



# International Journal for Innovative Engineering and Management Research

A Peer Reviewed Open Access International Journal

www.ijiemr.org

**COPY RIGHT**



**ELSEVIER**  
**SSRN**

**2021 IJIEMR.** Personal use of this material is permitted. Permission from IJIEMR must be obtained for all other uses, in any current or future media, including reprinting/republishing this material for advertising or promotional purposes, creating new collective works, for resale or redistribution to servers or lists, or reuse of any copyrighted component of this work in other works. No Reprint should be done to this paper, all copy right is authenticated to Paper Authors

IJIEMR Transactions, online available on 28th March 2021. Link

<https://ijiemr.org/downloads/Volume-10/ISSUE-3>

**DOI: 10.48047/IJIEMR/V10/I03/116**

Title: **LIVING STANDARDS OF THE POPULATION AND ITS DEPENDENCE ON THE FINANCIAL STATE**

Volume 10, Issue 03, Pages: 538-542.

Paper Authors:

**Abdulkhalilova Saboxat Naimovna**



USE THIS BARCODE TO ACCESS YOUR ONLINE PAPER

To Secure Your Paper As Per **UGC Guidelines** We Are Providing A Electronic Bar Code

## LIVING STANDARDS OF THE POPULATION AND ITS DEPENDENCE ON THE FINANCIAL STATE

**Abdulhalilova Saboxat Naimovna**

Senior Lecturer of the department of Economics, Tashkent Financial Institute

**Abstract:** This article examines the issues of the standard of living and its dependence on income. The analysis of the concept of the standard of living and its borrowing from the financial behavior of the population is carried out. The income of the population, including the vulnerable stratum, is also analyzed.

**Keywords:** Standard of living, financial behavior, human capital, welfare of the population, lifestyle, financial situation, the value of the subsistence minimum

### Introduction

In modern science, the concept of the standard of living of the population usually has three key aspects, these are the well-being of the population, the accumulation of human capital and the level of human development. Well-being is usually the level of provision of a person's needs with material and non-material benefits. The accumulation of human capital is characterizing the state of health of the population, its educational, professional and cultural level from an economic point of view, that is, the position of the population's ability to reproduce social capital. The level of human development, characterizing the possibilities of realizing a person as an individual and as a member of a given society. The aspect of living standards includes two elements: the quality of life of people and the integration of individuals in society.

The standard of living gives an assessment of the economic side of the quality of life of the population and serves as a criterion in choosing the directions and priorities of the economic and social policy of the state, the central point of which is a person, his well-being, physical and social health. Determining the standard of living is a complex and ambiguous process, since, on the one hand, it depends on the composition and magnitude of the needs of society, and on the other hand, it is limited by

the possibilities for their satisfaction. This includes the efficiency of production and services, the state of scientific and technological progress, the cultural and educational level of the population, national characteristics, etc .

### ANALYSIS OF THE RELEVANT LITERATURE

Standard of living refers to the quantity and quality of material goods and services available to a given population. The standard of living is based on the volume of real income per capita and the corresponding volume of consumption. A number of authors believe that the concept of the level of well-being is not identical with the concept of the standard of living. The standard of living is a broader concept and is characterized not only by the volume of real incomes per capita, but also by the degree of provision of people with material and spiritual benefits<sup>1</sup>.

In the 70-80s of the 20th century, the concept of "lifestyle" was widely used. As noted by V.I.Bobkov, A.P. Pochnik and the team of authors: "a lifestyle is a set of typical types of life of an individual, a social group, society as a whole at a certain stage of its development in unity with living conditions"<sup>2</sup>.

The priority of consumption characteristics in the study of living standards is also recognized by other scientists.

<sup>1</sup> Khisamutdinov I. A. Fundamentals of Economics and Market Theory Archived copy of March 12, 2013 at the Wayback Machine, 2010, chapter 20.3 - Living standards and methods of its assessment

<sup>2</sup> Social policy, level and quality of life: dictionary. - M.: Publishing house MCUZh, 2001. - P.57

According to II Eliseeva, "the standard of living is understood as the provision of the population with the necessary material goods and services, the achieved level of their consumption and the degree of satisfaction of reasonable (rational) needs"<sup>3</sup>.

In the history of the development of economic thought, J. Keynes, J. Schumpeter, M. Friedman, F. Modigliani, M. Miller, D. Keneman, A. Tversky, G. Becker and other foreign researchers studied various aspects of human financial behavior. For example, D. Keneman and A. Tversky argue that a normal person is not able to correctly assess future benefits in absolute terms, in fact, he evaluates them relative to some generally accepted standard while trying to avoid worsening his position<sup>4</sup>. And G. Becker in his article<sup>5</sup> (later in his book<sup>6</sup>) described human capital as financing of education and showed the importance of financial thinking in making future plans. In fact, all this is rational behavior recognized by financial thinking.

Among other scientists studying financial behavior, the works of N.Khasankhonova are presented. For example, N.Khasankhonova believe that financial thinking is the assessment, action, behavior and ability to make decisions on investing funds. Thus, financial behavior occupies a special place among various types of economic behavior of the population, since it is it that is directly related to the redistribution and investment of funds. The financial situation of the population is one of the indicators of social well-being and economic well-being of the consumer<sup>7</sup>.

## RESEARCH METHODOLOGY

The standard of living of the population can be judged by assessing its financial position, socio-economic aspects of the development of society over the period under study. The main tasks and directions of studying the standard of living are as follows: general and comprehensive characteristics of the socio-economic well-being of the population; assessment of the degree of socio-economic differentiation of society, the degree of differences in the level of well-being between individual social, demographic and other groups of the population; analysis of the nature of the degree of influence of various socio-economic factors on the standard of living, study of their composition and dynamics; identification and characteristics of low-income strata of the population in need of socio-economic support.

Among the economic factors that characterize the standard of living, it is necessary to highlight the following:

Financial situation. To assess it, it is necessary to characterize the structure of monetary incomes of the population and their use, financial aspects. Cash incomes of the population include paid wages of employees (accrued, adjusted for the change in arrears), income of persons engaged in entrepreneurial activities, pensions, benefits, scholarships and other social transfers, income from property in the form of interest on deposits, securities, dividends and other income. Other income includes hidden wages. Cash income, net of mandatory payments and contributions, represents disposable cash income of the population.

<sup>3</sup> Income and wages policy: Textbook edited by P.V. Savchenko and Y.P. Kokin. - M.: Jurist, 2000. -- P.67

<sup>4</sup> Cit. by: Zhelaeva S.E. Methodological principles of the study of human behavior in the economy. // Bulletin of the Tambov University. - 2011. - No. 1. - S. 179-187. - (Humanitarian sciences)

<sup>5</sup> Becker G.S. Investment in Human Capital: A Theoretical Analysis. — Journal of Political Economy Vol.70, No.5, Part 2, 1962. — p.9—49. — [DOI:10.1086/258724](https://doi.org/10.1086/258724)

<sup>6</sup> Becker G.S. [Human Capital: A Theoretical and Empirical Analysis with Special Reference to Education](#). — Third Edition. — Chicago and London: The University of Chicago Press, 1993. — ISBN 0-226-04119-0. [Архивная копия](#) from April 9, 2016 at [Wayback Machine](#)

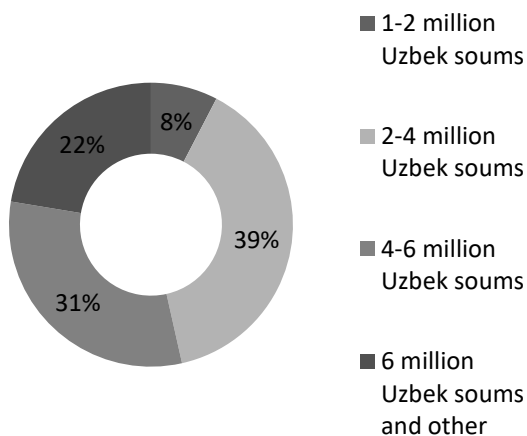
<sup>7</sup> Khasankhonova N.I. Analysis of the Financial Thinking of the Population (On the Example of the Republic of Uzbekistan). International Journal of Psychosocial Rehabilitation, 2020. Volume 24. —P.P.1886-1892

The size of the subsistence minimum in accordance with the law. It represents the cost estimate of the consumer basket (established by the Federal Law), which includes the minimum sets of food, non-food products and services necessary to maintain health, ensure human life, as well as mandatory payments and fees.

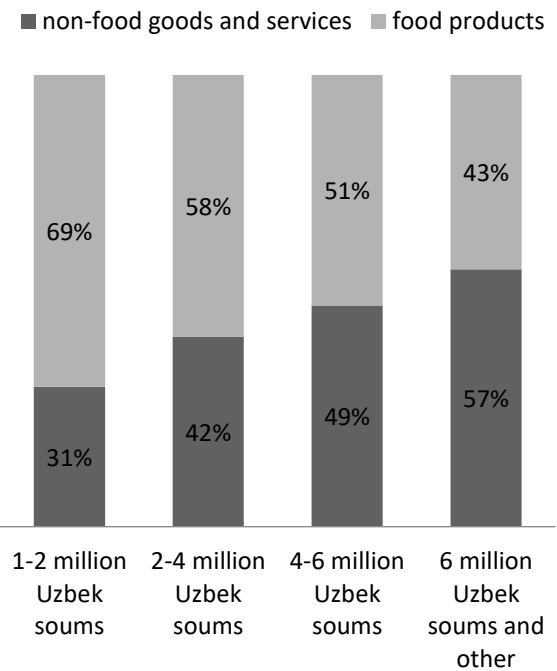
## ANALYSIS AND RESULTS

In Uzbekistan, a survey on household expenditures and incomes provided data from the Central Bank that disaggregated regional CPI data, this study analyzes the cost of living for different groups of households. According to the survey, the distribution of household incomes shows that the main share - 38.7% of respondents of households belongs to the group with incomes of 2-4 million Uzbek soums per month.

**Figure 1. Distribution of households by income level**



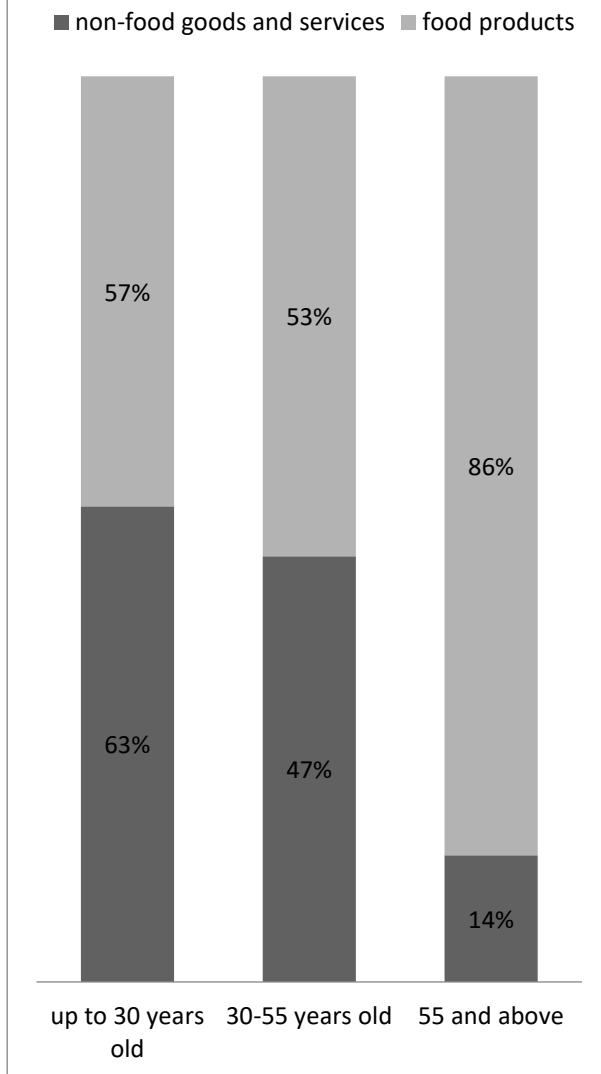
**Figure 2. The consumption structure of households with different income levels**



Analysis of the difference in the structure of expenditures between groups of households with different incomes shows that households with lower incomes spend most of their expenses on food products, and less on non-food products and services (i.e. transport, health care, education, etc.) compared to higher income groups (Figure 2.).

With an increase in the level of income in the structure of consumption, the share of food products is noticeably decreasing. The share of food products in the consumer basket of households with an income of 6 million soums or more is, on average, 26 pp less than that of households with an income below 2 million Uzbek soums.

**Figure 3. Structure of consumption by age groups**



An analysis of the age group of respondents shows that older people tend to spend more of their income on food (80% on average) than younger people, which may reflect the fact that young people spend more of their income on non-food products and services (Figure 3). At the same time, the expenses of the population aged 30-55 are 18% higher than among the age group under 30 and by 63% than among the population over 55 years old. The

relatively high share of non-food products in the structure of consumption of the population aged 30-55 is due to the fact that representatives of this group are mainly payers of public utilities and other financial obligations<sup>8</sup>.

The standard of living of the population is the most important criterion for assessing the effectiveness of the state's socio-economic policy. Its increase is the main goal of the social development of the welfare state. In recent years, Uzbekistan has been striving to ensure a decent life for all salts of the population. A number of documents have been adopted in this regard. Within the framework of this direction, in the next two decades, the state intends to ensure the availability of education and health services of the required quality, the required level of housing, access to cultural benefits, conditions that allow citizens to systematically engage in physical culture and sports.

A social policy will be pursued to support vulnerable groups of the population. Also, the authorities plan to ensure high standards of personal and environmental safety, improve the quality and effectiveness of combating crime.

### CONCLUSIONS AND SUGGESTIONS

The level and quality of life are interrelated, but they are characterized by different indicators. Quality of life is a generalizing socio-economic category that includes not only the level of consumption of material goods and services (standard of living), but also the satisfaction of spiritual needs, health, life expectancy, environmental conditions, moral and psychological climate, mental comfort.

In a crisis situation and restrictive measures, low-income segments of the population are more susceptible to changes in the prices of basic food products.

Given that the bulk of the low-income population works in the informal sector of the economy, the decline in economic activity will primarily affect their income. In this regard, the issues of the cost of living are acquiring special

<sup>8</sup> Information and analytical material about the standard of living and inflation. T.: 2020. - C.3-5

importance in the current environment and require the development of effective measures to improve the well-being of the population with low incomes.

Short-term measures:

- providing markets with vital consumer goods and preventing a sharp rise in prices for them by establishing supply chains and stimulating the supply of goods;

- financial support and provision of important consumer products to disabled people, including single mothers and disabled people; - incentives for entrepreneurs to create new jobs and conditions with advanced training for able-bodied people without work or in difficult living conditions due to low incomes;

- increasing the efficiency of land use in rural areas by reforming the agrarian sector.

Long-term measures:

- creation of the institution of a "social lift" by providing a quota of places for low-income people in higher educational institutions at the expense of the state and international financial institutions;

- providing affordable housing and public transport, increasing the level of financial education and financial literacy of the population; - expanding funding and directing children's knowledge to modern specialties, such as information technology, engineering, biomedicine, etc. ;

- an increase in the number of gymnasium schools for children from low-income families and the provision of high-quality secondary education for children<sup>9</sup>.

## Literature:

1. Spiridonov S.P. The standard of living of the population as a fundamental aspect of the quality of life / S.P.Spiridonov. - Text: direct // Topical issues of economic sciences: materials of the I International. scientific. conf. (Ufa, October 2011). - Ufa: Summer, 2011.-- S. 5-7. - URL: <https://moluch.ru/conf/econ/archive/11/1032/> (date of access: 03.03.2021).

2. Khisamutdinov I. A. Fundamentals of Economics and Market Theory Archived copy of March 12, 2013 at the Wayback Machine, 2010, chapter 20.3 - Living standards and methods of its assessment

3. Social policy, level and quality of life: dictionary. - M.: Publishing house MCUZh, 2001. - P.57

4. Income and wages policy: Textbook edited by P.V. Savchenko and Y.P. Kokin. - M.: Jurist, 2000.-- P.67

5. Cit. by: Zhelaeva S.E. Methodological principles of the study of human behavior in the economy. // Bulletin of the Tambov University. - 2011. - No. 1. - S. 179-187. - (Humanitarian sciences)

6. Becker G.S. Investment in Human Capital: A Theoretical Analysis. — Journal of Political Economy Vol.70, No.5, Part 2, 1962. — p. 9—49. — DOI:10.1086/258724

7. Becker G.S. Human Capital: A Theoretical and Empirical Analysis with Special Reference to Education. — Third Edition. — Chicago and London: The University of Chicago Press, 1993. — ISBN 0-226-04119-0. Архивная копия from April 9, 2016 at Wayback Machine

8. Khasankhonova N.I. Analysis of the Financial Thinking of the Population (On the Example of the Republic of Uzbekistan). International Journal of Psychosocial Rehabilitation, 2020. Volume 24. –P.P.1886-1892

9. Information and analytical material about the standard of living and inflation. T.: 2020.

<sup>9</sup> Information and analytical material about the standard of living and inflation. T.: 2020. – P.9-10