



Changes in the State Pension System in Uzbekistan

Gavkhar Zokirova

Lecturer at the Department of Finance, Termez State University, Uzbekistan

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Abstract

Work is being carried out to introduce modern mechanisms to stimulate the uninterrupted participation of citizens in the social insurance system, to increase the level of material security of pensioners, to support the moderation of the fiscal burden on the wage fund, as well as to improve the pension provision system in order to achieve a stable pension system. The pension provision system is a system that provides for the implementation of a complex of measures of an economic, legal, social and organizational nature, aimed at ensuring and supporting the standard of living of incapacitated and low-income citizens.

Keywords: *Social Security; Monetary Payment; Insurance System; Working-Age; Pension Provision*

Introduction

Pension (Latin: pensio-payment)-payments that are paid regularly and usually lifetime-bod in cases established by law by the state or other subjects to citizens. Social Security is a form. Retirement is a monthly monetary payment that is guaranteed to provide citizens after reaching retirement age, in connection with incapacity for work, loss of a breadwinner or long-term professional activity. The current pension provision system cannot fully meet the requirements of the present time, and provide citizens with the maximum level of optimal conditions for their social protection in old age, when they lose their ability to work and lose their breadwinner.

Materials and Methods

According to Article 39 of the Constitution of the Republic of Uzbekistan, «everyone has the right to receive Social Security in case of aging, loss of working capacity, as well as deprivation of a breadwinner and other points provided for by law.» The number of pensions and benefits, and other types of social assistance cannot be less than the minimum required for officially established subsistence. Pension issues are established by the law of the Republic of Uzbekistan «on state pension provision of citizens» (September 3, 1993). Foreign citizens and stateless persons living permanently in the Republic of Uzbekistan have the right to receive a pension on an equal basis with citizens of the Republic of Uzbekistan if no special rules are provided for in the inter-state agreements (agreements). The conditions, norms, and procedures for pension provision of military personnel, as well as persons from the heads of

internal affairs bodies and ordinary personnel, as well as members of their families, are determined by the legislation of the Republic of Uzbekistan. At the moment, they are also given the right to receive a pension on the basis of the law» on state pension provision of citizens». Citizens who have the right to receive various types of pension are assigned one pension, depending on their choice.

In particular, the law of the current Republic of Uzbekistan «on state pension provision of citizens» was approved in 1993, which does not contain the correct norms of influence, many norms governing the issues of pension provision and social protection of the population are approved by decrees of the president of the Republic of Uzbekistan, government decisions, which, in turn, lead to their;

-the mechanism for stimulating the continuous and long-term participation of citizens in the social insurance system remains complex and transparent, as a result of which almost 60% of the working-age population is not covered by state social insurance;

- There has been a widespread practice of preferential pension provision, unreasonable allowances, and additions to the pensions of individual categories of persons, which today are practically not used in world practice;
- The relationship between the amount of pension and the employee's labor contribution (share) is also weakened, and the burden of pension payments has increased, in this regard, in the near future, imbalances are expected between the income and expenses of the Pension Fund, which, in turn, negatively affects the financing of pensions and other social payments;
- The pension provision system is rounded up and equalized for all and does not meet the following basic principles: social insurance contributions should form the basis of Pension Fund funds and be directed to a fixed goal – the pension payment of persons participating in pension insurance, and the responsibility between the employer and the employee on compulsory payments to the pension fund.

Main Part

One of the priorities in the strategy of action on the five priority areas of development of the Republic of Uzbekistan in 2017-2021 is aimed at the development of the social sphere, which includes ensuring mandatory social guarantees for the population, strengthening the social protection of the socially vulnerable part of the population, as well as state support for the elderly citizens.

It is necessary that the pension provision system was of an economic, legal, social and organizational nature, aimed at support.

This system is 3.3 million more than covers citizens or about 10% of the country's population. Age-related pensioners - 2 502.6 thousand people, disability pensioners - 360.3 thousand people, breadwinners - 168.5 thousand people and social benefits-294.1 thousand people.

When working out the pension system, it is necessary to pay attention to:

- a) improvement of the normative legal base of pension provision
- b) in the field of introduction of modern information and communication technologies into the pension system:
- C) increase the social justice and efficiency of the pension system :

According to statistics, the number of recipients of pensions and benefits in our country is approaching almost four million people, and their share of the population is 15%. From this, it can be seen that the balance of industry figures is high and is growing from year to year. This, in turn, requires further improvement of the pension system, an end to formalism and paperback in this regard, that is, the

reduction of documents related to the appointment of a pension, and the introduction of advanced information technologies into the industry.

It is no secret that our citizens, after a long period of labor activity, begin to run and collect documents on the eve of retirement. Naturally, how many organizations worked during labor activity at this time will have to collect documents confirming some kind of information from all of them, references about how long he worked, and how much he received wages. It is equally well known that to collect these documents, still go to this organization and make excessive efforts and expenses, in general, get distracted.

As of July 1, 2022, the population of the Republic of Uzbekistan older than working age was 3,972.2 thousand people, and the share of the total population was equal to 11.2%. The highest share of this indicator by Regions was 15.6 percent in Tashkent, while the minimum share was 9.0 percent in Surkhandarya region.¹

It is no exaggeration to say that the decree of the president of the Republic of Uzbekistan No. 5102 «on measures to simplify the process of assigning state pensions to citizens and further improve the system of delivery of pensions and benefits», adopted on May 4, 2021, became significant precisely with the solution to such issues as the above. A significant aspect is that in this decision, citizens were given a lot of relief related to the payment of pensions and social benefits, delivery, so that now citizens cannot wander around the office for retirement, collecting documents from around the world. He does not wait for days in line to receive his pension and retirement money. Now only a passport or ID card is required to draw up pension documents.

In particular, according to the decision, from January 1, 2022, the payment of pensions, social benefits, compensations, and other payments is made every three years by a commercial bank and other specialized organizations selected on the basis of a tender held separately by Regions.

As of January 1, 2022, the number of persons receiving pensions and benefits in the Republic of Uzbekistan amounted to 4.3 million people.²

Number of persons receiving pensions and benefits in the period of years:

In 2016-3.3 million. people
In 2017-3.5 million. people
In 2018-3.7 million. people
In 2019-3.9 million. people
In 2020-4.0 million. people
In 2021-4.3 million. people

And since July 1, 2022, when appointing state pensions, the requirement of Citizens for documents on length of service, wages, training in higher educational institutions, and the period of military service is canceled, and the appointment of state pensions is carried out on the basis of electronic data included in the interdepartmental software and hardware Complex «Unified Labor national system». In the future, citizens will be given the opportunity to make a pension on the basis of their electronic appeals, without coming to the pension departments. Another important aspect, by decision, was the approval of the «roadmap» for the introduction of an automated system for the appointment and payment of state pensions to citizens. According to him, the data of former workers who worked in ministries, departments, and enterprises on wages and the period of military service are fully formed in the «unified

¹ <https://stat.uz/uz/matbuot-markazi/qo-mita-yangiliklar/27738-qaysi-hududda-pensiya-yoshidagi-aholi-ulushi-ko-p>

² <https://stat.uz/uz/matbuot-markazi/qo-mita-yangiliklar/26185-o-zbekistonda-pensiya-va-nafaqa-oluvchi-shaxslar-soni-qancha>

national system of Labor». At the same time, a mechanism is introduced for the automatic sending of electronic data of citizens moving abroad for permanent residence to the «pension» information system.

Table 1, The main indicators of pension provision

Indicators	2018	2019	2020	2021
Number of people receiving pensions and social benefits total, thousand people	3690,3	3878,4	4029,3	4253,1
as a percentage of the same period last year	105,8	105,1	103,9	105,6
The minimum amount of old-age pensions is one thousand soums	396,5	436,1	513,4	623,0
as a percentage of the same period last year	117,7	110,0	117,7	121,3
The average monthly pension is one thousand soums	640,5	733,2	848,5	963,6
as a percentage of the same period last year	115,0	114,5	115,7	113,6

Source: State Statistics Committee of the Republic of Uzbekistan

According to preliminary data, as of January-June 2022, compared with the data of the corresponding period of 2021, the growth rate of pensions was 124.4%, the growth rate of benefits was 175.4%, and the growth rate of scholarships was 144.8%.³

It should be noted that the adoption of this decision was the next important step towards eliminating the agony of citizens, timely delivery of pensions and benefits, the introduction of a healthy competitive environment, and modern standards in this direction. After all, it is one of the main tasks of today to support our elderly people, who have received great service to the country and the people, who are the creators of today's full life, the population layer in need of social protection, to ensure their comfortable and hassle-free implementation of their rights to receive Social Security.

In Uzbekistan, a new electronic form system will be established when assigning pensions to citizens. This was announced in the draft resolution «on measures to simplify the process of assigning a state pension to citizens and improve the system of transferring pensions and benefits to citizens».

Table 2, Inpatient facilities for the elderly and disabled

Indicators	2018	2019	2020	2021
Number of boarding houses for the elderly and disabled (adults)	27	27	26	28
places	6900	7125	7005	7629
those who live	6473	6667	6491	7323
Number of boarding houses for disabled children	6	6	7	7
places	1805	2010	2160	2160
those who live	1788	1864	1931	2038

Source: Developed by author

³ <https://stat.uz/uz/matbuot-markazi/qo-mita-yangiliklar/25111-ijtimoiy-transfertlarning-o-sish-sur-ati>

It is noted that the requirement of 30 types of documents in the appointment of pensions in the old system in use, as well as the absence of departmental information systems and databases in more than 14 ministries and organizations responsible for the transfer of information, prevents the abandonment of papers and the transfer of the process of collecting documents into electronic form.

In accordance with Article 7 of the law of citizens «on state pension provision», women will have the right to receive a pension under the age of 55 years, work experience is at least 20 years, men are 60 years old, and work experience is at least 25 years. Also, age pensions are assigned to persons who do not have sufficient work experience for the appointment of a pension in the presence of at least 7 years of work experience, in the amount proportional to the available experience.

According to the «procedure for the appointment and payment of benefits to the elderly and incapacitated citizens who do not have the necessary work experience for the appointment of a pension, as well as mothers with children with disabilities from childhood», approved by the resolution of the Cabinet of ministers No. 107 of April 7, 2011, women with less than 7 years .

Conclusion and Suggestions

Taking into account the above, we propose that, in place of the conclusion, the following is carried out:

1. Radical reform of the pension system of our country;
2. Encourage the establishment of private pension funds through the transition to a three-tier pension system;
3. Creation of mechanisms for the introduction of compulsory and voluntary insurance contribution payment into the state pension system.

The implementation of the proposed proposals will contribute to the development of the state pension system in our country, the availability of a choice in the pension system of the population and the expansion of insurance contribution coverage.

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