetary incomes in the form of wages, income from business activities, allowances, pensions, scholarships, income from property in the form of interest, dividends, rent, securities, real estate, agricultural products, crafts. and includes income from the provision of various services. Natural income consists of products produced by households for their own consumption, taken at the expense of labor wages. Nominal and real income concepts are used to assess the level of population income.

 Nominal income is the monetary amount of income received by the population in a certain period of time.

 Real income is the amount of goods and services that can be purchased with the income at the disposal of the population. That is, the real income means the purchasing power of the income available to the population . Nominal monetary income of the population is formed at the expense of various sources, the main of which are the following: a) income received at the expense of production factors; b) cash receipts in the form of payments and benefits under state aid programs; c) monetary income received through the financial and credit system. In the context of the modernization of the economy of our country, a number of changes have occurred in the structure of the population's income. **First of all** , the forms of income have changed, i.e. completely new ones are added to its traditional types (salary, pension, allowance, stipend) - income from business activities, (real) property, securities, foreign currency added **Secondly,** the components of income have changed in terms of quantity and quality, in this regard concepts and categories such as real income at the disposal of a citizen, coefficient of accumulation and separation, income deficit, subsistence minimum, poverty level, purchasing power of family money income have appeared. Thirdly, a new way of using the income has appeared: mandatory payments and contributions, foreign currency, expenses for the purchase of securities and private committee property, deposits in commercial banks are among them. By the last decade of the 21st century, the issue of income inequality has returned to the agenda. This is mainly explained by the fact that inequality has reached an extraordinarily high level in developed countries and continues to grow. For example, in the 1980s, the top 1 percent of the population in the United States owned about 22 percent of the total income, while today this figure is around 35 percent.

All countries in the world differ greatly in terms of average income per capita. This means that there is inequality between the income levels of the population of different countries. At the same time, there will be a difference in the level of average income of different strata and groups of the population of the countries taken separately. Even the level of economic development of the country cannot eliminate the differences in income. It is self-evident that economic growth leads to increased incomes. In this case, the income of the entire population will gradually increase in absolute terms. Although the absolute amount of income increases, it may not always affect the level of income inequality.

In order to quantify the level of income inequality, the Lawrence curve is used in world practice. Absolute equality and absolute inequality do not exist in real life. Perhaps the distribution of income among certain groups of the population is uneven. Such a distribution can be traced through the 0E curve known as the Lorenz curve. From the curve connecting the share of population groups and the share of income, it can be seen that the first 20 percent of the population has a very small (up to 3-4 percent) share of income. The share of income corresponding to the following groups increases. The largest part of the income (almost 60 percent) belongs to the last 20 percent of the population. Even within this group, incomes are unevenly distributed, i.e. the first 10 percent have about 20 percent of the income, the next 10 percent have almost 40 percent of the income, etc. The line representing absolute equality and the Lawrence curve the difference between reflects the level of income inequality. The greater this difference, that is, the farther the Lawrence curve is from the 0E line, the greater the level of income inequality. If the true distribution of income is absolutely equal, then the Lorenz curve and the bisector axis coincide and the difference disappears. One of the most widely used indicators of income stratification is the decile coefficient. This indicator represents the ratio between the average income of the 10 percent of the most well-off population and the average income of the 10 percent of the least well-off 676.

The existing differences between regions in the formation of incomes are explained by several factors. In the case of Uzbekistan, the main natural resources characterizing the region and the government's attention to this region (investments, infrastructure, etc.) are decisive factors in the formation of income and the origin of differences between regions in this regard. In particular, Navoi region and Tashkent city, which are leaders in the republic in terms of total income per capita, are a clear example of the extent of the influence of the above factors. However, it should be noted that before the beginning of the "new era" the level of income in these regions was not significantly different from that of other regions. Currently, total income per capita in Tashkent city and Navoi region, which has the highest level of total income, in 2021 was 30.2 and 24.2 million soums, respectively. The average indicator of total income for the republic was 14.8 million soums. In other words, the average Tashkent citizen and the average Navoi are 2 times and 1.6 times richer than the average person in the republic, respectively. The total income per capita of the city of Tashkent is the lowest level of the total income per capita in the republic. area - almost 2.8 times higher than Fergana region. In 2016, the difference between total income per capita of Tashkent city and Fergana region was 2.5 times. As we have seen, the difference between regions in terms of income formation has been increasing in recent years. If remittances from outside the country are excluded from the total income of the regions, the situation becomes more serious. The share of remittances from abroad in the total income of high-income regions is twice as low as that of low-income regions. In particular, as of 2021, the share of remittances from abroad in the total income of Tashkent city and Navoi region was 10.6 percent and 4.3 percent, respectively, while in Khorezm, Samarkand, Andijan, Surkhandarya regions and the Republic of Karakalpakstan the figure is above 20

percent. In other words, if remittances from abroad are excluded from the composition of total income, in particular, in the case of Tashkent city and Fergana region, the difference between the level of income reaches 3 times (when remittances are included, the difference was 2.8 times).

**CONCLUSION**

M. Friedman, one of the founders of the effective implementation of the monetary policy in the USA, emphasizes that income inequality does not accurately reflect statistical distribution. According to him, the distribution of income in terms of consumption depends on the reasons that create them. One of the reasons for income inequality is the unequal distribution of people's abilities. The scientist H. Stakle also emphasized this tendency, while J. Minser identified and evaluated the factors of investment in human capital and income inequality. He notes that the inequality of people's income depends on investments in human capital, and that the investment process is based on free choice. According to Mincer, a big salary requires a lot of learning. Therefore, the inter-occupational difference is explained by the differences in their learning, and the mutual absolute difference in the learning periods causes the percentage differences in annual income. The difference between the incomes of several owners of the same profession is due to the extension of the investment period in human capital experience. In general, it is said that factors such as education, age and occupation, physical ability, and mental capacity play an important role in the stratification of people's incomes. My suggestion is this

- LOSS OF THE MOOD OF GRACE IN THE POPULATION.
- CUTTING COSTS IN A LOW REVENUE CONDITION.
- EXPORTING LABOR PRODUCTS, NOT LABOR MIGRANTS. ACCESS TO THE WORLD TRADE ORGANIZATION.
- FROM SMALL BUSINESS TO BIG BUSINESS.
- EQUALIZATION OF FUND TO INVESTMENT.

That is, ending the social protection provided to the population today.

Having wedding ceremonies depending on one's income is certainly necessary for national values, but this should not be the reason for the standard of living and future quarrels. Ending labor migration, creating enough jobs in our country for the workforce. Making the existing draft laws long-term is a very important aspect in order to establish the activity and self-production of the entrepreneur if the draft law is created for at least 15 years. The population has a large amount of cash in their hands and it is kept at home. People prefer to keep their money at home rather than in the bank. This leads to a deterioration in the rate of money circulation in the economy. The money kept at home, that is, savings, should be converted into investments. It is necessary to spend on the development of lagging sectors.

**OFFERS**

Instead of giving everyone a sewing machine, organize a workshop in the neighborhood. Providing social protection only to those with limited means and those who are experiencing severe Eid.

State interference in business activity only by law and the development of a draft law that will not be studied for at least 15 years. In the form of a subsidy of 9 million soums for a contract for a youth leader who entered school in 2022, this is a great loss for the state budget. I believe that a person who receives 5 million soums a month does not need social protection. Taking measures such as cutting off electricity, gas and water supply for people who have a job and are not working while being able to work, or not admitting their children to school. This may cause protests at first, but it will pay off in 2 years

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