

MAIN DIRECTIONS FOR IMPROVING THE PENSION SYSTEM IN UZBEKISTAN

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Social security is an objective process, the purpose of which is the ever-increasing, more complete and high-quality satisfaction of the needs, first of all, of disabled citizens. And the higher the level of this satisfaction, the more civilized and socio-economically fair is the economic social system, which manifests itself in the maximum care of all categories of citizens and contributes to the activation of the human factor, the higher the level of political structure and humanistic social relations. The higher the level of social protection for all strata of society with priority allocation of socially vulnerable and poor strata, the greater the number of citizens covered by social security, the higher the level of social relations and the higher the standard of living of the population.

Social security, as an economic category, expresses the totality of socio-economic relations based on the financial resources of society associated with the creation, distribution, redistribution and consumption of material goods formed in the process of social production and directly related to the most complete satisfaction of the needs of disabled persons in the event of temporary disability. Given the critical importance of social security in public life and that it is both an end and a means of activating social policy, it is not difficult to understand why social security has always been given special attention in the legislative activity of the state. The growth of the effectiveness of social security seems to be one of the ways to achieve social justice in relation to virtually the entire population, it is an important milestone in the formation of a modern socio-economic system for protecting and supporting the population and a key direction in creating a socially oriented market economy.

Pension provision is the main component of social protection and one of the main functions of the state, enshrined in Art. 39 of the Constitution of the Republic of Uzbekistan establishes: "Everyone has the right to social security in old age, in case of disability, as well as loss of a breadwinner and in other cases provided for by law". This concept includes the right to material security in old age, in case of illness, complete or partial disability, as well as in the event of loss of a breadwinner. The right to social security is one of the most important social rights of a citizen. And this right in our state is universal and is carried out at the expense of state social insurance funds. Taking into account all forms of social assistance, social security is provided to many millions of the elderly, the disabled, and family members of those who have lost their breadwinner. 0.5% of public consumption funds are spent on social security. Only on pensions and benefits in 2015, 16557 billion soums are spent. After wages, this is the second largest source of income for the population. In addition, at the expense of payments under state assistance programs (the so-called transfer payments), which are also one of the sources of income for the population, pensions are provided for temporarily disabled citizens, and various benefits are paid (for childcare, pregnancy and childbirth).

Currently, according to the Committee on Statistics of the Republic of Uzbekistan, the pension system serves about 11% of the population of the Republic (about 3.4 million people). Compared to European countries, this is a good indicator that has a positive effect on the state of the pension system. For example, in many European countries it exceeds 25%. The legal basis of the pension system in the Republic of Uzbekistan is the Law on Pension Provision for Citizens of the Republic of Uzbekistan, as well as other regulatory legal acts of the Republic of Uzbekistan.

The financial basis of the pension system in the Republic of Uzbekistan is:

- means of state pension insurance of the Republic of Uzbekistan, formed in accordance with the legislation of the Republic at the expense of compulsory insurance contributions of payers of insurers and insured persons
- for the payment of pensions for state pension insurance;
- means of the republican budget for the payment of benefits for state pension provision.

The main goal of reforming the pension system is to better protect the elderly from poverty and promote economic growth. To this end, in 1991, a partial reform of the pension system was carried out, as a result of which the size of pensions was made more closely dependent on the length of service and average monthly earnings, and pension payments began to be financed from the funds of a specially created Pension Fund.

Despite the fact that the 1991 reform introduced significant changes in the procedure for assigning and paying pensions, it still failed to solve the main problem - stabilizing the financial support of the pension system. The reform did not take into account regional and national characteristics, as well as the economic situation in the republics. This was especially evident after the collapse of the USSR.

On January 1, 2005, Uzbekistan launched a pension reform, which was carried out through a phased transition from distributive to insurance and funded principles of pension provision. The need for its implementation was due to the presence of numerous problems, among which the following can be distinguished:

First, there is no sufficient dependence of the size of pensions on the number of mandatory contributions paid to the Pension Fund.

Secondly, the presence of significant pension benefits. In Uzbekistan, there is an excessive number of pensions assigned earlier than the generally established age. In the planning and distribution system, such benefits were a kind of compensation for certain categories of workers for harmful working conditions and low wages. All this does not correspond to the nature of market relations and does not meet the requirements of social justice, and also negatively affects the financial condition of the pension system.

Thirdly, at present in Uzbekistan there is no sufficient dependence of the size of pensions on the number of mandatory contributions paid to the Pension Fund. For example, in Uzbekistan, as in many countries of the former USSR, there is an inadequacy of participation of citizens in the income and expenditure parts of the Pension Fund by gender: in order to be eligible for a full pension, it is enough for women to make contributions to the Pension Fund for 20 years, and for men - for 25 years. Women are entitled to a pension at the age of 55, men - 60 years. Taking into account that the average life expectancy of women is 72 years, and men - 67 years, it is easy to calculate that the share of women's participation in the expenditure side of the Pension Fund is more than 2 times higher than the share of men's participation, although the participation of women in the income side of the Pension Fund is much less than participation of men. The government of Uzbekistan decided to start the reform of the pension system with the adoption of the law "On accumulative pension provision of citizens" adopted on December 2, 2004. Based on this law, at the initial stage (in 2005-2006), funded elements were introduced into the current pension system as additional pension provision, and the basis for the formation of the funded pension system was mandatory contributions to special individual accounts of employees paid by the employer.

At the second stage of the pension reform, starting in 2007, Uzbekistan gradually began to introduce a contributory pension. At the same time, guarantees for citizens to receive the minimum state pension were retained, and its insurance part began to depend on the number of contributions on a personal account in the Pension Fund. In addition, a moratorium was established in the republic on the introduction of new pension benefits, while the existing benefits were subject to gradual revision and cancellation.

The pension system of Uzbekistan needs to be improved. This is due to: a) the growing pension burden on the working population, which poses a threat to the financial security of state pension obligations already in the medium term; b) gradual growth in the structure of the population of the proportion of the population older than working age.

As the world experience of pension reforms shows, as the income of the population increases, pension systems are moving away from state systems towards individualization, i.e., to storage systems. But inept management of pension savings under the funded system can lead to a decrease in the profitability of pension assets.

Even convincing arguments in favor of switching to funded schemes, due to the presence of a number of risks associated with an increase in pension assets, could not convince many European countries to switch to a funded system. This, in turn, led to the fact that many countries decided not to change the solidarity system, but to improve it, which began to be carried out by raising the retirement age and requirements for the duration of the insurance period, indexing the size of pensions, etc. In addition, in some states, private funded components have begun to act as a supplement to existing public pension schemes.

Finally, a direct subsidy to the pension system at the expense of the state budget has become widespread, from which either certain types of pensions or pension supplements, or a part of insurance premiums for an employee, along with contributions from the employer and the employee himself, are financed. The forecast of the demographic situation shows that the growth rate of the population of retirement age exceeds the growth rate of the population of working age, as a result of which by 2050 the number of pensioners in Uzbekistan will reach 19.4% of the total population of the country, and this, in turn, will worsen the financial condition pension system, since the growth rate of the expenditure side of the pension fund will exceed the growth rate of its revenue side.

Based on the foregoing, it is necessary to start reforming the pension system of the republic now so that the reform period covers the time lag that is convenient in terms of demographic changes. Therefore, gradually moving along the path of improving the current pension system based on compulsory social insurance, it is necessary to take steps towards the formation of additional pension systems based on the voluntary participation of citizens in them.

REFERENCES

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3. Decree of the President of the Republic of Uzbekistan dated May 30, 2011 No. 1542 “On additional measures to further strengthen the social protection of lonely elderly, pensioners and disabled people for 2011-2015”.