



**POVERTY REDUCTION POLICY IN THE NATIONAL ECONOMY AND
ITS SOCIO-ECONOMIC MECHANISMS**

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Abstract: *In order to solve the problems of increasing the standard of living and the quality of life in the country, the concept of eliminating the poverty of the population is necessary for labor. Taking into account the measures clearly defined by the President of the Republic, economists are trying to substantiate this concept and to clarify a number of measures and conditions for the independent release of the working population from poverty based on decent work.*

Key words: *Poverty, labor market, population income, subsistence minimum, vocational training, entrepreneurship training, poverty reduction.*

Today, the problem of poverty cannot be effectively solved without improving the labor market policy and wage policy in Uzbekistan. Recognizing the need to develop targeted social assistance programs for the population, it should be noted that in the current context, these programs are largely aimed at reducing high levels of poverty among the majority of the working-age population. If the policy set by the state is aimed at increasing the employment of the population, creating new jobs and forming the organizational and financial basis for maintaining the existing ones, a real reduction in the level of poverty will be achieved.



Poverty has been a "closed topic" in Uzbekistan for many years. In the address of the head of our state to the Oliy Majlis on January 24, 2020, he openly addressed this issue and for the first time in the country's history, reducing poverty was set as a priority task.

In accordance with the decree and decision of the head of our state on February 18, 2020, the Ministry of Neighborhood and Family Support was established to support families in need of social protection and low-income families, and to effectively involve the population in business activities.

A vertical system was created by introducing positions responsible for the development of entrepreneurship and reducing poverty at the local, district (city), regional and republican levels.

As a result of the consistent policy of our President, the position of Deputy Prime Minister for Finance, Economy and Poverty Reduction was introduced in the government, along with the establishment of the Ministry of Economic Development and Poverty Reduction. special working groups were established in the government.

On February 27, 2020, under the chairmanship of the President of Uzbekistan Shavkat Mirziyoyev, a video selector meeting dedicated to measures to reduce poverty through entrepreneurship was held. "According to initial estimates, 12-15% or 4-5 million people are poor. So, their daily income does not exceed 10-13 thousand soums. Or the family may have both a car and a pet, but if a person is seriously ill, at least 70 percent of the family's income goes to his treatment. Can such a family be called a self-sufficient family? "As the president, I am tormented every day by the questions of what is happening in the life of our people, food, treatment, education, clothes for their children. At the meeting, the head of state added: "The reduction of poverty does not mean an increase in monthly or pension benefits, public loans. For this, first of all, it is necessary to establish vocational training, financial literacy, entrepreneurship, infrastructure, education and upbringing of children, quality treatment, targeted benefits, - said the President. [1]

Currently, there are about 1.4 million officially unemployed women and young people in Uzbekistan. The unemployment rate is 13% among women and 15% among young people. This indicator is especially high in Fergana, Samarkand, Andijan, Kashkadarya and Tashkent regions.

At the same time, taking into account the need for 104,000 specialists in construction, 71,000 in the utility sector, 68,000 in the service sector, and 46,000 in



the light industry, it is necessary to develop measures in these areas and prepare unemployed people for specialization. The main direction of significant reduction of poverty in Uzbekistan is President Sh. Mirziyoyev: "We should give our people a hook, not a fish." i.e. on the implementation of the creation of new jobs by providing them with vocational training, entrepreneurship training and helping them start work in the interests of the population in need of social protection, who are not protected by the social security policy in the labor market it is necessary to develop a program of comprehensive measures. [2]

A new category of the poor is the emergence of the working poor, where the role of the state, the competitiveness of the national economy, industrial policy aimed at increasing production efficiency and ensuring employment of the population, the competitiveness of Uzbek enterprises and the economic development of local production It is expressed in the implementation of growth policy and the creation of conditions for their support. The creation of such conditions is an important condition for the able-bodied population to earn enough income, thereby creating an opportunity to support themselves and their families.

Therefore, all issues related to employment, wages and poverty reduction or poverty eradication in Uzbekistan can be solved within the framework of the national poverty reduction program. The program should have two directions in the elimination of poverty of the working-age population.

1. Development and improvement of the labor market, including promotion of employment and work, improvement of the wage system and increase of its productivity, development of vocational education and entrepreneurship among the population, creation of all amenities are prerequisites for people to work and live well. the creation of conditions will lead to a significant reduction of poverty of the economically active population in the short term, and to its complete elimination in the long term. This is the main condition for the effective implementation of the country's labor potential, and it is the foundation of economic, scientific-technical and social development in the society.

2. The state should support the able-bodied population who cannot get out of poverty on their own. It is necessary to take special measures in case of mass unemployment as a result of pandemics, man-made and natural disasters that lead to bankruptcy. It is necessary to prevent the large-scale implementation of state social



assistance for the working population, on the contrary, it is necessary to maximally abandon the provision of state social assistance to the working population on the spot.

In this regard, the measures taken by the head of our state to determine the real minimum living wage and the poverty line, and to determine the real minimum wage, should certainly produce effective results. Based on the requirements of the market economy, it is necessary to ensure that wages fulfill an economic function rather than a social one. It is necessary to systematically reform the labor market and social-labor relations. It is impossible to achieve positive results with special measures in this regard. In the context of economic globalization and increasing international competition, priority is given to forming an active society, helping enterprises and workers adapt to the world economic environment, adapting the workforce to the ever-changing requirements of the labor market, and helping the economically active population realize its potential. .

Creating conditions for the working population to get out of poverty on their own includes the following aspects:

1. Improving the quality of human resources:
 - Increasing the competitiveness of the labor force and forming a labor market based on competition between employers;
 - The difference between men's and women's wages, which exists in all countries and cannot be explained by work experience or type of education, that is, opening the economy to foreign trade and investment, which helps to reduce the gender gap;
 - Modernization of the vocational education system and creation of an in-depth study of the conditions of demand organization;
 - Formation of admission quotas based on industry and regional requirements for the training of specialists in higher education institutions;
 - Organization of training and professional development complexes on the basis of regional employment assistance centers, secondary special and higher educational institutions;
 - Active involvement of non-governmental non-commercial organizations in the establishment of vocational training centers;
 - Establishment of monocenters and vocational training centers by the Ministry of Employment and Labor Relations for training unemployed citizens in



professional knowledge and skills, as well as foreign languages, depending on the need;

➤ Together with business centers, training unemployed citizens and the unemployed in the basics of entrepreneurship;

➤ Directing 70% of funds under family business programs to small and medium-sized business projects aimed at creating jobs for low-income segments of the population;

➤ Providing bank loans to enterprises that provide employment for low-income population;

➤ Creation of interactive mobile applications, "business navigators" that answer all questions and are understandable for those who want to engage in self-employment:

➤ Increasing the number of shopping and entertainment centers and developing mobile trade, removing excessive restrictions in this regard;

➤ formation of an effective system of training of highly qualified specialists in highly profitable activities;

➤ Payments by employers for the training of young professionals, i.e. terms of payment by employers for higher and secondary special education of young professionals to contracts in regional and branch sectors, and work in organizations financed for the education of young professionals enter terms;

➤ Implementation of long-term forecasting and programming of personnel training in higher and secondary special educational institutions, their distribution based on the orders of the state and other organizations;

➤ Creating conditions for the population who want to solve the problems of housing, education and health on their own: assistance of young professionals in the purchase of housing by employers.

➤ It is necessary to provide targeted assistance to the families of young professionals in purchasing housing under mortgage loan programs, and to include in legal and industry agreements about the working conditions of young professionals in organizations assisting them in purchasing housing.

2. Elimination of regional imbalances in the development of labor resources, labor market and population employment:

➤ Stimulating the establishment of small businesses (cooperatives, private farms) in rural areas;



- Introduction of the principles of small mechanization in agricultural production;
 - Formation of the standard of living of the rural population by providing permanent employment of the labor force in intensive types that meet the requirements of the agricultural reform;
 - Organization of centralized purchase of agricultural products from small production units (cooperatives, private auxiliary farms);
 - Creating conditions for equal placement of wealthy citizens between the city and the countryside. This action plan should be aimed mainly at encouraging the construction of summer houses in the country's recreation areas, suburbs and rural areas;
 - More complete calculation of wages in a production environment;
 - Allocating one-time compensation to certain working groups and households in order to reduce the negative impact of the globalizing economy;
 - A sweeping reform program could hurt workers who stand to gain heavily from protecting certain industries. Although this group usually has an average income, it can become an open competitor of public policy.
3. Development of the labor market and promotion of effective employment:
- Reducing hidden unemployment by improving production and labor organization;
 - Development and implementation of measures to legalize the hidden economy and wages, to eliminate the practice of informal employment, including in the consumer market, education and medicine;
 - Elimination of structural unemployment, development of long-term assistance programs for the unemployed: unemployment insurance;
 - Development of additional employment, creation of additional jobs for disabled people;
 - Ensuring that the unemployed participate in various employment programs closely related to unemployment periods and skill levels. At the same time, when developing measures to include the unemployed in employment programs, taking into account the existence of competition between the target groups of the population applying to join these programs;



- Pre-vocational training of employees of organizations at risk of dismissal, training of graduates of educational institutions in order to gain work experience;
- Stimulating the activities of enterprises that create jobs for persons with disabilities;
- Stimulating the activities of local state authorities actively involved in the prevention of poverty, increasing the income of the poor, engaging in entrepreneurship or other labor activities;
- Creation of new jobs in newly established enterprises, especially in the field of small business;
- Social protection of youth from unemployment. Organization of training of graduates in the field of continuous education for targeted (in-demand educational specialties);
- Formation of institutions of socially responsible employers in the regions. To give structure and vitality to this process, we identify three priority areas:
 - a) training entrepreneurs in the correct social behavior in the labor market: this means promoting and popularizing the principles of social responsibility. One of the main conditions for the creation of "ethical economy" is the formation of a new type of economic thinking and, as a result, the responsibility of business in the labor market. Modern business should be large-scale and forward-looking; it is necessary to understand that responsibility to society is not only necessary, but also useful. In particular, investing in human capital (training, health, etc.) is always preferable, because in the future, smart and healthy employees will benefit the employer;
 - b) creating a model of relations with all participants of social partnership; the main goal is to develop technologies, criteria, motivation, incentives that help to form a responsible business culture;
 - c) institutionalization of the concept of social responsibility of business: adoption of new laws defining the norms of public-private partnership.
- Creating new jobs, providing high wages, providing employment to persons with disabilities, providing financial assistance to war and labor veterans, providing funds to support the segments of the population in need of social protection. preparation of the regulation on the procedure for organizing and conducting regional elections for education; organization and holding of regional competitions among employers;



- Encouraging honest employers and employees: development of a system of economic and social indicators that determine the level of economic and social integrity of employers in relation to employees, honesty of employees in relation to their activities, introduction of incentive mechanisms based on the system of indicators;
- Exemption from personal income tax for citizens whose income is lower than the subsistence minimum in the region;
- To put an end to the neglect of private business entities that neglect the physical and mental health of the labor team;
- Improving the activities of trade unions to strengthen collective bargaining;
- Development of a mechanism for organizing trade unions in the private sector of the economy;
- Expansion of the tax payer base; increase tax revenues, including sales and paid services (from private education and health services);
- Registration of housing and real estate, annual mandatory declaration of luxury houses, cars, jewelry and other valuables belonging to civil servants and their family members; taxation of luxury and expensive property;
- Implementation of the policy of cost sharing in the financing of the education and health sectors through the provision of paid services between the budget and the rich;
- Develop a program for the development of handicrafts and folk crafts for the formation of the labor market and services;
- Formation of the competitive position of women in the labor market: the industrial policy is aimed not only at the development of the extractive industry, which is mainly focused on the labor of men, but also at the development of the production industry (light, food, chemical, etc.) in order to ensure the employment of women. should focus;
- Given the opportunities for women to work, take care of the sick and the elderly, supervise children, participate in sociological and other observations, public works (roads, construction, etc.) are now given more attention to men. determination of nomenclature; creating conditions for the realization of the professional potential of a woman: ensuring the right to use children's institutions for care of children outside the home or at home, but using special services;



- The development of the service and household sector, on the one hand, creates jobs for women, and on the other hand, helps single mothers and allows to harmonize home employment;
- Changes in income policy: increasing the level of wages and all types of income of the economically active population in budget and commercial organizations;
- The conditions for the official independence of the working population from poverty, the creation of well-paid and productive jobs due to the opportunity for citizens to ensure a decent standard of living should be the main direction of poverty prevention in society. Only pensions and benefits for those who cannot support themselves should be paid in amounts that allow the economy to grow.

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