

THE PROCEDURE FOR CALCULATING THE VALUE OF MINIMUM CONSUMPTION EXPENSES IN UZBEKISTAN AND THE EXPERIENCES OF FOREIGN COUNTRIES

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Abstract: In 2021, the value of the minimum consumption costs was calculated based on the results of observation conducted among 10.6 thousand households in all regions of the Republic. In this case, based on the international methodology, the households surveyed in the calculation of the minimum consumption costs were divided into ten groups according to the amount of expenses. Among these families, 30% of households with the lowest cost and income were separated.

Keywords: minimum consumption cost, world experience, inflation expectations, consumer spending.

On the basis of the survey, it was calculated that the daily consumption of food per capital (2200 kkal) and the minimum consumption costs for the necessary non-food goods and services in these households amounted to 498 thousand uz per person per month.

At the end of the survey of 5.4 thousand households in 2020, the initial calculated minimum consumption costs were 440 thousand at the prices of 2021, which was announced in May last year.

In the world experience, the minimum consumption cost indicator is used for the following purposes:

- in determining the target group of the population in need of material and other social support of the state;
- in setting the poverty line of the country, taking into account the real consumer characteristics and requirements of the population;
- in increasing the effectiveness and addressability of tasks and measures set out in strategies and programs to combat poverty, as well as in maintaining their constant monitoring;
- in determining the minimum amount of pensions and benefits, as well as the amount of other types of material assistance provided to low-income families.

Since 2022, through the information system "unified register of social protection", the one-month income criterion applied in the process of recognizing the family as underserved and per capital is equated to the minimum consumption costs.

The forecast parameters of the value of the minimum consumption costs until August each year are calculated based on inflation expectations.

Minimum consumption costs and poverty rates are published by January 20 of the following year, depending on the inflation rate in the annual reporting year. The minimum consumption cost structure is revised at least every 5 years.

The resolution approved the regulation on the value of the minimum consumption costs of the population and the procedure for calculating the poverty line.

Recall that in June, the minimum amount of consumption costs expected to be used to set the poverty line in Uzbekistan amounted to 440 thousand uz per month per person according to preliminary estimates.

The Ministry of Economic Development and Poverty Alleviation has provided information on preliminary calculations of the value of minimum consumer spending in Uzbekistan. It is noted that

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preliminary calculations of the value of minimum consumption costs were made using international experience.

As an experiment to calculate the minimum consumption costs, with the support of the World Bank, a survey was conducted among 5,400 households selected from all regions of the republic in 2020. Households participating in the survey were divided into ten groups according to the amount of expenses, and 30 percent of households with the lowest expenses (income) were selected from these families.

Based on the information obtained as a result of the survey, the daily per capita consumption of food (2200 kilocalories) and the minimum consumption expenses for necessary non-food goods and services per person per month in these families (in 2021 taking into account price changes) it is calculated to be at least 440 thousand uz. At the moment, the amount of minimum food expenses is 295,000 uz per person per month.

The ratio of the estimated minimum consumption expenditure to the gross domestic product (GDP) per capita is 26.8 percent, and this indicator is mainly 4-20 percent in developing countries.

"In 2021, the State Statistics Committee, together with the World Bank, is conducting a survey of 10,000 households in order to complete the experience of calculating minimum consumption expenses. Based on the results of these questionnaires, it is planned to approve the methodology for calculating minimum consumption costs and announce its recalculated amount by the end of this year."

December 2020, the Federation of Societies for the Protection of Consumer Rights reported that the amount of the consumer basket in Uzbekistan is approximately 2.15 million uz per person.

The gross domestic product (GDP) is the most general indicator of the country's economic potential. GDP is calculated in three ways: 1. Production method. 2. Cost method. 3. Method of earnings.

Determination of GDP by production method. GDP calculated by the production method is defined as the sum of values added at various stages of production of final goods and services. Determining GDP in this way is statistically convenient, but it also avoids following an important condition for its calculation, i.e. counting one value twice, or including the value of an intermediate product in GDP.

1-table

The dynamics of the volume of GDP calculated in the method of income at current prices, billion uz

No	Specification	2019	2020	2021	2022
1.	GDP, in market estimates	255421,9	3174776,4	424728,7	52939 1,4
2.	Mercenary wages	64744,5	71479,1	95782,9	13202 6,1
3.	Production and import taxes	25661	38394,8	48141,9	50008, 1
	Including:				
3.1	Taxes on products	22743,7	35122,3	46017,8	46427, 2
3.2	Other to production taxes	2917,2	3272,5	3124	3580,9

4	Production and import subsidies	312,3	330,3	442	1164,5
	Including:				
4.1	Products include subsidies	312,3	330,3	442	1164,5
4.2	Other to production subsidies				
5.	Gross profit of the economy and gross mixed revenues	165328,7	207932,7	280246	34852 1,8
Source: National accounts of the Republic of Uzbekistan 2019-2022.					

In order to correctly calculate the volume of production, it is necessary to take into account the value of goods produced and services provided in the current year. Many products go through several stages of production before reaching the market. That is why some products are two or more in GDP, only the market value of the final product is taken into account, and intermediate products are not taken into account. Final goods and services mean their production or part of the internal exchange cycle that is used for final consumption, accumulation or export.

The value of intermediate goods and services spent in the production of final goods and services is not included in GDP. Added value is defined as the difference between the selling price of goods and services and the costs incurred for the purchase of raw materials and materials used for their production. The analysis of the structure of the GDP indicator determined by the production method and its shifts gives very important conclusions. The share of individual sectors in the gross added value created in the country's economy, the change in this share allows to assess the level of economic development and expected prospects of the country.

When determining GDP based on income, the initial income paid by resident production units during the production of the final product is added to the account of added value.

Fixed capital consumption - belongs to producers and

is understood as a decrease in the scope of the current value of the used fixed assets during the reporting period as a result of physical wear or natural accidental damage. Production and import taxes are mandatory and non-refundable charges levied by governments on production units in connection with the production and import of goods and services or the use of factors of production.

Production and import taxes consist of a) taxes on products and b) other taxes on production. Product taxes are taxes levied in proportion to the quantity or value of goods and services produced, sold or imported by residents. These include: value added tax (VAT), excise duties, taxes on imported goods and services, etc.

Other taxes on production are taxes related to the use of factors of production (labor, land, capital) necessary for the activity of a resident production unit, as well as fees for licenses and permits to engage in any activity or other mandatory payments that need to be paid. They do not include taxes on income or other income received by the enterprise. Other taxes on production include: property tax and transport tax of institutional units involved in production, land tax, payroll taxes, license fees, etc.

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