European Journal of Economics, Finance and Business Development
ISSN (E): 2938-3633
Volume 3, Issue 10, October - 2025

FINANCING THE POPULATION THROUGH THE SOCIAL INSURANCE SYSTEM

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Abstract

Economic-statistical analyzes of each type of social insurance, the results of the software for the appointment and payment of pensions and allowances have been studied. The increase in the number of recipients of social benefits and the amount of material assistance provided to low-income families, as well as their financial sources, was mentioned in our country. For the implementation of the social insurance system, a certain amount of financial resources will be needed. Therefore, social funds are an integral part of any economic mechanism. It is known that in order to protect the needy sections of the population, there is a need to redistribute income in a certain order. The financial means of such redistribution is through social funds. Social funds, in turn, can be state or non-state. The ratio between the forms of social savings depends on many factors, first of all, on the national model of economic development.

Keywords: Social insurance, pensions and benefits, social benefits, financial assistance to low-income families, compulsory health insurance, unemployment benefit, one-time benefits, types of social services, social protection system.

Introduction

Today, extensive research is being conducted in the world to effectively organize the financing of the social protection system of the population based on the harmonization of various models of the social insurance system. In particular, the further development of voluntary and compulsory medical insurance, taking into account the possibilities and limitations and effectiveness of its impact, improving the procedure for assigning unemployment benefits based on ensuring the living standards of the population, increasing the stability of the pension system based on the transition to multi-level pension provision, coordinating the activities of pension and social funds, further improving the social protection system of the population taking into account the maximum provision of social guarantees, strengthening the insurance mechanism for financing pension programs based on the implementation of best practices, and ensuring the stability of their financial activities through the introduction of new financial sources and effective mechanisms are important research areas.

In recent years, Uzbekistan has paid special attention to the development of the social protection and social insurance system of the population. In this regard, important measures are being developed, such as "revising the procedure for assigning and paying pensions and benefits, radically reforming the pension system", "developing all organizational measures for the adoption of laws on compulsory medical insurance and their implementation", and developing the law "On Social Insurance". In scientific research, it is of urgent importance to expand the scope of scientific research in such areas as strengthening the social protection of pregnant women and women in childcare through the social insurance system, improving financial relations for the social protection of people with disabilities and temporarily incapacitated for work, and introducing a state medical insurance system, and to conduct in-depth scientific research into existing theoretical and practical problems in the social insurance system.

Literature review

Prominent scholars from foreign countries Zahin Ansari, Mosab I. Tabash, Asif Akhtar, Samar H. Khan, Ebrahim Mohammed Al-Matari[1] have argued that “the imperfection of the private market expands the scope of social insurance around the world. Social insurance is designed to provide protection against heterogeneous risks. In a prosperous environment, consumer demand for social insurance arises from the need to cover optimal policies.

Similarly, state intervention facilitates insurance, shapes the market by reducing the impact of imperfect information and moral hazard.” G. Takacs[2] in his scientific work “Time Series Analysis of Social Insurance and Patient Expenditures” sheds light on the current problems of the social insurance system.

Darmavan K H, Satibi S, Kristina S.A[3] presented their views in their article “Willingness to pay for social health insurance and factors inherent in the population”. Tobias Laun, Johanna Wallenius[4] presented their views on the types of social insurance and the basis of financing in their article “Social insurance and pensions: an interstate perspective”. Minas Vlassis, Stefanos Mamakis, Maria Varvataki[5] studied this research work in their scientific work “Taxes, social insurance contributions and the oligopoly of undeclared labor”.

According to A.V. Vakhabov, one of the scientists of our country, the specific nature of non-state pension funds is that the funds accumulated in other types of pension systems are returned to pensioners without any additional interest. In the non-state system, the accumulated funds are returned to their owners based on a certain interest rate for pensioners. The extent to which the accumulated funds increase and the stages of their increase are determined by the pension fund and the investment proposals selected by the client[6]. As one of our country's economic scientists, Q. Abdurakhmanov, notes, since such non-state pension funds make a significant contribution to the development of the economy in many developed countries of the world, he does not exclude the possibility of such changes in our country, which is currently undergoing many reforms, in the future[7].

Analysis and results

The fourth direction of the development strategy, “Fair social policy, development of human capital”, approved in accordance with the Decree of the President of the Republic of Uzbekistan “On the Development Strategy of New Uzbekistan for 2022-2026”, sets out “54 goals dedicated to improving the pension system, with the task of ensuring a consistent increase in the pension amounts of citizens in line with the country’s economic indicators”[8]. The pension system is an important lever in the social protection of the population of each country. This mainly refers to the material provision of pensions to persons who have paid pension contributions within the established periods, who have completely or temporarily lost their working capacity, and who have lost their breadwinners, i.e. pensions are one of the most important social guarantees of the state for certain categories of persons.

"All countries in the world are going through different stages of formation and development of social insurance systems for social protection of their population"[9], however, while the requirements for the development of this system are the same, they differ in the degree of their emerging problems and approaches to their solution. The social insurance system remains an integral part of the social policy of these countries. "The development of the social insurance system provides targeted protection mechanisms for the population of the country and, on this basis, serves to ensure socio-economic and financial stability, and ensures social harmony and solidarity among society"[10]. In the current rapidly developing world, social insurance systems are operating, differing from each other in their components and various types of financing.

Several social funds operate in our country to provide financial support to the population in need of social protection. In particular, the cost of financing social programs has increased by 2 times compared to GDP, the coverage of low-income families receiving benefits has increased by 5 times, and new types of benefits have been introduced for people with disabilities and those caring for children with disabilities.

In recent years, a number of positive changes have been implemented in the social insurance system in our country. The pandemic that has begun in the world has shown the need to further improve the social insurance system. The social protection system of Uzbekistan includes many key features related to international social security standards: including; elements of social assistance and social insurance. One of the most optimal ways to provide social assistance to the population is the social insurance system. In our country, the level of coverage of the population through the social insurance system is 44 percent, and various social assistance (through social benefits) is provided to the population.

In order to identify low-income families and provide them with targeted assistance, the "Unified Register of Social Protection" information system was introduced throughout the republic. The number of families receiving pensions has increased fourfold over the past three years, reaching 1.9 million. The scope of benefits paid for the care of children in low-income families has been expanded, and the age of children taken into account in the assignment of benefits has been set at 14 to 18 years. The payment period has been increased from 6 to 12 months, and the amount of benefits has been increased by an average of 1.5 times. The minimum amounts of unemployment benefits have been increased by 3.2 times, and more than 20 new instruments aimed at ensuring employment of the population have been introduced.

From the data presented below, we can see that the largest number of families in our republic is in Fergana region (1,124,208 people), and the smallest number of families is in Syrdarya region (237,352 people). In general, we can see that the average number of families in our republic is 694,997 people. Of these, Fergana region (592,188 people) is also leading in the number of families under the age of 18, and we can see that the lowest indicator in the number of families under the age of 18 is in Syrdarya region (102,688 people).

In 2024, 18.6 trillion soms will be allocated for total social protection expenditures for the population (in the form of pensions, material assistance, funeral payments, maternity benefits and other compensation payments). Soums are planned, of which 10.3 trillion soums will be allocated for child benefit payments to low-income families.

Table 1 Number of people in need of social protection in the republic (2024)*

District (city) name	of which: number of families with children under 18 years old		Number of families with many children (4 children or more)		Number of single-parent families (families without a father or mother)		Number of families with people with disabilities	
	total	in rural areas	total	in rural areas	total	in rural areas	total	in rural areas
Respublika bo‘yicha jami	4 718 680	2 631 349	546 723	367 462	211 354	109 115	444 256	243 405
Q.Q Respublikasi	238 632	111 989	23 304	12 515	10 720	5 083	28 479	13 802
Andijon	361 949	242 999	36 523	27 023	14 744	8 297	35 605	22 767
Buxoro	298 373	215 002	20 762	15 962	10 931	7 042	34 692	23 425
Jizzax	136 316	76 543	22 419	12 855	9 214	4 260	13 089	6 829
Qashqadaryo	429 014	312 459	91 681	68 234	20 189	14 115	35 852	24 452
Navoiy	157 680	86 094	5 721	3 867	6 771	3 527	22 516	14 111
Namangan	402 882	182 228	39 464	19 884	16 686	6 673	41 288	19 948
Samarqand	527 511	364 067	82 044	64 866	23 273	17 508	42 448	29 107
Surxondaryo	376 309	229 345	65 052	42 594	17 710	10 754	32 325	21 116
Sirdaryo	102 688	64 101	16 642	11 516	7 341	4 229	17 313	9 930
Toshkent	377 023	194 188	24 651	15 632	17 485	8 445	36 381	17 116
Farg‘ona	592 188	319 835	75 337	51 240	24 424	12 107	41 970	22 709
Xorazm	325 628	232 499	25 908	21 274	11 316	7 075	27 137	18 093
Toshkent sh.	392 487	0	17 215	0	20 549	0	35 161	0

* Compiled by the author based on data from the Off-Budget Pension Fund under the Ministry of Economy and Finance of the Republic of Uzbekistan.

Old-age benefits provided by the social insurance system cover about 38 percent of the population and 85 percent of those over 65. The coverage rate of poor families with material assistance is 29 percent. According to our research, one in three people considered poor receives some kind of social assistance.

In order to cover additional costs in the health care system and combat the growth of unemployment, along with additional resources, a number of measures for social protection of the population are being expanded, especially state programs such as tax incentives for small and micro-enterprises and the return of social tax amounts when employing citizens in need of social protection. The social protection system was mainly focused on providing social insurance, pensions and benefits to some extent for low-income families. Thus, less attention was paid to labor market interventions, including unemployment benefits, skills training and temporary employment. The ongoing structural reforms, in particular the restructuring of stateowned enterprises, require additional resources for training and retraining these newly unemployed.

The fact that social security remains inaccessible to the majority of the population is a major concern. Approximately 50 percent of the working-age population is employed in the informal sector, which means that they are not covered by social insurance systems. Expanding social insurance coverage is crucial. This can be achieved by expanding social insurance programs for those employed in the informal sector, regardless of their status, while simultaneously taking parallel and coordinated policy actions to formalize employment.

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