

PROSPECTS FOR INCREASING HOUSEHOLD INCOMES

Xurramov Azamat Fayzullayevich

Professor of Karshi engineering-economics institute, doctor of economic sciences

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Abstract

This article presents the researcher's views and comments on the role and important aspects of households in a market economy. In particular, ideas, analysis and proposals are presented for improving the activities of households regarding the possibilities of conducting business activities on the basis of households, ensuring the financial independence of households and strengthening their place in the socio-economic life of the country.

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Introduction

Being the most popular economic entity in the world, a major part of the household sector lives in poverty and squalor as a result of the negative effects of globalization. Increasing the economic activity of these farms by providing financial and economic support and full employment plays an important role in the development of the world economy and especially developing countries. According to World Bank research, increasing the household savings rate to a certain level has a higher effect than increasing foreign investment attracted to the economy several times. Therefore, the most important task of the World Bank's economic policy today is to lift households out of poverty and from the financial and economic crisis, ensuring full inclusive employment in the economy, providing them with preferential loans aimed at increasing their economic activity is considered security.

Effective economic policy must take into account the multiplicity of households and their specific needs, and also develop measures aimed at maintaining a stable level of income, increasing the level of education and professional training, improving working conditions and providing social protection.

For the successful functioning of the economy, it is necessary to maintain a balance of interests of households and other economic entities. Cooperation between these entities must be harmonious and mutually beneficial for sustainable economic growth and improved quality of life.

Households play an important role in the agricultural economies of countries around the world. They produce the bulk of agricultural products. If expressed in numbers, 50% of the gross domestic product of European countries, 65-82% in Asian countries, more than 68% in Latin America, and more than 95% in the USA are accounted for by entrepreneurship based on household operations.

As a result of large-scale economic reforms in the Republic of Uzbekistan, the potential of households has increased and their development has stabilized. Across the country, the number of households, family incomes, and income opportunities for households have increased. Due to the rapid development of agricultural production activities in households, rural employment has increased. Also considered are

the directions for increasing household activity, the role and importance of increasing agricultural entrepreneurship, rural incomes, creating new jobs through the use of digital technologies in agriculture, poverty reduction, agricultural diversification of the economy, and the study of the role and important aspects of households in these areas is among current tasks.

Research methodology

When conducting this study, we studied statistical data and regulatory documents on the activities of households, interviewed representatives of government agencies involved in household issues and household members, and filled out questionnaires. The obtained data were subjected to comparative analysis. Methods of analysis, synthesis, logical control and inference were widely used.

Results and discussion

In analyzing the economic essence of a household, it is appropriate to consider two aspects: the type of household management and the structure of reproduction. As a type of household management, the household is an independent participant in economic relations and processes, whose main task is to meet the needs of its members. As a structure of reproduction, the household reflects the continuity of the process of reproducing economic resources, primarily human capital, in the economy. From this perspective, the household represents a unique method of reproduction and a mechanism for the cyclical regeneration of economic relationships associated with it.

The functions of households are interconnected and mutually dependent. These functions can be directed toward the internal needs of the household or the external aspects oriented toward society. Household functions can be divided into microeconomic and macroeconomic functions. Microeconomic functions include consumption, savings, investments, as well as labor and non-labor production activities. Macroeconomic functions encompass ultimate consumption, capital accumulation, and contributions to national production.

The nature of socio-demographic processes occurring in society is directly linked to the condition of households, their stability as a social institution, and the alignment of their activities and interests with the priority directions of social development. The factors of household reproduction are diverse and insufficiently studied. None of the existing theories of their economic behavior align with the theory of the abstract economic person making efficient economic choices. Within the neoclassical approach, the distribution of internal functions of the household takes on new significance through the use of the concept of “human capital” which broadly encompasses all life experiences accumulated by an individual.

The household is a unique economic entity where the process of reproducing the workforce takes place. It is within the household that the formation and accumulation of human capital occur. The reproductive function of the household includes natural reproduction (birth and upbringing of children) and the reproduction of human capital. This process can be considered as the initial accumulation of capital, for which the primary expenses fall on the household. The initial accumulation of capital is embodied in the workforce and characterizes the growth of labor resources. The costs of initial capital accumulation include expenses for the birth, care, and education of children, borne by parents, the state, and non-governmental organizations. However, the major part of these costs falls on parents. The state also participates in the initial accumulation of human capital by providing children with free education and medical services.

Household incomes include wages, entrepreneurial incomes, property incomes (rent, interest, lease payments, dividends), government transfer payments (pensions, scholarships, allowances, free services in education and healthcare), and other sources of income. In a market economy, there is a specific law of distribution, according to which the incomes of economic entities depend on the quantity and effective participation of the resources they own. This law applies to market incomes. However,

households also receive non-market incomes, which are formed based on humanitarian relations. These incomes form the household's consumption fund, making it essential for households to obtain monetary income to ensure purchasing power. "Income is a collection of resources that provide for the consumption of necessary goods and also serve as a means for generating new income¹". In this definition, income is, on the one hand, materialized, and on the other hand, considered in terms of its utilization.

The functional flexibility of households ensures their stable existence in a changing economic and social environment. In certain situations, several functions of households may be minimized within the current activity, but with changes in the situation, they can quickly become active again. Changes in the structure of households and their respective areas of activity, as well as the dynamics of the functions they perform, reflect the processes of households adapting to changing socio-economic conditions.

In rural areas, organizing home production and business is an important and promising direction for ensuring employment. The unemployment rate in rural areas is quite high and often characterized by its persistent nature.

Our research was mainly conducted in the Kashkadarya region. The region includes 2 cities of regional subordination and 12 cities of district subordination, 14 districts, 117 settlements, 819 mahalla citizens' assemblies, and 1042 populated areas.

Table 1. **Information about the population of Kashkadarya region²**
(as of January 1, 2024)

In units

Name of cities and districts	Total population	Number of households	Number of families
Total:	3 560,6	710209	869453
Karshi city	295,6	69 861	81 316
Shakhrisabz city	147,2	28 997	35 312
districts:			
Guzar	222,2	42 881	52 847
Dekhkanabad	159,5	28 995	35 594
Kasbi	293,1	39 709	49 472
Kitob	272,1	56 455	72 890
Koson	312,1	62 666	71 124
Kukdala	282,0	33 560	40 792
Kamashi	129,6	52 808	69 331
Karshi	93,4	62 641	76 525
Mirishkor	166,6	23 361	28 077
Muborak	213,0	19 561	22 831
Nishon	188,7	34 469	38 487
Chirokchi	267,9	49 899	62 432
Shakhrisabz	235,1	48 748	63 142
Yakkabog	282,5	55 598	69 281

There are 710,209 households in the Kashkadarya region, with a total of 869,453 families registered. Most households with household plots are registered in rural areas, where the majority increase their incomes through farming and livestock breeding.

¹ Хасанов Р. Бозор даромадлири: моҳияти таркибий тузилиши ва табақаланиши. – Т. Т.М.И. Босмаҳонаси 2004. 19-20-б.

² Qashqadaryo viloyati pasporti. Qarshi, 2024 yil. B. 297.

In 2023, there was an increase in household debt for gross loans. Despite improvements in the overall debt situation by the end of 2023, this indicator increased on an annual basis. Throughout 2023, the debt service ratio for all loans provided to individuals rose to an average of 8%. Specifically, despite a significant increase in borrowers' annual income (41%), the higher growth in the total volume of loans provided to individuals (54%) led to a 1 percentage point increase in the overall debt burden of the population compared to 2022³.

As of January 1, 2024, 1,826,772 people in the Kashkadarya region were registered as part of the labor force, with 1,220,917 employed. Of these, 466,405 work in the formal sector, 586,866 in the informal sector, and 167,646 have gone abroad to work. A total of 106,100 people (8.6%) were registered as needing employment⁴. The majority of the rural population is unemployed, but there are many opportunities for rural households to engage in entrepreneurial activities by using household plots.

Conclusion and suggestions

In accordance with modern standards of national accounting systems, accounting is conducted across six sectors. Since households are the main source of consumer demand and stimulate the production of goods and services, they play a key role in the market economy. Households supply various sectors of the economy with labor, and their savings and investments impact financial markets and economic stability.

To ensure the financial stability of the household sector and enhance its impact on the market economy, measures need to be introduced to increase household incomes, such as providing tax incentives, raising the minimum wage, and improving working conditions. This will increase their purchasing power and stimulate demand for goods and services. Additionally, educational programs aimed at increasing the financial literacy of household members should be developed, helping them manage their savings and investments more effectively, thus contributing to economic stability. Implementing these measures will strengthen household activity, increase their contribution to economic development, and ensure sustainable economic growth.

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