

DEVELOPMENT OF THE PENSION SYSTEM IN UZBEKASTAN

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Abstract

The article analyzes the pension reform and the results of its development, which began in the years of independence, and draws conclusions based on the analysis. Social payments, allowances and pensions received by citizens from the state budget and non-budgetary funds are of great importance among citizens. Pensions are paid in full to working pensioners. In this article, we list these and other major changes that have taken place in the pension system in recent years.

Keywords: pension, social payments, benefits, pension system, Off-Budget Pension fund, "Social protection" single register.

Introduction

Nationwide finance contained syllables inside state from the budget after volume and consumers cover get scope and social importance according to second standing centralized from the collection one this from the budget except Pension coat of arms is considered Uzbekistan in the Republic from the budget except Pension to the collective arms initially Uzbekistan Republic Ministers December 27 , 1996 " Uzbekistan Republic social supply Ministry in the presence of Pension the coat of arms organize reach about " No. 459 to the decision according to .:, base put in Har one new organize done centralized total to the front certain the goal put it therefore , this total to the front too necessary the goal it was put including from the Budget except Pension of the coat of arms head the goal is the state by guaranteed pension supply in the system management structure improvement , to revenues intended mandatory contribution , levy and allocations completely gathering to provide , as well as the population strong social protection to do for financing measures own on time and completely to appreciate reach is considered



Finance Ministry in the presence of From the budget except pension coat of arms work issued " State pension supply system reform reach concept " project population to the attention of link from being done since wide discussion is being done .

Now, Uzbekistan of the population about 11 percent (3.9 million person) pension and allowance takes Five years ago, there were 3 million pensioners.

Recently, the number of pensioners and pensioners is growing by 200-250 thousand per year. As their number increased, it was felt necessary to make some changes in the pension system.

ANALYSIS OF LITERATURE ON THE SUBJECT

Economists have conducted a number of studies on social protection of the population, particularly on the reform of the pension system. We will try to deeply study the views of various economists on the social protection of the population, the theoretical foundations of the pension concept.

A.V.Vahobov and T.S. Malikov in their financial textbooks have specifically focused on the concept of pension provision and analyzed its tasks and the role and importance of pension provision in the field of finance based on the study of its development leaders.[1]

T. Malikov, O. Olimdzhanov conducted their scientific research and research on the importance of the state budget, which is an important factor of pension provision, and indicated the necessary directions for the development of pensions and social benefits.[2]

RESEARCH METHODOLOGY

The main purpose of the research is to make scientific conclusions for the development of scientific and practical proposals and recommendations based on the results of the analysis of the pension system and current situation of Uzbekistan. As a theoretical and methodological basis of this article, general economic literature and scientific articles, researches of economists on pension system reform, interviews with scientists and representatives of the field, analysis of their written and oral opinions, expert evaluation, monitoring of processes, systematic analysis of economic events and processes conclusions, proposals and recommendations are given based on the approach. Methods such as comparison, compilation of theoretical and practical materials, and systematic analysis were used in the process of studying the topic.

ANALYSIS AND RESULTS

One of the main tasks of the off-budget Pension Fund is aimed at implementing the Law of the Republic of Uzbekistan "On State Pension Provision of Citizens" adopted on September 3, 1993. Article 2 of the mentioned law mentions state pensions in the following form:

- depending on age;
- on disability;
- according to the fact that he lost his breadwinner.

Decree No. 1289 of the President of the Republic of Uzbekistan was announced on November 20, 1995. This Decree stipulates the payment of 50 percent of the fixed pension for pensioners who are working, serving and performing work, starting from January 1, 1996. However, veterans of the Second World War or those equivalent to them, disabled persons of the 1st and 2nd groups, pensioners who participated in the elimination of the Chernobyl disaster and are



working are excluded from this. It is determined that 100 percent of pensions will be received for them.[4]

We can say the following positive changes in the past 5 years.

The start of cash pensions was a big news. One of the problems that plagued pensioners until 2017 was that money was not given to them in cash. From February 1 of that year, this problem was solved - pensions and allowances began to be given in any form, in cash or through a plastic card. This was the news that many were waiting for.

"In 2015-2016, pensioners did not have the opportunity to receive their pension money in cash. Money was transferred only to a plastic card. Because the issue of cash was an urgent problem," says Gulnara Murodova, the head of the Tashkent city administration of the Pension Fund, recalling the past.

Another positive change in the pension system occurred in 2019. That is, the upper limit set for the salary in calculating the pension has been increased from 8 times to 10 times the BHM. As a result, the pension amount of 531,000 citizens increased from 65,000 to 265,000 soums on average.

In addition, as of January 1, 2019, 6 billion 287 million soums of debts of 3 thousand 770 citizens, who were found to have been paid excessive pensions as a result of checks on the correct appointment and payment of pensions, were written off.

Facilities have been created for the working pensioner. One of the positive changes in the system - from January 1, 2019, pensioners working in all sectors will receive their pensions in full. As a result, the monthly income of 83,000 pensioners increased by an average of 450,000 soums that year.

Before that (since 1995), working pensioners were paid 50 percent of their pensions, and the objections were increasing.

"Working pensioners will receive 50 percent pension until 2019. Since that year, both salary and pension have been paid in full. Cash and credit cards are available at our discretion. Honestly, it would hurt me to get 50% pension after working for 30 years. Now we are getting it in full," he says.

Work experience up to 2005 is taken into account without documents. From June 1, 2021, the period of work of a citizen who wants to retire until 2005 will be taken into account for the length of service without requiring any documents. A system has been introduced in which only a passport and information about monthly salaries received in the last 5 years are requested for retirement.

"Until 2005, since there was no electronic database of seniority, citizens were asked for salary, seniority information, archive documents, and their seniority was not fully taken into account. As a result, agitation and objections increased.

So far, more than 40 documents have been required from citizens for retirement. It was necessary to collect documents from about 15 ministries and agencies. The main part of this would be related to the length of service until 2005", says the head of the fund.



"This year, my husband filed for retirement on July 8. The next day, a message was received on the phone that they had retired. When we went to the pension fund, they gave us a pension book. I was surprised. I couldn't believe it. Because I retired 7 years ago. At that time, many documents were requested from the tax and other organizations, and I was very busy. This year, we brought a passport with a work record, we brought information about monthly salaries for the last 5 years, that's it. He retired on the same day. "There is no previous hustle and bustle," said the pensioner.

About the possibility of retirement for non-working citizens.

A spouse who is currently working can voluntarily pay social tax to the Pension Fund from their monthly earnings for the non-working spouse. At the expense of these payments, seniority will be accumulated and the possibility of coverage with pension provision will be created in the future.

"Some men do not want their spouse to work. As a result, when they reach retirement age, they will not have work experience and will be deprived of pension rights. Taking into account this problem, by the decision of the president, spouses were given the right to voluntarily pay social tax for their wife from their monthly income to the Pension Fund.

"Women will be busy with household chores, their husbands will pay taxes for them, and in the future housewives will also have the right to receive a pension," the expert said.

It has been reported that now self-employed citizens can accumulate experience and retire in the future by voluntarily paying taxes to the Pension Fund.

"Many of our compatriots work abroad. They also return to Uzbekistan after working for some time. At present, our compatriots have also been given the opportunity to retire. That is, if they pay social tax at the expense of their income received abroad, they are considered seniority. When the pension age is reached, the right to appoint a pension will be granted," said Nuriddin Shadikhojhayev.

A single register of "Social protection" was introduced.

From the beginning of 2021, the single register of "Social protection" was launched throughout the republic. Through this system, 3 types of allowances are automatically assigned to low-income families electronically, without human intervention.

At first, the applicant, who wanted to receive benefits, was required to provide information about his income, property, and the place of work of his family members. In addition, the appeal process took a long time.

In the "Social Protection" single register system, the citizen does not need to collect any information. Copies of passports (marriage and birth certificates) of oneself and family members are submitted only with the application.

The application is submitted to the neighborhood. Through the register, it is possible to see electronically who has been assigned or denied benefits, as well as the reasons for denial.

Due to its importance, pension provision occupies a large place in the economic, social and political life of our country and in the state financial and budget system.

This system is closely related to the state of the labor market and the tax sector, as well as the demographic situation in our country. Therefore, the pension system should serve to reduce the



burden on the economy, taking into account the current situation. In the conditions of the market economy, it is an important task to support the standard of living of people of retirement age, to strengthen the guarantees of citizens' constitutional right to pension. Its importance is becoming more urgent, especially during the ongoing pandemic.

The law "On amendments and additions to certain legal documents of the Republic of Uzbekistan in connection with the further strengthening of guarantees of the rights of citizens and business entities" signed by the President on February 9, 2022, is aimed at the same goal. The law, among other documents, includes amendments and additions to the law "On state pension provision of citizens".

Most of the changes introduced by the new law are aimed at strengthening the protection of the rights and interests of socially vulnerable sections of society, first of all, women. In particular, now it is planned to add a period of up to 6 years to the length of service when all the time spent on child care leave is summed up. Previously, this period was 3 years. In order to coordinate legislative documents, this norm is simultaneously reflected in the Labor Code. This is very important. Because the health and safety of mother and child is not only a family concern, but also the whole society.

Developed countries understood the urgency of the issue as early as the 19th century. In particular, Germany was the first country to legalize childcare leave in 1883. Sweden followed in 1891 and France in 1928. In 1919, the International Labor Organization developed and adopted recommendations for the protection of motherhood and childhood. They are based on three fundamental principles: parental leave, cash benefits and job retention.

It is these rules that serve to fully ensure the safety of the mother and child, and thus protect the interests of society. Mothers also need time and money to fully recover their health after childbirth. Therefore, if the above guarantees are provided, they can return to work faster, which is a benefit to the economy. In addition, if families know that they are under the protection of the state, the birth rate will always be at the desired level, demographic problems will be put to an end.

In this regard, the changes introduced by the new law, i.e. adding the 6-year period of child care leave in our country to the length of service, will be an additional incentive and support for women.

The law stipulates that the time spent caring for a person with a disability of the first group or a disabled child under the age of 18 (previously 16 years old), as well as (according to the conclusion of a medical institution), elderly people over 80 years old who need the care of others, will be added to the length of service. This is also an important step towards ensuring the interests of women. Because it is mainly women who take care of disabled or elderly people in families. Many Uzbek women often give up their personal interests and aspirations due to their love for their loved ones. There are many sisters who have spent their lives taking care of their disabled children or the elderly in the family, fulfilling the role of motherhood and daughter-in-law when the time comes. This amendment to the law opens the way for them to receive a pension when they get old, which means that they will receive financial benefits from their work, even if it is little.

Another important norm introduced by the law is that the survivor's pension will be paid to the dependent children of the deceased up to the age of 18, if they are studying in a general



secondary education institution, an academic lyceum and a higher education institution, until they reach the age of 23.

In accordance with the current legislation, the survivor's pension is paid to dependents until they reach 16 years of age, and until they reach 18 years of age in the case of students. However, when a child turns 18 years old, he often enters a higher education institution. Of course, he cannot be left without supplies while he is busy studying.

In almost all CIS countries, the survivor's pension is paid until the age of 18, or until the age of 23. Now this practice is being implemented in our country. This will allow many young people to find a worthy place in life.

The pension system is an important part of the social protection of the population of every modern state, and one of the basic and most necessary guarantees of the development of society. Its reform and development is a continuous and unceasing process. Because the continuous improvement of this system is not only the provision of human rights, but also, first of all, an important factor of economic growth and raising the standard of living of the population. Therefore, the adoption of this law was an important step towards strengthening the social stability and economic security of our country.[1]

CONCLUSIONS AND SUGGESTIONS

In conclusion, it can be said that the implementation of reforms aimed at ensuring the financial stability of the republic's pension system is having an impact on the economy. Today, almost all countries are experiencing demographic aging processes. The increase in the share of elderly people in the population increases the costs of the pension system and reduces its income. In such conditions, there is a need to carry out reforms in the pension system. In this situation, pension reform models have also been created, and a certain number of countries experiencing demographic aging are implementing reforms through these models.

As mentioned above, there are problems in the pension system of our Republic. Although the demographic aging process has not yet been observed in Uzbekistan, the increase in life expectancy in the near future will create the need for reforms in the pension system. The stages of development of the pension system and the reforms implemented in this article are well underway and should not be stopped.

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