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	JIF = 1.500	SJIF (Morocco) = 7.184	OAJI (USA) = 0.350

SOI: 1.1/TAS DOI: 10.15863/TAS

International Scientific Journal

Theoretical & Applied Science

p-ISSN: 2308-4944 (print) **e-ISSN:** 2409-0085 (online)

Year: 2021 **Issue:** 10 **Volume:** 102

Published: 28.10.2021 **http://T-Science.org**

QR – Issue QR – Article

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ANALYSIS OF THE RESULTS IN ENSURING THE ECONOMIC SECURITY OF THE INDIVIDUAL THROUGH POVERTY REDUCTION

Abstract*: The article describes the problem of poverty, its essence and its negative consequences, which are the main threats to the economic security of the individual. The analysis of the problem of poverty in the Republic of Uzbekistan and proposals and recommendations for its elimination are also presented.*

Key words*: person, individual economic security, factors, poverty, economics.*

Language*: English*

Citation: Abulkasimov, M. (2021). Analysis of the results in ensuring the economic security of the individual through poverty reduction. *ISJ Theoretical & Applied Science, 10 (102),* 933-938.

Soi: http://s-o-i.org/1.1/TAS-10-102-105 ***Doi***: https://dx.doi.org/10.15863/TAS.2021.10.102.105

Scopus ASCC*: 3300.*

Introduction

Among the threats to a person's economic security, poverty occupies a special place. As a result of poverty, people are not provided with the goods and services they and their families need. Therefore, the continuous study of the problem of poverty in the country and the development and implementation of measures to address it is one of the important directions in ensuring the economic security of the individual.[6]

In the economic literature, poverty is recognized as a lack of choice, a decline in a person's self-esteem. As a result, a person is deprived of the basic opportunities for active participation in public life. [7]As a result of poverty, a person does not have enough money to support his family, get an education, access quality medical services, earn income from any activity, and take advantage of temporary borrowing opportunities. The causes of poverty are diverse and include the following groups: [1]

- economic (unemployment, low wages, low productivity, non-competitiveness of the industry);
- socio-medical (disability, old age, high morbidity);
- demographic (single-parent families, large number of dependents in the family);
- socio-economic (low level of social guarantees);
- education and skills (low level of education, insufficient professional training);
- political (military conflicts, forced migration);
- regional-geographical (uneven development of regions).

Increasing the income of the population through employment of the poor is directly related to increasing the efficiency of the education system. In today's global labor market, a specialist in his or her profession does not face great difficulties in finding a high-paying job.[9] As a result, people will have sufficient funds and opportunities to meet the needs of themselves and their family members for various benefits and will be protected from threats such as unemployment and insufficient income to the economic security of the individual.[8]

According to the analysis of poverty and income statistics in the country, the decile coefficient, which represents the uneven distribution of income by 10% of the population, decreased from 8.5% in 2010 to 6.9% in 2020. As a result of ensuring socio-economic development in the Republic of Uzbekistan and the implementation of social policies aimed at ensuring the economic security of the individual, the share of low-income people in the total population decreased from 17.7% in 2010 to 11.4% in 2018. However, in 2020, according to preliminary data, the figure was

12.1%. The increase in last year's figure was due to the Coronavirus pandemic (Table 1).

Table 1. Uneven distribution of income in the Republic of Uzbekistan and the share of low-income population

Detsil groups	2010 y.	2013 y.	2015 y.	2018 y.	2020 y.	Nistatan change for 2010
I	2,9	3,2	3,7	3,9	3,4	0.5
II	4,8	5,0	5,3	5,4	5,1	0,3
III	6,0	6,0	6,3	6,4	6,2	0,2
IV	6,9	7,0	7,2	7,3	7,1	0,2
V	7,9	7,9	8,0	8,1	8,1	0,2
VI	9,1	9,0	9,0	9,1	9,1	0
VII	10,5	10,3	10,0	10,3	10,5	0
VIII	12,2	11,9	11,4	11,7	12,1	-0,1
IX	14,9	14,4	13,5	14,1	14,8	-0,1
X	24,8	25,3	25,6	23,7	23,5	-1,3
Detsil coefficient	8,5	7,9	7,0	6,1	6,9	-1,6
Percentage of low-income people in the total population	17,7	15,0	12,8	11,4	12,1	-5,6

In our opinion, in order to ensure the economic security of the individual by reducing poverty, it is advisable to do the following: [2]

- An important condition for the fight against poverty is the development of the national economy, ensuring its sustainable growth and development;
- Introduction of the concept of decent employment in the country, which will allow the population to earn a decent income, create decent jobs for low-income, needy, large families, people with disabilities who want to work, single-parent families, create reserve jobs for them in businesses and setting special quotas;
- to take measures to stimulate the entrepreneurial activity of low-income and poor families, while encouraging the establishment of business entities on the basis of public-private partnership;
- Establishment of special state grants for vocational and higher education of children from low-income families and the development of special programs for their decent employment;
- Development and implementation of regional development programs for the integrated development of economically backward regions.

To this end, the allocation of subsidies and grants from the national budget to local budgets of these regions, as well as budget loans, the development of inter-budgetary relations;

- strengthening and stabilization of budgets on the basis of decentralization of budgets and creation of additional sources of local budget revenues on the basis of development of inter-budgetary relations;
- Establishment of anti-poverty funds at the national and regional levels.

In the context of the formation of a socially oriented market economy, the issue of increasing the income of individuals occupies a special place at the center of measures to reduce poverty. Everyone's material and spiritual life opportunities depend primarily on his or her income level. The higher the level of income of the population, the higher its ability to meet their basic needs, health, education, recreation, cultural leisure.

As a result of economic reforms carried out in the country in recent years, the income of the population has been growing steadily. The development of production of goods (services) in the country, the increase in the range and volume of products exported in foreign trade, as well as other macroeconomic indicators are the end result, including rising living standards, rising incomes, increasing the effectiveness of state social protection. will be reflected in the course.[7]

In this part of the study, an econometric analysis of the factors affecting the income of the population in the Republic of Uzbekistan was conducted. From a macroeconomic point of view, the income of the population is an important indicator and a key factor determining the living standards of the population. In this analysis, the autoregressive distributed Lag model (hereafter ARDL) was used in the empirical study of the factors affecting the income of the population. A distinctive feature of the ARDL model is that it can solve an autocorrelation problem that may exist in the

equation using the autoregressive part. The ARDL model usually looks like this:

$$y_t = \alpha_1 y_{t-1} + \cdots \alpha_k y_{t-k} + \beta_1 x_{t-1} + \cdots \beta_k x_{t-k} + \varepsilon_t$$

In this case, y is a dependent variable and x is an independent variable. parameters a and b represent the effect of autoregressive and distributed Lag components on the dependent variable. e_t is a random part of the equation, representing randomness and the effect of variables not included in the model.

Table 2. Visual statistics of variables included in the econometric model (for 2000-2020)

Variables	Average	Standard deviation	Minimum	Maximum	Abbreviation for econometric model
Real income growth per capita, in%	114.07	7.21	100.7	124.7	Y
Fixed capital investment growth rate, in%	111.98	12.06	91.8	138.1	X_1
Unemployment rate, in%	4.17	3.19	0.2	10.5	X_2
Consumer price index, in%	110.55	7.08	103.65	128.2	X_3

Table 2 shows the descriptive statistics of the variables included in the econometric model and the abbreviations of the variables in this part of the study. The real income per capita given in the table is a dependent variable. The independent variables that affect it are: X1 - the growth rate of investment in fixed assets, X2 - the unemployment rate in the country and X3 - the consumer price index.

Factors influencing population incomes were also tested during this analysis, but it was these multivariate variables that were selected because of the multicollinearity between the independent variables and the endogenousity between the dependent variable and the independent variables. The table shows the growth rates of most variables, because the time series data is usually in a non-stationary state, and when growth rates are obtained, it becomes stationary.

Table 3. The results of the regression equation of the ARDL model

Source of dispersion	The sum of the squares	F- degree of statistical freedom	The average of the squares	Number of observations	20	
Model	794.409	4	198.602	F – statistics (4,15)	23.41	
Residue	127.279	15	8.485	F - statistics p - value	0.000	
General	921.688	19	48.509	Determination coefficient	82.5	
	Regression coefficients	Default error	t - statistics	t are the p-values of the statistics	95% Confidence Interval	
Y_{t-1}	0.812	0.114	7.12	0.000	0.568	1.055
X_1	0.124	0.060	2.06	0.057	-0.004	0.253
X_2	-0.521	0.256	-2.03	0.060	-1.06	0.025
X_3	-0.308	0.113	-2.72	0.016	-0.549	-0.067
Constanta	42.45	17.211	2.47	0.026	5.765	79.137

The results of the regression equation in Table 3 can be interpreted as follows. The p-value of the F-statistic is less than 0.01, which means that at least one of the independent variables included in the regression equation affects the related variable. R2, i.e. the determination coefficient is 86%. Hence, independent variables explain 86% of the change in a related variable.

The effect of the independent variables X1 and X2 on the related variable is statistically significant at the 10% significance level, according to the results of the student's t-statistic p-values. The effect of the independent variable X3 on the related variable is statistically significant at the 5% significance level.

Before interpreting the regression equation, we check that the two important conditions of Gauss-Markov are the normal distribution of the residues and the absence of autocorrelation.

Table 4. Results of asymmetry and kurtosis test to check residual normality

Asymmetry and curstosis test to check residual normality					
				Overall	
Variable	Number of observations	Asymmetry p - value	Kurtozis p - value	Modified xi - square	X - square statistic p - value
Residue	20	0.0842	0.4966	3.79	0.149

The xi-square statistic p-value of the asymmetry and kurtosis test is greater than 0.10. Hence, we cannot reject the zero hypothesis that the remainder of the regression equation is normally distributed at a significance level of 10%. The general conclusion from the results of the asymmetry and kurtosis test is that the remainders of the regression equation are normally distributed. Another important condition of Gauss-Markov is that there is no correlation of these remains with the remains of past periods. This correlation is called autocorrelation. To avoid this problem, the regression equation included the past value of the related variable as an independent variable. [10] Figure 1 below shows a correlogram of the remainder of the regression equation

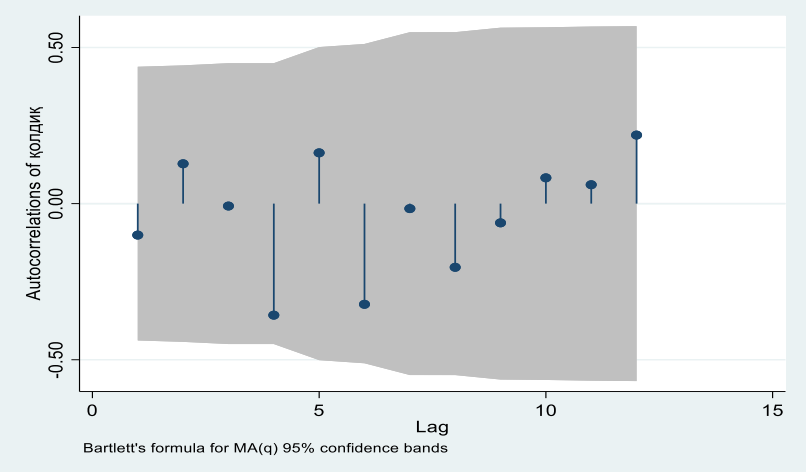

Figure 1. Correlogram generated using the STATA 16 program

According to the correlogram, all correlation lines are within 95% confidence intervals. Hence, the correlation coefficients between the residual Lags do not exceed the limit proving the existence of autocorrelation, there is no autocorrelation in the regression equation.

To increase the level of confidence that autocorrelation does not exist, we should also check with the Brosch-Godfrey test for autocorrelation.

Table 5. Results of the Brosch-Godfrey test for autocorrelation testing

Broysh-Godfree test			
Laglar (p)	Xi - square	Degree of freedom	Xi - square p - value
1	0.322	1	0.5705
Zero hypothesis: no autocorrelation			

In the Brosch-Godfrey test, there is no autocorrelation problem in the remainder of the zero hypothesis regression equation. An alternative hypothesis is that there is a problem of autocorrelation. According to the results of the Brosch-Godfrey test, the p-value of the xi-square statistic is greater than 0.10. Hence, we cannot deny that there is no autocorrelation at a significant level of 10%. The general conclusion from the results of Figure 2.5 and Table 2.7 is that there is no autocorrelation mummy in the regression equation. After examining two important conditions of Gauss-Markov, it is expedient to dwell on another important aspect of ARDL models. This aspect is to check the stability of the parameters of the regression equation.

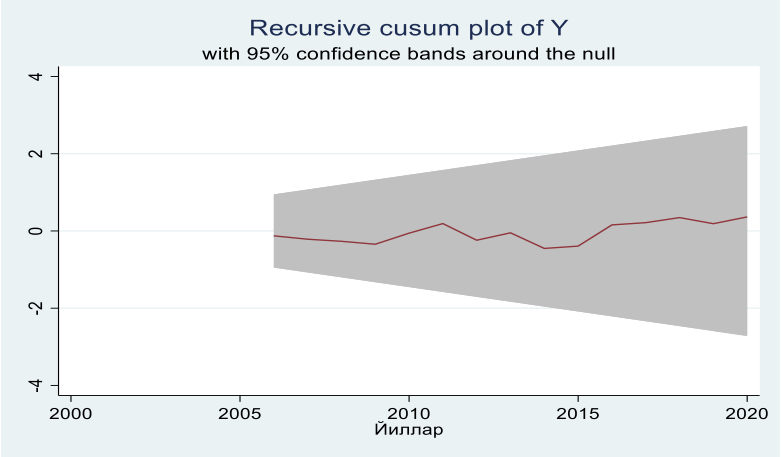

Figure 2. Recursive vomit graph of the dependent variable

According to the recursive vomit graph of the related variable in Figure 2, the change in the parameters of the regression equation over the years under consideration does not exceed the 95% confidence interval. Hence, we can visually conclude that the parameters of the ARDL model are stable.

We can analyze the results of the cumulative cumulative test of parameter stability given in Table 6 as follows. The zero hypothesis in this statistic is that there are no structural changes in the equation. The value of the recursive test statistic is 0.224. This value is less than the critical value at the critical level of 10%. Hence, we cannot reject the zero hypothesis that there are no structural changes.

Table 6. Results of cumulative summation test for parameter stability

Zero hypothesis: No structural changes			Number of observers = 20	
Statistics	Test statistical value	1 % critical value	5% critical value	10% critical value
Recursive	0.224	1.143	0.948	0.850

The general conclusion from Table 6 and Figure 2 is that the parameters of the ARDL model are stable over the period under consideration. After checking the stability of the residuals and parameters of the regression equation, we can give the ARDL model as follows:

$$y_t = 42.451 + 0.812y_{t-1} + 0.124X_{1t} - 0.521X_{2t} - 0.308X_{3t}$$

We interpret the regression equation as follows: 1% increase in fixed capital investment in the current period, without changing other factors, increases per capita income by 0.12%. An increase in the unemployment rate by 1% in the current period will lead to a decrease in real per capita income by 0.52%. While other variables remained unchanged, a 1% increase in inflation would lead to an average decrease in per capita income of 0.31%. According to the results of the analysis, it is important to reduce unemployment and inflation in order to increase the income of the population in the country.

Today in the Republic of Uzbekistan there are the following issues that need to be addressed in order to increase incomes and living standards:

- uneven distribution of income of the population throughout the country;
- Lack of high-income jobs, employment of the population, mainly in low-income jobs;
- low share of higher education among the population of the country, resulting in a shortage of qualified personnel in the labor market;
- Insufficient labor productivity indicators;
- low per capita GDP (GDP) due to insufficient quality and quantity of goods and services produced in the country.

The growth of incomes of the country's population is primarily directly related to the state of development of the national economy. The growth of nominal and real wages and state budget revenues, the increase in the quantity and quality of goods and services produced in the country and the creation of new jobs are accompanied by steady growth of macroeconomic indicators of economic growth and development. Therefore, it is important to take comprehensive measures in the socio-economic sphere to increase incomes and living standards.

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