

**DIRECTIONS FOR INCREASING POPULATION INCOMES WHILE  
REDUCING POVERTY**

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**Abstract:** Poverty reduction Analysis and models of family business and medium-sized business development in increasing the income of the population are carried out in order to strengthen economic growth, social stability and the economic policy of the state. There are several main approaches in these analyses and models. Currently, there are more than ten forms of family business and private entrepreneurship, which have a significant share in the national economy. Firstly, it provides food products and services necessary for the population, and secondly, it ensures the employment of all the labor force in the family and creates the opportunity for the family to provide itself with income.

**Keywords:** Poverty reduction strategies, medium-sized business, business planning, social entrepreneurship, sustainable development, business model, economic growth, job creation, innovative business models, sustainable business development, local economic development, entrepreneurship support, business incubation, business acceleration.

**Introduction.** A number of government resolutions and decrees have been adopted in our country aimed at reducing poverty, providing employment to the population, and reducing the unemployment rate. In particular, Resolution of the President of the Republic of Uzbekistan dated May 18, 2020 No. PQ-4716 "On additional measures to support homestead owners and ensure employment of the population"; Resolution of the President of the Republic of Uzbekistan dated August 11, 2020 No. PQ-4804 "On additional measures to attract poor and unemployed citizens to entrepreneurship, increase their labor activity and train them in professions and ensure employment of the population"; Decree No. PF-6208 of 04/20/2021 "On additional measures to support entrepreneurial activities and employment of young people, their social protection and meaningful organization of their free time."

In many countries of the world, the trend of developing modern ways to reduce poverty and increasing existing ones is increasing day by day. According to the World Bank, “despite the goal of reducing poverty to a level above 3 percent by 2030, due to economic threats in the global economy, an additional 75-95 million people will have to live in extreme poverty in 2022, and the poverty rate forecast has been revised to 9.4% or 736 million people.” There is a direct connection between poverty reduction and the development of medium-sized businesses. The development of medium-sized businesses helps create new jobs, diversify economic activities, and increase the well-being of the population. At the same time, poverty reduction approaches, especially microcredit and vocational training, provide a stimulus for the growth of medium-sized businesses. An integrated model of poverty reduction and medium-sized business development is the basis of successful economic strategies worldwide. These approaches ensure social stability and create a basis for long-term economic growth.

1. Family businesses and private entrepreneurship do not require large capital because they are small, and it is easy to find money to start a business.

2. Family businesses and private entrepreneurship rely on real estate owned by the family, and since they are run in the family home, they do not require capital construction or renting space.

3. Family businesses and private entrepreneurship work for local markets, not for mass consumption. Since their market is small, they are less exposed to competition.

4. Family businesses and private entrepreneurship are adapted to the cheap production of products and services that require more manual labor.

For this reason, our state is encouraging family businesses and private entrepreneurship by providing them with preferential loans. In particular, preferential loans are provided to family businesses and private entrepreneurship, the population and business entities that express a desire to engage in certain labor activities aimed at earning income and expand their type of activity at an annual rate of 8 percent with a grace period of 3-6 months for a period of no more than 3 years. Family businesses and private entrepreneurship rely on idle labor resources in the family, that is, they are carried out with the support of wives, children and the elderly, as a result of which the need to hire labor is reduced. In addition, today the majority of families live in rural areas. Household activities play an important role in ensuring their employment and increasing family income. Most families are directly engaged in production on household plots. Homestead land is a labor activity related to the cultivation (processing) of agricultural products on household plots, both for free trade and for family needs. Homestead land is not considered entrepreneurial activity and state registration of homestead land is not required.

At the same time, subsidies of up to 150 million soums for the purchase of equipment began to be provided to business entities that have established cooperation with homestead landowners from 2022 to 2026. Also, in 2021, the Fund for Supporting Farmers, Dehkan Farms and Homestead Landowners allocated 20.5 billion soums in preferential loans to a total of 541 farmers, dehkan farms and homestead landowners, as well as "Homestead Service" LLC.

In accordance with the decree of the regional khokim No. 80-F dated February 6 of this year, 24 million soums were allocated from the reserve account of the local budget in accordance with the measures for providing practical assistance to low-income household landowners in planting crops (allocating funds from the local budget for vegetable seeds and fruit tree seedlings, attaching potential farms to them). In the context of the pandemic, together with commercial banks, the introduction of a mechanism for allocating microloans to household landowners online up to 2 million soums without the conclusion of the Family Entrepreneurship Center for the effective use of household plots, taking into account a 4% bank margin for a period of one year at the base rate of the Central Bank of the Republic of Uzbekistan with a three-month grace period, has been of great help to low-income, poor household farms. However, it cannot be said that poor families are aware of this opportunity and are using it effectively. Homestead land plots require material and labor costs from the family. The family makes these costs voluntarily, because it brings a good income. Since homesteading is based on manual labor, material costs here consist mainly of seeds, fodder, seedlings and fertilizers. Material costs of homestead owners account for approximately 8% of the cost of the product. Homesteading is inherently adapted to the requirements of a market economy, therefore it can quickly adapt to the requirements of market reforms and absorb them in a short time. In the last decade of the last century, as a result of the collapse of the former Soviet Union, the countries experienced an economic recession due to the severance of economic ties between the 15 newly independent republics. The standard of living of the population declined sharply, which led to an increase in the number of poor people among the population.

Uzbekistan plans to halve the poverty rate by 2026. He noted that halving poverty by 2026 and ensuring sustainable high and inclusive economic growth are among the main goals of Uzbekistan's development strategy. The following are planned for this: creating the necessary conditions for the development of the private sector, including small and medium-sized businesses, that will create sustainable jobs;

1. development of human capital and increase in labor productivity. In Uzbekistan, the level of coverage of preschool education and higher education institutions has almost doubled in recent years. In 2026, it is planned to expand coverage of preschool education to 80% (currently 69%), and higher education to 50% (28%). It is planned to provide vocational training for 1 million unemployed people (primarily women and youth) by 2026;

2. increase the amount of state resources allocated to social projects by liberalizing energy prices and reducing inefficient subsidies. Pay special attention to protecting low-income families;

3. accelerate the transformation and privatization of state-owned enterprises, improve competition and the business environment;

4. increase agricultural productivity, primarily by deepening land reforms;

5. continue reforms aimed at accelerating the transition to a green and digital economy.

The head of the Ministry of Economic Development welcomed the new World Bank cooperation program with Uzbekistan for 2022-2026. It is aimed at three strategic goals: creating quality inclusive jobs through private sector development; developing human capital and reducing poverty; improving the quality of life of the population and promoting sustainable economic development through green development. The minimum consumption expenditure per capita in Uzbekistan is 498 thousand soums per month (16.3 thousand soums per day). This indicator is used to determine the poverty line in the country. Currently, there are about 1 million 400 thousand women and young people in the country who are not officially employed. The unemployment rate among women is 13 percent, and among young people it is 15 percent. This indicator is higher in Fergana, Samarkand, Andijan, Kashkadarya and Tashkent regions. At the same time, today there is a need for 104 thousand specialists in construction, 71 thousand in the utility sector, 68 thousand in the service sector, and 46 thousand in light industry. It was determined that 70 percent of the funds within the framework of family entrepreneurship programs will be directed to small and medium-sized business projects that provide for the creation of jobs for the poor. It was also stated that enterprises that employ poor people will be provided with favorable conditions for bank loans.

The broad development of entrepreneurship creates an opportunity to further accelerate the level of socio-economic growth of our country. This, in turn, serves as a solid foundation for sharply reducing poverty and creating hundreds of thousands of new jobs and improving the living standards of the population. By putting these into practice correctly, it is possible to reduce poverty in the country and ensure employment of the population, improve their social situation, and establish a fair distribution of income.

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