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POPULATION INCOME AND SOCIAL POLICY OF THE STATE

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Abstract: The article examines the issues of population income as a key indicator of socio-economic development and the role of state social policy in their regulation. An analysis of the literature and theoretical approaches is carried out, a research methodology is proposed, and an assessment of the current state of population income and social policy in the Republic of Uzbekistan in 2023-2025 is performed. Based on statistical data and regulatory documents, the main problems are identified, and measures are proposed to improve the quality of life and strengthen social protection. The conclusion is made about the importance of the relationship between effective social policy and the growth of population incomes.

Keywords: Population income, social policy, social protection, state regulation, Uzbekistan, standard of living, inequality, income redistribution.

Introduction: Population incomes are one of the most important indicators reflecting the standard of living and the degree of economic development of a country. They determine purchasing power, access to basic goods, the level of consumption, and social well-being. In a market economy, state social policy plays a key role in ensuring a fair distribution of resources and minimizing social inequality.

In recent years, the Republic of Uzbekistan has seen significant transformations in the field of social policy and population incomes. The government is taking measures to improve social protection, increase wages, and expand targeted assistance to vulnerable segments of the population. However, problems remain related to uneven income distribution, shadow employment, and insufficient targeting of social support.

Literature Analysis. The issues of population income and state social policy have traditionally been at the center of economic science. Various authors offer many approaches to defining, measuring, and analyzing income, as well as to assessing the effectiveness of social policy.

Thus, according to S. G. Strumilin, population incomes are "cash and in-kind receipts received by citizens from various sources to meet personal needs"[1]. In classical theory, incomes are treated as a result of participation in the production process (K. Marx, A. Smith), where the main sources of income are labor, capital, and land[2].

Modern studies focus on changes in the structure of income, the growth of social transfers, and the importance of government intervention. According to T. M. Shevchenko, "the social policy of the state becomes a key tool for smoothing inequality and ensuring basic living standards"[3].

International organizations also contribute to the development of theoretical and methodological foundations for the analysis of population incomes. According to the World Bank, in countries with transition economies, the most important tasks of social policy are combating poverty, supporting vulnerable groups, and fostering inclusive growth[4].

In Uzbekistan, active attention has been paid to this issue since 2017 — the period of the beginning of a new wave of reforms. In the works of Uzbek economists, such as I. A. Abdullaev and N. Yu. Sultanova, the need to strengthen the targeting of social support and stimulate employment as factors in increasing population incomes is emphasized[5].

Thus, the scientific literature notes that population incomes and social policy are closely interconnected, and their harmonization is the basis of sustainable development. However, in the context of national specifics, adapted approaches are needed that take into account the socio-economic realities of the country.

Methodological Research

This paper uses general scientific and special methods of economic analysis aimed at a comprehensive study of the relationship between population income and state social policy.

Analysis and Results

In recent years, the Republic of Uzbekistan has been implementing large-scale measures aimed at increasing the level of population income and developing social policy. Based on the analysis of statistical

data, the following key trends can be identified.

Dynamics of Population Income

According to the Statistics Agency, in 2023, the average per capita income of the population was 12.6 million soums per year, which is 14.2% more compared to 2022. The main growth was due to an increase in wages and the expansion of the private sector. Nevertheless, the income structure remains uneven. In 2023, the share of wages in total income was 60.1%, entrepreneurial activity – 21.5%, social transfers – 12.7%, other income – 5.7% [6].

Poverty Level

From 2020 to 2023, the poverty level in Uzbekistan decreased from 17% to 11%. This was made possible thanks to reforms in social policy, in particular – the expansion of targeted assistance programs and an increase in the minimum wage (MROT)[7]. Nevertheless, about 4.5 million people (data as of the end of 2023) still live below the poverty line, especially in rural areas. The problem of regional inequality remains relevant.

Wages and Employment

The minimum wage in January 2024 was set at 1,000,000 soums, which is 20% higher than the previous year. The average wage in the country was 4,200,000 soums, however in the public sector it is significantly lower – about 3,000,000 soums [8]. The level of official employment is about 65%, while a significant part of the economically active population works in the shadow sector, which makes it difficult to fully account for income.

Social Support Measures

As part of the 2023–2025 reforms, the following measures were implemented:

- The number of households receiving targeted assistance increased from 600 thousand in 2021 to 2.2 million in 2023.
- A digital database "Yagona" was created, which allows to accurately assess the needs of households [9].
- Support programs for families with children and persons with disabilities have been expanded.

However, in some cases, problems remain with the targeting of payments and the effectiveness of administration.

Main Problems of Population Income in Uzbekistan

Despite the emerging positive trends in the socio-economic policy of the Republic of Uzbekistan, the problem of insufficient income levels for a significant part of the population remains relevant. Sustainable and fair income distribution is constrained by a number of structural and institutional factors.

Firstly, there is a low level of real income of the population. The growth of nominal wages and other incomes is accompanied by high rates of inflation, which leads to a decrease in their purchasing power. According to the Central Bank of the Republic of Uzbekistan, the inflation rate in 2023 was 8.8% [10],which largely nullified the real increase in income, especially for citizens with fixed earnings, pensioners, and other vulnerable categories.

Secondly, an important problem remains shadow employment and informal sources of income. According to various estimates, from 30 to 40% of the country's working-age population is involved in informal employment, without having an official employment contract, social insurance, and pension savings [11]. This situation not only reduces the level of protection of workers but also distorts data on population incomes, making it difficult to form effective social policy.

Thirdly, regional differences in income levels remain significant. Thus, in Tashkent and Navoi region, the average wage level exceeds the same indicator in Surkhandarya and Namangan regions by 40–60% [12]. This leads to increased internal migration, growing social tensions, and depopulation of individual territories.

The fourth problem is the limited number of highly qualified and highly paid jobs. A significant part of employment is concentrated in industries with low labor productivity — agriculture, construction, and small business. Insufficient development of high-tech and knowledge-intensive sectors limits the possibilities for obtaining sustainable and decent incomes[13].

The fifth direction is insufficient access of the population, especially in rural areas, to credit and financial services. High-interest rates, an insufficient level of financial literacy, as well as the weak development of microfinance infrastructure hinder the development of self-employment and small businesses[14], reducing the potential for income growth in disadvantaged segments of the population.

Finally, the problem of low coverage of the population with the social support system remains relevant. Despite the expansion of targeted assistance programs and the digitalization of distribution mechanisms, a significant proportion of those in need do not receive support. Among the reasons, we can highlight weak coordination between levels of government, insufficient public awareness, and technical failures in the application processing processes.

Proposals and Solutions for Increasing Population Income and the Effectiveness of Social Policy in Uzbekistan

To increase the level of population income and ensure social sustainability, a comprehensive approach is needed that combines economic, administrative, and institutional measures. In this regard, the following priority areas of state policy can be identified[15].

Stimulating the Growth of Real Incomes of the Population Through the Modernization of the Economy

The most important condition for increasing real incomes is the development of highly productive and innovative sectors of the economy. Priorities include industry, information technology, logistics, and the processing of agricultural products. Particular attention should be paid to supporting small and medium-sized enterprises (SMEs) through the provision of concessional loans, tax preferences, and educational programs on entrepreneurship.

Reducing the Scale of Shadow Employment

To bring informal employment into the legal mainstream, it is necessary to create a favorable institutional environment. Effective measures could include simplifying the procedures for registering individual labor activity, reducing the tax burden on wages, and introducing tax holidays for self-employed citizens. It is also relevant to introduce digital platforms for recording labor relations and automating the payment of social contributions, which will increase transparency and accountability in the labor sphere.

Strengthening the Targeting and Effectiveness of Social Policy

To improve the accuracy in the distribution of social assistance, it is necessary to modernize information databases, including the Unified System "Yagona", taking into account regional specifics, household composition, level of education, and employment. Automating the mechanisms for recalculating payments depending on the dynamics of income and introducing digital monitoring of their effectiveness will increase the targeting of social support.

Aligning Regional Socio-Economic Disparities

To ensure balanced territorial development, it is necessary to intensify investment policy in underdeveloped regions. Clusters, industrial zones, and cooperative agricultural associations should be developed, stimulating local employment and productivity. An important area is the provision of incentive payments and subsidies to young professionals in the fields of education, health, and social support working in remote regions.

Increasing the Transparency of Social Policy and Public Confidence in its Instruments

The development and regular publication of reports on the implementation of social policy in open access, as well as public consultations with citizens through digital platforms of e-government, contribute to increased accountability and strengthening confidence in social protection institutions.

Expanding Financial Accessibility and Improving Financial Literacy of the Population

It is necessary to introduce mass educational campaigns on financial literacy, primarily focused on women, youth, and rural residents. Reducing interest rates on microfinance for low-income and self-employed citizens will provide access to financial resources and create the prerequisites for income growth through self-employment and entrepreneurship.

Social Policy of Uzbekistan in 2023-2025

In recent years, Uzbekistan has implemented large-scale reforms in social policy to increase targeting, digitalize assistance, and expand coverage for vulnerable populations. The main focus is on creating a sustainable, transparent, and human-centered social protection model. Below are the key areas and results of the state social policy implementation from 2023 to 2025.

Digitalization of the Social Protection System

A crucial step was implementing the "Yagona reestri" (Unified Registry) information platform, which significantly increased transparency and objectivity in providing benefits. By the end of 2023, over 2.5 million households were registered, and the assistance allocation process became automated, reducing corruption and subjective assessments of need.

Expansion of Targeted Assistance

The targeting of social support significantly increased. The number of families receiving low-income benefits increased from 1.2 million in 2022 to 2.2 million in 2023. Consequently, the state budget for social protection increased by 34% compared to the previous year. Payments for children and people with disabilities also increased, improving the living conditions of the most vulnerable.

Employment Support

To reduce unemployment and stimulate economic activity, initiatives focused on employment development were launched. Under the "Every Young Person - a Source of Income" program in 2023-2024, over 4 trillion soums were allocated for microloans and equipment for young professionals, artisans, and farmers. Additionally, the "Ishga marhamat" (Welcome to Work) online platform was introduced to facilitate employment and skills training.

Measures to Ensure Social Justice

To fairly distribute the tax burden, a progressive income tax scale was introduced, taxing higher

incomes at a higher rate. Pilot projects on social contracting were also implemented, providing assistance based on an agreement between the state and citizens in need. Recipients agree to use the assistance to enter the labor market or start a business.

Social Protection of Vulnerable Groups

In 2024, the Law "On Social Protection" was adopted, solidifying the status of individuals entitled to benefits[16]. Special attention is paid to ensuring equal access to social infrastructure for people with disabilities: over 1,000 buildings were renovated, inclusive programs were introduced in education, and conditions are being created for their full participation in public life.

Conclusion and Proposed Recommendations

The dynamics of population income in recent years indicates growth; however, inflation and informal employment remain serious problems that affect the real situation of most citizens. The structure of income remains uneven, and many segments of the population continue to face poverty and social exclusion.

Uzbekistan's social policy has undergone significant changes in recent years. Digitalization of the social protection system, expansion of targeted assistance, programs to support employment, and social protection of vulnerable groups are the main achievements. However, issues of regional disparities in income, the low effectiveness of some social programs, and problems with access to financial resources for some of the population remain unresolved.

We believe that attention should be paid to the following measures:

- Developing high-productivity sectors of the economy that determine the modernization of the entire economy, and strengthening measures to combat the shadow economy.
- Strengthening the targeting of social assistance, improving conditions for self-employment and entrepreneurship, and improving the legislative framework.
- Enhancing transparency and trust in social programs, enabling the reduction of poverty among the population.

The link between population income and social policy demonstrates that effective social policy can not only mitigate the effects of poverty but also create a basis for increasing income levels through employment, training, and microfinance programs. One of the key factors is the availability of a stable source of income for citizens, which can be ensured by comprehensive state support measures.

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