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Issue Article

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COMPOSITION AND STRUCTURE OF HOUSEHOLD INCOMES AND EXPENDITURES IN THE REPUBLIC OF UZBEKISTAN

***Abstract**: this article discusses the concept and socio-economic essence of household expenditures, describes the main types of household expenditures, and analyzes the dynamics of the structure of household expenditures in the Republic of Uzbekistan.*

***Key words**: households, household expenditures, composition and structure of household expenditures.*
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Introduction

The development of the economy and the social sphere, the implementation of the state financial policy and various state and local programs have the ultimate goal of improving the standard of living of the population, ensuring the realization of its labor, entrepreneurial and investment potential, improving financial well-being and increasing the role of households in the financial system of the state [1-2].

A household can be defined as one individual or group of individuals who live together in the same building and make various economic and financial decisions independently. Households are one of the most important economic entities. They are the final consumer of many manufactured goods, works and services, provide enterprises and organizations with various factors of production, pay taxes and other obligatory payments, save part of the income received, and also invest in real and financial assets [3-4].

The functioning of household finance is associated with the formation, distribution, and use of the family budget and other money funds, the formation of financial resources and the adoption of various economic and financial decisions, for example, decisions on spending or saving income received, paying expenses, investing temporarily free financial resources, in other words, obtaining various type of income and financing of various expenditures of the population. Let's consider the economic essence and the main indicators of household expenditures [5-9].

The expenditure part of household budgets is money allocated for consumption, payment of mandatory payments and savings.

The types of household expenses distinguish between current and capital ones.

Household current expenditures should include expenses for the purchase of food products, non-food products used for a relatively short period of time (shoes, clothing, etc.), as well as payment for services periodically consumed by the population throughout their lives (for example, such as services of a hairdresser, laundry, dentist, etc.).

Capital expenditures include the costs of acquiring non-food items used for sufficiently long periods of time (furniture, housing, vehicles, etc.). The same item should also include the costs of services that household members consume quite rarely, and the result of these services, on the contrary, has a significant impact on them and determines their life for quite long periods of time (expenditures for education, for a medical operation, for travel voucher, etc.).

By functional purpose, household expenditures could be divided into personal consumer spending, taxes and other payments, and savings.

By the nature of autonomy, the composition of household expenditures is represented by autonomous (non-elastic) and elastic expenditures, which depend on the dynamics of income. Autonomous expenses do not depend on the size of income and formally correspond to the subsistence level. The living wage is a cost estimate of the minimum consumer basket, which includes a set of food, non-food products and services, as well as mandatory payments and fees.

In addition, in terms of frequency of implementation, three groups of household expenditures are distinguished: short-term expenditures, medium-term expenditures, and long-term expenditures.

Household expenditures are the result of their financial relationships with various economic entities [10-12]:

– relations between households and other households and commercial enterprises in the process of purchase of goods, works, services;

– relations between households as landlords and tenants arising from the receipt of rent for the use of property, as well as between households as tenants and landlords – regarding the payment of rent for the use of property;

– relations between households and other households arising from production and purchase of goods, services, and works for personal and family consumption;

– relations between households and budgets of different levels and state non-budgetary funds regarding the payment of taxes, fees, mandatory payments;

– relations between members of households arising from the distribution of total income (family income);

– relations between households and professional participants of financial market;

– other money relations with enterprises, organizations, households connected with the distribution and use of money funds of households.

Household expenditures are connected with different financial decisions. Households typically have to make four types of financial decisions [13]:

1. Decisions to consume and save money. How much of the family's current wealth can be spent on consumer needs, and how much of current income should be saved for future use and directed to savings? For example, if the head of the family receives an income of 7 million soums, the mother receives a salary of 4 million soums, the grandmother receives a pension of 1.5 million soums, how should this household redistribute the income received among all family members, including children? How much can this family spend, and how much should the household save for the future?

2. Investment decisions. What assets should you invest your savings in? What financial instruments are the most profitable in terms of profitability and the most reliable in terms of financial risk?

3. Financing decisions. When and how should a household use borrowed funds to realize its consumption and investment plans? The family needs to buy a new refrigerator, a new laptop for their son and pay for English courses for their daughter. With what financial resources will the family be able to finance these expenses?

4. Decisions related to risk management. How and under what conditions should households try to reduce financial uncertainty, and when should risk tolerance be increased? The head of the family takes a taxi to work every day and spends a large amount of money every month. How can these expenditures be reduced?

Next, we will consider the types of household expenditures in accordance with the Methodological Regulations on Household Surveys [14]:

– in the Republic of Uzbekistan, household expenditures are divided into consumption and non-consumption expenditures;

– consumption expenditures of households are diverse and include such expenses as the purchase of food, non-alcoholic beverages, tobacco products, non-food items for personal consumption, payment for different services;

– non-consumption expenditures of households cover expenses for the purchase of real estate, livestock, poultry, bees, rent for land, an apartment, a house and other premises, expenses for maintaining a subsidiary farm, expenses for production services, taxes, contributions and other payments, material assistance to relatives and other persons, the purchase of goods for commercial purposes, deposits in banking institutions, the purchase of shares and other securities, the repayment of a loan, debt and other non-consumer expenses.

Let us analyze the dynamics of the structure of household expenditures in the Republic of Uzbekistan in 2018-2020 based on the data of a sample household survey conducted by the State Committee of the Republic of Uzbekistan on Statistics (Table 1).

Table 1. Structure of Household Expenditures in the Republic of Uzbekistan
(according to the results of a sample survey of households; in percents)

No.	Name of expenditures	2018	2019	2020
1.	Expenditures, total	100,0	100,0	100,0
	including:			
2.	consumption expenditures	84,6	84,6	87,0
	of which to:			
2.1.	food	40,7	38,8	40,3
2.2.	non-food goods	26,9	28,0	28,9
2.3.	services	17,0	17,8	17,8
3.	non-consumption expenditures	15,4	15,4	13,0

**Source: data of the State Committee of the Republic of Uzbekistan on Statistics*

Based on the analysis of indicators of the dynamics of the structure of household expenditures of the Republic of Uzbekistan in 2018-2020, the following conclusions could be made:

– the most of the household spending goes to finance the consumption expenditures. The share of these expenditures in 2018 and 2019 amounted to 84.6%, in 2020 – 87.0% of the total volume of household expenses;

– the share of household expenditures on food financing varies in the range of 38.8-40.7%;

– the share of expenses for the purchase of non-food goods is gradually increasing from 26.9% to 28.9%;

– the share of non-consumer household expenditures decreases from 15.4% in 2018-2019 to 13.0% in 2020.

Based on the results of studying the economic essence and the main directions and structure of household expenditures in the Republic of Uzbekistan, the following conclusions can be made:

– household expenditures are the result of the functioning of households and the organization of their financial relations with state authorities and administration, commercial enterprises, budgetary organizations, public and charitable organizations, and other individuals;

– household expenditures are related to the distribution and use of the family budget, personal budgets of household members, reserve or investment funds and other money funds of household funds;

– the composition and structure of household expenditures can be influenced by various factors, for example, the goals and current tasks of the household, macroeconomic factors, the level of education and financial literacy of household members, economic and financial decisions;

– in the composition of household expenditures, about 85% is occupied by consumption expenditures for the purchase of food, non-food products and services, while non-consumption expenditures account for about 15% of all expenditures;

– the study of the composition and structure of household expenditures is necessary for the development and implementation of public financial policy directions, the improvement of mechanisms for providing financial assistance to the population, the creation and widespread use of various financial instruments and the provision of households with a wide range of various financial services.

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