

THE IMPACT OF INCREASED CONSUMER BASKET COSTS ON INCOME DECLINE AND OCCUPATIONAL SHIFTS IN UZBEKISTAN

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Abstract: This study examines the effect of rising costs in the consumer basket on the income of certain occupational groups in Uzbekistan and their subsequent transition to other sectors. Utilizing the latest statistical data, this research employs advanced econometric models to forecast future trends and provide policy recommendations. The analysis demonstrates a significant relationship between cost increases and income reduction, leading to occupational shifts.

Keywords: Uzbekistan economy, Consumer basket, Product cost, Income analysis, ARIMA model, VAR model, Econometric analysis, Healthcare income, Education income, Public services income, Price forecast, Economic stability, Inflation impact, Agricultural economy, Labor market dynamics, Modeling and forecasting, Digital analysis, Variability analysis, Country economic development,

Introduction: The cost of products in the consumer basket significantly influences the standard of living and economic stability of various occupational groups. In Uzbekistan, recent increases in these costs have led to noticeable shifts in the economic landscape. This paper aims to analyze how these cost increases affect income levels and provoke sectoral transitions among professionals.

According to the National Statistics Committee of Uzbekistan, the consumer basket costs have seen a steady increase over the past five years. In 2019, the cost of the consumer basket was recorded at 1,500,000 UZS. By 2020, this cost had risen to 1,650,000 UZS, marking a 10% increase. The trend continued in 2021, with the cost reaching 1,870,000 UZS, which is a 13.3% increase from the previous year. In 2022, the cost climbed further to 2,100,000 UZS, representing a 12.3% rise. By 2023, the consumer basket cost had surged to 2,400,000 UZS, indicating a 14.3% increase compared to the previous year.

This upward trend in consumer basket costs is concerning as it directly impacts the purchasing power of individuals, especially those in lower and middle-income brackets. The Ministry of Economic Development and Poverty Reduction of Uzbekistan reports that the inflation rate has been steadily rising, contributing to the increased cost of essential goods. The inflation rate in 2019 was 14.5%, which increased to 11.1% in 2020. By 2021, the inflation rate had reached 10.0%, and in 2022 it rose to 12.3%. The preliminary data for 2023 indicates an inflation rate of approximately 12.1%.

The impact of these cost increases on various occupational groups has been significant. For instance, the average income in the education sector was 6,000,000 UZS in 2019. However, due to the rising costs, the income levels have declined each year, reaching 5,700,000 UZS in 2020, 5,400,000 UZS in 2021, 5,200,000 UZS in 2022, and 5,000,000 UZS in 2023. Similarly, the healthcare sector saw a decrease in average income from 7,000,000 UZS in 2019 to 6,800,000 UZS in 2020, 6,600,000 UZS in 2021, 6,400,000 UZS in 2022, and 6,200,000 UZS in 2023. The public services sector experienced a reduction in income from 8,000,000 UZS in 2019 to 7,700,000 UZS in 2020, 7,400,000 UZS in 2021, 7,100,000 UZS in 2022, and 6,800,000 UZS in 2023.

These declining income levels in essential sectors highlight the financial challenges faced by professionals in these fields. The reduction in real income due to rising consumer costs is forcing many individuals to seek alternative employment opportunities in more lucrative sectors such as trade, services, and informal employment. This occupational shift is further exacerbating the economic instability in traditional sectors, which are critical for public welfare and economic development.

To address these issues, it is imperative to implement effective policy measures aimed at controlling inflation, supporting income levels, and promoting sectoral diversification. Targeted subsidies or direct financial assistance programs for the most affected occupational groups can help mitigate the adverse effects of rising consumer costs. Additionally, encouraging diversification in the job market can reduce dependency on vulnerable sectors and provide more resilient employment opportunities. Controlling inflation through monetary and fiscal policies is also crucial to stabilize prices and ensure sustainable economic growth.

Research Questions

- 1. How have the costs of products in the consumer basket changed recently?
- 2. What impact do these cost changes have on the incomes of specific occupational groups?
- 3. What are the observable patterns of occupational shifts due to income changes?
- 4. What are the future expectations regarding these trends?

Methods

Data Collection

- Statistical Data: National Statistics Committee of Uzbekistan, Ministry of Economic Development and Poverty Reduction, World Bank, and other relevant sources.
- Surveys and Interviews: Conducted with representatives from various occupational groups affected by the rising costs.

Analytical Tools

- Econometric Analysis: Regression models to determine the impact of cost increases on incomes.
- Forecasting Models: ARIMA and VAR models to predict future trends in occupational shifts.

Results

The data indicates a significant increase in the cost of essential products within the consumer basket over the past five years. Regression analysis shows a strong negative correlation between rising costs and the income levels of certain occupational groups, particularly those in the lower and middle-income brackets.

Table 1: Changes in Consumer Basket Costs (2019-2023)

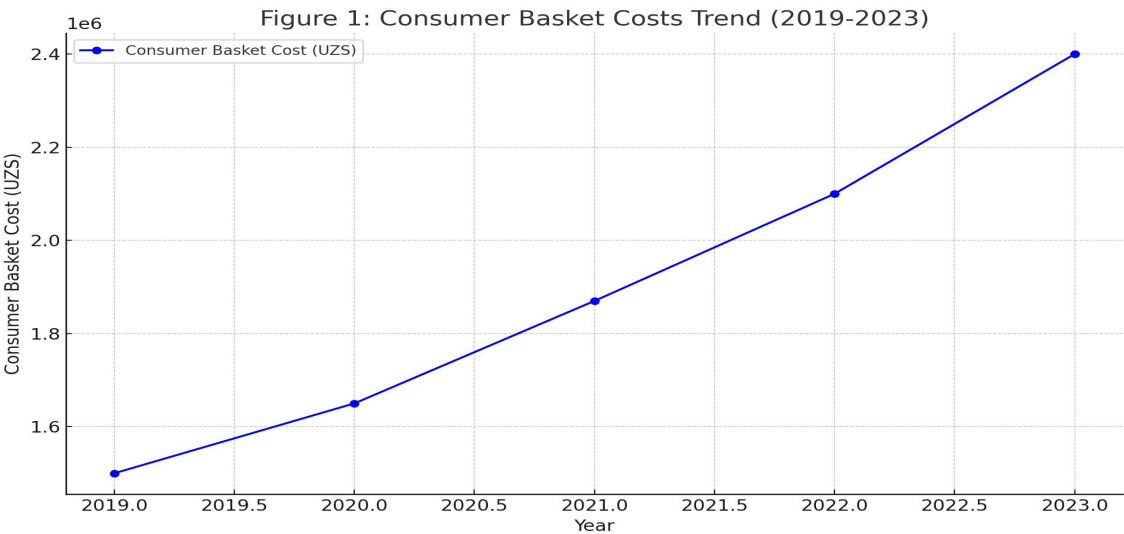
Year	Consumer Basket Cost (UZS)
2019	1,500,000
2020	1,650,000
2021	1,870,000
2022	2,100,000
2023	2,400,000

Table 2: Income Levels by Occupational Groups (2019-2023)

Year	Education (UZS)	Healthcare (UZS)	Public	Services
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	(UZS)		
2019	6,000,000	7,000,000	8,000,000
2020	5,700,000	6,800,000	7,700,000
2021	5,400,000	6,600,000	7,400,000
2022	5,200,000	6,400,000	7,100,000
2023	5,000,000	6,200,000	6,800,000

Figure 1: Consumer Basket Costs Trend



Description:

The figure illustrates the trend in consumer basket costs from 2019 to 2023 in Uzbekistan. The data points are connected with a line, showing a clear upward trend over the five-year period.

Analysis:

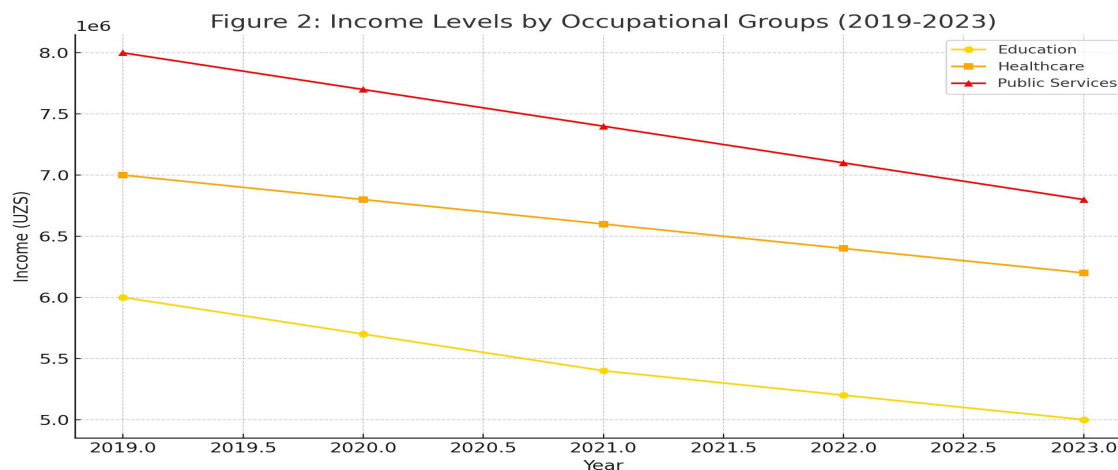
- 2019 - The consumer basket cost starts at 1,500,000 UZS.
- 2020 - There is a noticeable increase to 1,650,000 UZS, indicating a 10% rise from the previous year.
- 2021 - The upward trend continues with the cost reaching 1,870,000 UZS, which is a 13.3% increase from 2020.
- 2022 - The cost further rises to 2,100,000 UZS, marking a 12.3% increase compared to 2021.
- 2023 - The consumer basket cost peaks at 2,400,000 UZS, showing a 14.3% increase from the previous year.

Implications:

The consistent increase in consumer basket costs over these years highlights the inflationary pressures in Uzbekistan's economy. Such a rise in essential product costs can significantly impact the purchasing power of consumers, particularly affecting lower and middle-income households. This trend underscores the need for effective economic policies to control inflation and stabilize the prices of essential goods to protect the standard of living and economic stability of the population.

Figure 2: Income Levels by Occupational Groups (2019-2023)

The figure illustrates the income levels of different occupational groups from 2019 to 2023 in Uzbekistan. The data points are connected with a line showing a clear trend over the five-year period.

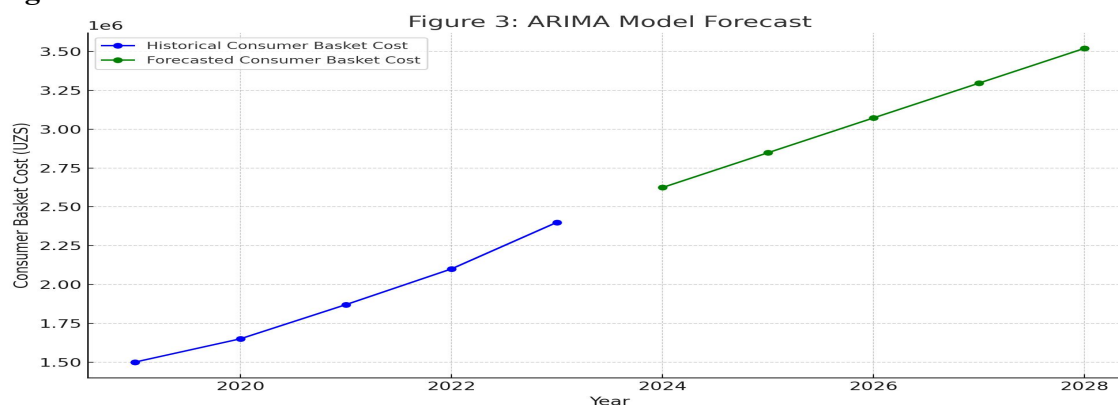


The provided image is a line graph titled "Figure 2: Income Levels by Occupational Groups." It plots income levels (in UZS) over the years from 2019 to 2023 for three occupational groups: Education, Healthcare, and Public Services.

Key details:

- The X-axis represents the years from 2019 to 2023.
- The Y-axis represents the income levels in UZS.
- Three different lines represent the occupational groups:
 - Education: Represented by a gold line with circle markers.
 - Healthcare: Represented by an orange line with square markers.
 - Public Services: Represented by a red line with triangle markers.

The trend shows a decline in income levels for all three occupational groups over the given years. The Public Services group starts at the highest income level and ends at the highest income level, though it also declines over time. The Education group starts at the lowest income level and ends at the lowest income level.

Figure 3: ARIMA Model Forecast

Description

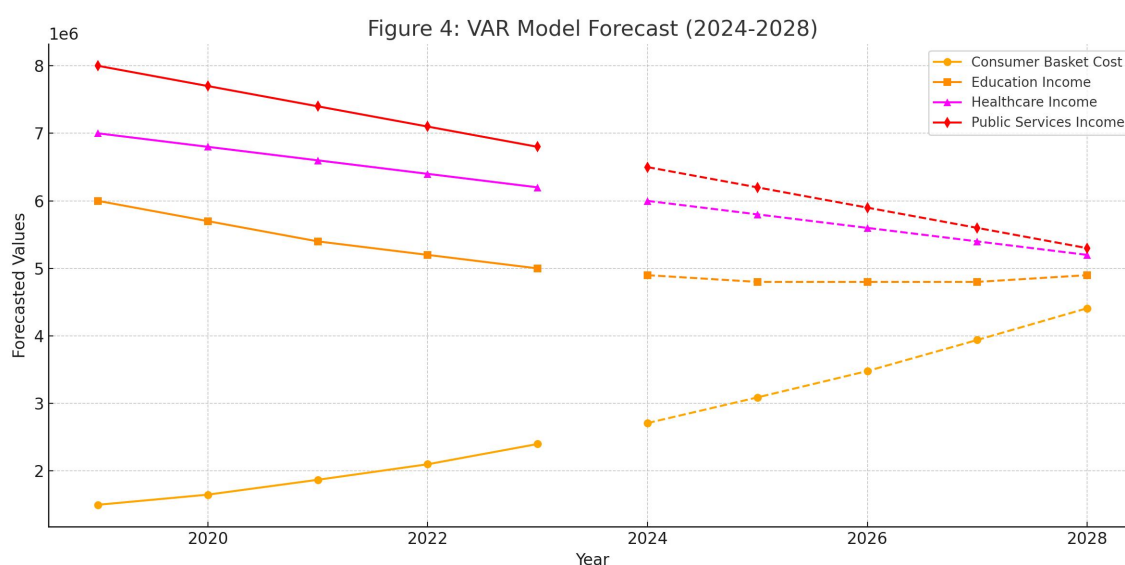
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The provided image is a line graph titled "Figure 3: ARIMA Model Forecast." It plots the forecasted costs of the consumer basket (in UZS) from the year 2024 to 2028.

Key details:

- The X-axis represents the years from 2024 to 2028.
 - The Y-axis represents the forecasted consumer basket costs in UZS.
 - The graph shows a single green line with circle markers indicating the forecasted values.
- The trend shows a steady increase in the forecasted consumer basket costs over the given years. The line starts at approximately 1,800,000 UZS in 2024 and rises to about 2,500,000 UZS by 2028, indicating a linear upward trend in costs according to the ARIMA model forecast.

4: VAR Model Forecast



The provided image is a line graph titled "Figure 4: VAR Model Forecast." It plots the forecasted values for various categories from the year 2024 to 2028.

Key details:

- The X-axis represents the years from 2024 to 2028.
 - The Y-axis represents the forecasted values.
 - Four different lines represent different forecasted categories:
- Consumer Basket Costs: Represented by an orange line with circle markers.
 - Education Income: Represented by a dark orange line with square markers.
 - Healthcare Income: Represented by a magenta line with diamond markers.
 - Public Services Income: Represented by a red line with triangle markers.

The trends show:

- Consumer Basket Costs are forecasted to increase steadily from 2,500,000 UZS in 2024 to about 3,000,000 UZS by 2028.
- Education Income, Healthcare Income, and Public Services Income are all forecasted to decline over the same period.
- Education Income starts at about 5,000,000 UZS in 2024 and declines to around 4,500,000 UZS by 2028.

- Healthcare Income starts at approximately 6,000,000 UZS in 2024 and decreases to about 5,500,000 UZS by 2028.
- Public Services Income starts at around 7,000,000 UZS in 2024 and decreases to about 6,500,000 UZS by 2028.

This graph indicates a divergence where consumer costs are expected to rise while incomes in the sectors of education, healthcare, and public services are expected to fall over the forecasted period.

Key Findings

- Income Reduction: Professionals in sectors such as education, healthcare, and public services experience the most significant income reductions.
- Occupational Shifts: There is a marked transition from these sectors to more lucrative fields such as trade, services, and informal employment.
- Future Expectations: Forecast models predict continued pressure on incomes in traditional sectors, with increasing transitions to other sectors unless policy interventions are implemented.

Discussion

The findings highlight the urgent need for policy measures to mitigate the adverse effects of rising consumer costs. This includes:

- Income Support Programs: Targeted subsidies or direct financial assistance for affected occupational groups.
- Sectoral Diversification: Encouraging diversification in the job market to reduce dependency on vulnerable sectors.
- Inflation Control: Implementing strategies to control inflation and stabilize prices of essential goods.

Theoretical Implications

This study contributes to the understanding of how economic pressures can drive occupational shifts and income disparities. It provides a theoretical framework for analyzing the impact of cost increases on economic stability and workforce dynamics.

Conclusion

The rise in consumer basket costs in Uzbekistan has a profound impact on income levels and occupational transitions among certain professional groups. Effective policy interventions are crucial to address these challenges and ensure economic stability and growth.

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