

## MAIN CONCEPTS OF POVERTY, CAUSES AND METHODS OF MEASURING POVERTY

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**DOI: 10.5958/2249-7137.2023.00067.8**

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### ABSTRACT

*The article provides an interdisciplinary analysis of approaches to the study of the concept of poverty.*

**KEYWORDS:** *Poverty, Security, Needs, Need, Income, Level.*

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### INTRODUCTION

In order to effectively support socially vulnerable and low-income families, to widely involve the population in entrepreneurship, the Ministry of Mahalla and Family Support was created by presidential decree of February 18. A vertical system has been established in this area and positions have been introduced responsible for the development of entrepreneurship and poverty reduction at the mahalla, district, city, region and country levels. The position of Deputy Prime Minister for Financial and Economic Affairs and Poverty Reduction has been introduced into the structure of the government. The population of our country is in a state of poverty. This means that their daily income does not exceed 10-13 thousand soums. Or, for example, a family may have both a car and livestock, but if one person falls ill, then at least 70% of the family's income goes to treatment. Can such a family be called prosperous? As a president, the question worries me every day: do our people have enough money for such vital needs as food, treatment, education and clothes for children? Shavkat Mirziyoyev said.

Accepted a decision that 70% of funds from family business programs will go to small and medium business projects that provide jobs for the poor. At the same time, enterprises that employ people with a low level of income will be given preferences for bank loans.

### Analysis the Matic Literature

One of the main negative consequences of poverty for a country is the inhibition of human development, when a lack of funds for medical services and education prevents a significant number of citizens from reaching their economic and social potential. This hinders the qualitative development of the productive forces in the country and the economic activity of the population.

This was known in the ancient world, when the first attempts were made to support the poor. In the states located on the territory of Mesopotamia, in the 3rd millennium BC, there were laws prohibiting the rich from oppressing the poor and requiring assistance to socially unprotected sections of society - widows, orphans, and the weak. In the states of the Ancient East, stocks of grain were accumulated to prevent mass starvation among the poor in lean years, which made it possible to keep prices at an affordable level for the poor and distribute grain to the poor.

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Currently, efforts in the fight against poverty reduction in the world are carried out at the international level under the auspices of the UN. From 2000 to 2015, the global program of the Millennium Development Goals was implemented, and since 2015, the Sustainable Development Goals are being implemented, the achievement of which is expected in 2030. The fight against poverty is at the forefront of both global initiatives.

The European Anti-Poverty Network (EAPN) identifies a number of key drivers of poverty: unemployment, low education, disability, poor health, belonging to a minority ethnic group, living in a remote or poor community.

The general concept of poverty can be defined as the socio-economic situation of a person and his family, who do not have the opportunity to obtain the necessary funds to meet their primary needs of life and a full existence. There are concepts of absolute and relative poverty.

The concept of absolute poverty is based on the concept of the poverty line, the level of income below which makes it possible to classify this group of people as poor. The poverty line is defined both nationally and internationally. At the national level, this can be a living wage, which allows you to purchase a set of the most necessary goods and services for life. At the international level, until 2008, the World Bank defined the indicator of poverty as \$1 per day for each family member. In 2008, this indicator was set at \$1.25 per day, since October 2015, taking into account changes in prices and purchasing power, the global poverty rate has been set at \$1.9 per day.

Another common approach is the concept of relative poverty. Along with the aforementioned absolute poverty, or poverty below \$1.9 a day in purchasing power parity (PPP), the World Bank also sets an international poverty line for lower middle income countries of \$3.2 a day, and for countries with above average income of \$5.5 a day PPP. Many European countries are guided by the concept of relative poverty in their policies. For example, according to the methodology of the Organization for Economic Cooperation and Development, the poor are people whose income is below 60% of the median income of society, which is a certain amount, the income of one half of the country's population is higher than it, and the other half is lower.

In the world practice of overcoming poverty, the poor are provided by the state with a certain set of guarantees of access to the necessary social benefits to meet essential human needs and develop human potential. These include employment opportunities and social assistance, access to free medical care and education, the ability to use public services (water, heat, electricity, gas at affordable prices).

In this regard, in order to determine the level of poverty in Uzbekistan, it is necessary to evaluate not only the real level of income in monetary terms, but also other criteria, including access to free medical care, secondary education, tax benefits, utility bills, social benefits for minor family members and others.

In Uzbekistan, secondary education is free and compulsory. All segments of the population have access to free medical care, and work is underway to increase the population's access to drinking water.

In order to consistently and purposefully address the problem of poverty, the Ministry of Mahalla and Family Support, which supports socially vulnerable and low-income families, and the Ministry of Economic Development and Poverty Reduction, have been established. The

management vertical includes positions responsible for the development of entrepreneurship and poverty reduction at the mahalla, district, city, region and country levels. Also, the post of Deputy Prime Minister for Financial and Economic Affairs and Poverty Reduction has been introduced into the structure of the government.

Significant progress in poverty reduction in Uzbekistan has taken place in recent years, during which the country has come close to transitioning from low-income countries to middle-income countries. This was facilitated by the annual increase in incomes of the population, pensions, and the expansion of targeted support for low-income families and the disabled.

### **Research Methodology**

Poverty and inequality have always been closely related concepts. Inequality, as a rule, is characterized by an uneven distribution of public resources that are in short supply: power, prestige, education and money among different segments of the population. This is precisely what social inequality is all about. The main measure of inequality is the amount of liquid values. In most cases, this function is performed by money.

**Absolute poverty**- This is a condition in which an individual, relying on his income, cannot satisfy even the basic needs for food, housing, clothing, warmth, or can satisfy only the minimum needs that ensure survival. The poverty threshold, called the subsistence minimum, serves as a numerical criterion.

**Relative Poverty** is the inability to maintain a normal standard of living or a certain standard of living that is accepted in this society. Relative poverty should show how poor a person is compared to other people.

**Subjective Poverty**- this is a state based on assessments of one's position by the person himself. People who feel that they do not have enough resources to live determine the level of poverty themselves.

The problem of reforming the income systems of the population and social protection is one of the most important pressing problems in the social policy of most countries, including Uzbekistan. The importance of change is not only related to global trends in the world of work and the deteriorating demographic situation, but also to the consequences of reforms related to changing the social structure of the country.

Main reasons that cause poverty. Poverty is caused by several factors:

1. Demographic factors include age, family composition and size, and gender.
2. To the economic - unemployment, the structure of the labor market, the overall level of production and productivity, the inequality of the able-bodied population in the labor market, the share of income and consumption.
3. Medical factors include disability, poor health, long-term illness.
4. Psychological factors.

Impact of unemployment poverty rates are highest when heads of households lose their jobs, especially if that was the only source of family income. Job loss threatens something more than loss of income, namely

- falling out of the system of everyday communities. "Full employment" in a market economy is always accompanied by unemployment, when part of the working population is temporarily or permanently unemployed. It is practically impossible to ensure that the entire working-age population is employed. Someone enters the labor force, others leave it, the third are fired, and the fourth are looking for a job, i.e. there is an ordinary, objective movement of the labor force, part of which is deprived of work for a certain period of time. Too high unemployment leads to large economic and social costs. Unemployment entails the inactivity of a certain proportion of the able-bodied population, and then - to the loss of qualifications, the fall of moral principles, the breakup of families, to social and political unrest.

The real level of unemployment is estimated to be much higher due to self-seekers, who are on partially paid or fully unpaid leave, and work part-time or weekly work against their will.

President of Uzbekistan Shavkat Mirziyoyev, at a videoconference on January 27 on the issues of employment and meaningful organization of youth leisure, announced the statistics of youth unemployment.

The number of young people under 30 is more than 18 million people, which is almost 55% of the population. Official unemployment among young people aged 18-30 is 17%, or 844 thousand people, which is 1.5 times more than the general unemployment rate.

Name	Date	Data	% Measurement (1P)	Units
Unemployment among women	December 31, 2019	5.69%	0.67%	%, labor force (women)
Youth unemployment	December 31, 2019	10.30%	0.58%	%, labor force (youth)
Unemployment among men	December 31, 2019	6.08%	0.71%	%, labor force (men)
Minimum wage	December 31, 2013	\$40.51	11.54 (39.83%)	dollar / month
Population	December 31, 2018	32.96 million	568,200.00 (1.75%)	Human
Employment population ratio	December 31, 2019	61.89%	-0.19%	%, population
Work force	December 31, 2019	15,453,701.00	-4,194.00(-0.03%)	thousand/ person
Labor force - women	December 31, 2019	40.83%	-0.59%	%, population (female)
Unemployment rate	December 31, 2019	5.50%	0.28%	%, work force

**Unemployment rate in Uzbekistan in 2021 Information as of the beginning of 2021**

Quantity appeals	Get whether the job	Public nyework	change shoes reading	Benefit unemployement
173.2 thousand	61.9 thousand	49 thousand	6977	3863

**Comparison unemployment rate in Uzbekistan and other CIS countries in 2020-2021**

A country	Non-working population rate in %
Azerbaijan	4.8
Armenia	17.5
Kazakhstan	4.9
Kyrgyzstan	3.0
Mongolia	7.3
Tajikistan	2.1
Turkmenistan	3.9
Uzbekistan	11.1

Among young people aged 16 to 25, the unemployment rate reached 17%, and among potential workers under 30 this figure was 15.1%. Quite a high percentage of unemployed women. At the beginning of 2019, almost 13% of women were not working in the country. (Source: <https://visasam.ru/emigration/perezedsng/bezrobotica-v-uzbekistane.html>)

The real unemployment rate may be even lower due to people employed in the informal economy. The non-observed economy covers the unregistered transactions of legal entities and the activities of the household sector that are not subject to direct statistical observation due to various reasons. A person can be included in the sphere of employment and create material values without appearing at all in the labor market. Such work in households for the production of agricultural, forestry, hunting, and fishing products.

The threat of becoming unemployed and poor changes the population's reproductive attitudes. A significant part of young families and families of childbearing age, where both parents work, postpone the birth of children until better times, knowing full well that the appearance of a child automatically means that this family falls into the category of the poor, and for a woman mother, in addition, the likelihood of being , ultimately among the unemployed. This category of employees is often considered by the administration of the enterprise as prime candidates for reduction (dismissal), or for non-employment after the end of the leave to care for a small child.

Poverty arises from factors such as overall levels of production and productivity, from the structure of the labor market, and is associated with labor processes. Inequality in access to labor markets must be understood as part of a process of social and economic stratification, one of the

outcomes of which is poverty. Differentiation and inequality in the labor market is primarily responsible for the differentiation in living standards - in themselves important determinants of the overall level of poverty. In a broad sense, poverty reflects the prevalence of low-paid jobs and processes in the labor market, unstable, often bordering on unemployment, employment, which push people into unemployment and economic inactivity.

Factors associated with an increase in becoming poor or requiring the application of social assistance are - low level of education, insufficient work experience, marital status, race or ethnicity.

The model of poverty that has developed in the country is, first of all, the result of a low level of income from employment and, as a result, through their taxation, a low level of social transfers. In this regard, the phenomenon of Russian poverty can be defined, first of all, in terms of the categories of "market poverty" - poverty associated with the place of the (economically active) population in the labor market.

SuchThe type of poverty shows that the predominance of low-paid jobs and labor processes is determined by low wages, low-income jobs, unstable and underemployment, often bordering on unemployment, employment, which "push" the population into unemployment and economic inactivity.

CurveLorentz and Gini coefficient

CurveLorenz reflects the cumulative (accumulated) share of the income of the population.

The construction of the Lorenz curve is most conveniently considered in the following example:

Imagine an economy consisting of 3 agents: A, B, C. Agent A's income is 200 units, agent B's income is 300 units, agent C's income is 500 units.

To construct the Lorenz curve, we find the shares of individuals in the total income. The total income is 1000. Then the share of individual A is 20%, the share of B is 30%, the share of C is 50%.

Next, we will look for cumulative (accumulated) income and population shares for individuals, starting with the poorest and gradually including richer individuals:

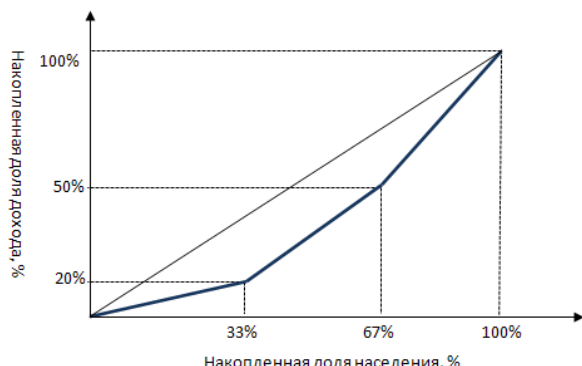
The share in the population of individual A is 33%. The share of his income is 20%. Then we include in the analysis a richer individual - individual B.

Jointthe proportion of A + B in the population is 67%. The joint share of A + B in income is 50% (20% + 30%).

Next, we include in the analysis an even richer individual C.

Jointthe share of A + B + C in the population is 100%. The joint share of A + B + C in income is 100% (20% + 30% + 50%).

Notethe results obtained on the chart:



The line connecting the lower left point and the upper right point of the graph is called the line of even distribution of income. This is a hypothetical line that shows what would happen if incomes in the economy were distributed evenly. With an uneven distribution of income, the Lorenz curve lies to the left of this line, and the greater the degree of inequality, the stronger the bend in the Lorenz curve. And the lower the degree of inequality, the closer it is to the line of absolute equality.

In our case, the Lorenz curve looks like a piecewise line graph. This happened because in our

Data indicators are used to assess the degree of income inequality, and are included in the area of positive economic analysis. It should be noted that positive analysis differs from normative analysis in that positive analysis analyzes the economy objectively as it is, while normative analysis is an attempt to improve the world, to do “as it should be”. If the assessment of the degree of inequality is a positive economic analysis, then attempts to reduce inequality in the distribution of income belong to the field of normative economic analysis. Normative economic analysis is notorious for the fact that different economists may offer different, often diametrically opposed, recommendations for solving the same problem. This does not mean that someone is more competent and who is less competent. It only means

no question.

### Analysis and Results

In October 2020, the Working Group created, according to the instructions of the Administration of the President of the Republic of Uzbekistan, began work on the introduction of a new mechanism to reduce poverty, support the low-income and needy segments of the population. The new anti-poverty mechanism is based on the methodology of 2019 Nobel laureates Abhijit Banerjee, Esther Duflo and Michael Kremer.

The most important aspects of this mechanism are as follows. The poverty of a single family is determined by a large number of factors, and the combination of these factors in each locality for each particular family is different. Among these factors are the level of income, and the availability of food, education and food, and transport infrastructure. Therefore, approaches to the development of measures to reduce poverty and the measures themselves should be developed based on the specific conditions on the ground, and their effectiveness should be proved by practical application and the results obtained.

The main emphasis in this approach to the fight against poverty is placed on the following points:

- Cash transfers, including social security, social benefits, including benefits for people who have lost their jobs and people with physical disabilities. At the same time, it is necessary to

minimize bureaucratic procedures for obtaining assistance;

- Introduction of low-cost medical technologies in health care, including free provision of drugs, vaccination of children, tetanus shots for expectant mothers, provision of iron-fortified flour to combat anemia; subsidies for preventive treatment of childhood diseases in schools; facilitating access to preventive health care for the poor;
- Measures to encourage the continuation of schooling and the improvement of the quality of education. Measures such as subsidizing additional teachers, free meals, school uniforms and scholarships increase enrollment;
- Microcredit, which should be comprehensive, complementary and accompanied by additional social services aimed at motivating and acquiring skills.

In the mid-1990s, Kremer, Banerjee, and Duflo were the first to test social innovations in practice to come up with scientifically proven solutions. In order to reliably measure the effectiveness of certain measures, field studies were conducted, and after a few years they looked at the result. Nearly 25 years later, the experimental method dominates development issues, and governments and organizations have shut down many programs that proved ineffective.

When Banerjee and Duflo started working in the Udaipur district of the Indian state of Rajasthan, despite free vaccinations, only 1% of children were vaccinated there. Their study showed that the reason for this was the remoteness of the medical posts from the villages, and doctors were often not at work. After launching mobile clinics on their recommendation, the vaccination rate rose to 18% and to 39% in villages where families received a bag of lentils as a bonus.

In the mid-1990s, Michael Kremer and his colleagues conducted an experiment to improve school performance in Western Kenya. Some schools received more textbooks, others received free meals, and still others received help for weak students. Nutrition and books had practically no effect, textbooks improved the knowledge of only the best students. Tutoring programs showed the best results in the short and medium term.

A similar result was given by experiments in India. As a result, additional training programs reached more than 5 million children in 100,000 Indian schools.

## CONCLUSIONS

To test the new mechanism, a pilot project was launched to reduce poverty, support the low-income and needy segments of the population in the Buka and Chinaz districts of the Tashkent region, which provides for field research and is designed for the period from October to November 2020.

At the first stage of the project, from October 13 to October 16, CERR employees conducted short-term trainings on the topic

"Improving knowledge and skills to reduce poverty in the regions" in the Tashkent region. Then, a diagnosis of the level of poverty was carried out (determining the condition of poor families in terms of the level of healthcare, education, digitalization, etc.). Within this stage created base characteristics the poor families, on which are based on specific scientific and practical proposals to combat poverty. During the survey, the Working Group conducted a survey of 1152 households in all 96 mahallas of the Buka and Chinaz districts of the Tashkent region on the basis of a specially prepared questionnaire "Study and assessment of the standard of living of the



population", which consists of 16 sections and includes the structure of the household, conditions, income and expenses, questions health, food rations and credit issues.

In the course of field research, a survey was conducted on the level of household income, the number of people employed in the informal sectors of the economy, a survey was conducted to clarify the number of poor people, taking into account real conditions, and the causes and categories of the poor were identified.

Conducting a pilot project to study poverty in the Buka and Chinaz districts of the Tashkent region made it possible to identify a number of local features of its manifestation and shortcomings in the social protection of the population.

Social help. On the ground, the criteria for identifying the poor are not clearly observed for their inclusion in the Iron Book, for the provision of appropriate social assistance. It was revealed that in the Iron Book there are 20-30% of families that, according to the existing level of prosperity, do not belong to the category of the poor.

"Social Entrepreneurship", "inclusive entrepreneurship" for agriculture, and take measures to improve the veterinary and agronomic literacy of farmers.

As the results of the pilot survey and the conclusions drawn on its basis on the need to adjust measures to combat poverty on the ground show, the new approach in this direction is very effective and will more successfully solve the problems of the poor in the country.

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