



METHODOLOGICAL APPROACHES OF DETERMINING AND ASSESSING THE LEVEL OF POVERTY

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Abstract

The article revealed the importance of the level of poverty and its determination, the absolute, relative, subjective and multidimensional approaches in the world practice of measuring the level of poverty were theoretically studied, the need for a comprehensive assessment of poverty to measure the material and socio-cultural aspects of poverty was scientifically justified. A comparative description of the types of poverty is carried out: objective (absolute and relative) and subjective. The features of stable and floating poverty are highlighted. Methodological problems in measuring poverty are revealed. The economic characteristics of the scale, threshold and boundaries of poverty are given. Improving the methodology for calculating the poverty level is a desire to meet international standards. The new monetary approach to determining the level of poverty in a comprehensive and better way will help determine the number of poor people in our country, however, it still only implies an improvement in the statistical situation in the country, but does not lead to real progress on the problem highlighted in this article.

Keywords: Size of poverty, poverty line, living (subsistence) minimum, minimum standard of living, rational minimum of welfare

INTRODUCTION

The special feature of the reproductive system, which is an important element of the economy, is its re-establishment, and the economic productivity in this system is related to the income of the population. Because the income of the population represents reproduction in the economy, well-being in social life and quality of life. Therefore, in the criteria for determining the level of poverty, the population income factor has priority.



Measuring poverty is related to the implementation of the national goals and objectives of sustainable development of Uzbekistan until 2030, which implies a large-scale reduction of the poverty level of the population. Monitoring the effectiveness of achieving this goal requires the improvement of current assessment methods, as well as the development of new criteria that are relevant and comparable at national and international levels.

At this point, it should be noted that the issue of poverty and its reduction is becoming a priority of socio-economic policy in Uzbekistan. Social protection of the population, prevention of a sharp drop in living standards, and creation of conditions for people to have sources of income are emerging as a complex issue.

LITERATURE REVIEW

The level of poverty is formed as a result of the influence of the scope and direction of income redistribution, the structure of the tax system, the provision of the benefit system and other factors. Poverty is the minimum level of income sufficient to live on. In developed countries, the poor typically spend 1/3 of their income on food. According to Western standards, this value can be increased by 3 times to determine the minimum income level sufficient for living - living (subsistence) minimum (Sattorov, 2023).

At the same time, poverty is expressed as a condition, a lack of material resources for a certain period of time, the existence of primary or minimal living conditions accepted in society, and the inability to lead a normal lifestyle, or a condition of emergency difficulties.

The poverty line is the minimum level of real incomes, and it is expressed by the level of meeting the most basic material needs and covering certain expenses for a citizen of a certain country during a certain period of time, i.e., the minimum subsistence level is provided.

In order to reduce poverty or overcome poverty through socio-economic reforms, determining the level of poverty in the first place, that is, being able to correctly identify the objects aimed at by the state policy in this direction, is the primary factor affecting the effectiveness of state policy in this area. The importance of defining the poverty level can be further seen in:

- assessment of the level of economic development of the country;
- evaluation of the effectiveness of socio-economic reforms;
- draw a conclusion about the social well-being and standard of living of the population;
- draw conclusions about indicators of society's stratification;
- assess the state of human capital in the country by determining the level of poverty;
- to help assess the level of economic activity and social mobility of the population;

to make broader conclusions about the level of culture of the population, the spirituality and psychology of the nation.

Taking into account that one of the priority tasks of the state in conducting socio-economic policy is to reduce the level of poverty in the society, in order to ensure the implementation of this task, it is necessary to first assess the level of poverty.

Therefore, as a general rule, before poverty reduction can be studied, the following cross-sectional data are needed to define it (Hamidov, 2023):

characteristics of family members: age, gender, nationality, education and health;

demographic characteristics of the household: gender of the head of the family, size and proportion of dependents (number of children and elderly people to the number of working-age adults);

property-related: land, livestock, resources and social capital;

related to activity: field of activity, crops for sale, type of employment;

address: region, city, district, village, neighborhood, apartment;

access to communal services: electricity, water supply, health, school, social assistance programs;

market and private services: distance to market, road infrastructure, access to financial services.

Various methodological approaches to determining the level of poverty exist in the field of economic sciences, sociological sciences, and political sciences, and they differ from each other at the national and international level. The specificity of the approaches at the national level is related to the income level and needs of the population. At the same time, in scientific circles, the concept of "reasonable minimum poverty" is used to define the normative approach to determining the level of poverty¹. The scientific problem here is related to the difficulty in calculating this reasonable minimum farophone. Therefore, the variety of methods for determining the level of poverty is also related to the variety of approaches to the concept of "reasonable minimum poverty".

In addition, the concepts of "poverty threshold" and "poverty extent" are also important in determining the level of poverty. "Poverty line" is formed through the practical expression of the concept of "reasonable minimum income". The share of the population below this limit in the total population represents the "size of poverty". From this point of view, the concept of "reasonable minimum Farophone" is expressed differently in the section of national states. In

¹ The World Bank's approach to poverty measurement. <http://www.worldbank.org>.

addition, in order to draw a reasonable minimum Farophone border, it is necessary to determine the basic needs of the population (primary needs in some sources) and its statistical value.

ANALYSIS AND RESULTS

There are absolute, relative, subjective and multidimensional approaches in the global practice of measuring the level of poverty. In the economic approaches to its determination, monetary and non-monetary evaluation instruments are used in the application of the above methods. We will consider the process of using these methods in practice below.

An absolute approach to determining the level of poverty. Methods such as Rowntree, Orshansky, and Engel are used to measure absolute poverty. The Townsend method is used to measure both absolute and relative poverty. Calculation of the absolute threshold of poverty is determined based on the consumption basket, and this methodology was proposed by S. Rountree (1901). In this, the minimum set of the most necessary goods (food, clothing and housing) required by the poverty line is determined, and the level of poverty is estimated through it. When applying the normative method of using the minimum consumption basket, the consumption basket uses the minimum sets of food products, non-food goods and services necessary to maintain human health and ensure its vital activity.

In another case, the poverty line is defined as the share spent on food in the total consumption expenditure of the population based on the Engel coefficient. The most widely used approach to defining the poverty line through the level of consumption, within this method, groups of households are formed as a control group, and the share of food expenses is calculated as a percentage of the population's income. This methodology was originally scientifically based and effectively used by Molly Orshansky (1961) during the determination of poverty lines in the United States. For this reason, the Engel coefficient is sometimes called the Orshansky coefficient. Monitoring the standard of living of the population of different countries of the world made it possible to determine the following pattern²: if the Engel coefficient is 60 percent, then the country is classified as poor: 50-60 percent - needs are hardly met; 40-50 percent - with an average level of well-being; 30-40 percent - relatively wealthy population; 20-30 percent - a country with a rich population; 20 percent or less is considered an extremely prosperous society.

In order to assess the level of absolute poverty, the value of the minimum consumption basket as a poverty line is determined by normative and normative-statistical methods. In accordance with the normative method, consumption norms are determined for all food

² Poverty Measurement Guide. United Nations Economic Commission for Europe. New York and Geneva, 2017, p. 211.

products, non-food goods and services included in the consumption basket. According to the normative-statistical method, only the food part is determined according to the norms, and the non-food part is determined based on the share spent on non-food goods and services in the expenditure of the poor population, based on household budget surveys.

Food is convenient for calculating the poverty line and serves as a criterion for the inclusion of families or individuals in social support and aid programs in many countries. At the same time, it is difficult to use the income of the population as a criterion for measuring poverty in countries with a high level of the informal sector of the economy. In such cases, consumption costs or consumption indicators are used.

International levels of absolute poverty are calculated, which are updated periodically as differences in the cost of living increase around the world. The indicator evaluates the level of poverty in all countries based on a single standard. The methodology for calculating the international absolute poverty line developed by the World Bank in 1990 is based on the national poverty level of the world's poorest countries and their conversion into a single currency using exchange rates and purchasing power parity (PPP). CPI-based exchange rates are calculated so that the prices of the same amount of goods and services are equivalent in all countries. Conversion to the single currency in six of these poorest countries showed that the poverty rate for all of these countries was about US\$1 per person per day. This indicator was adopted as the basis for the first international indicator of poverty. A similar recalculation based on the 15 poorest countries in 2005 put the poverty level at US\$1.25 per person per day. As of October 2015, the international poverty line has been raised to US\$1.90. From September 2022, per person per day has increased from US\$1.90 to US\$2.15. Taking into account the specificities and stages of development, the poverty line for "low-middle-income countries" is set at 3.2 USD per day and for "middle-income countries" - 5.5 USD per day.³

To put this approach into practice, a science-based minimum consumption basket needs to be approved by the government. The consumption basket is formed through normative and normative-statistical methods and is scientifically based. The peculiarity of the normative method is that the norms of the necessary products are developed based on the physiological characteristics of a person. The complexity of using this method in practice is that it is necessary to constantly monitor the prices of goods and services defined as the norm and constantly change the value of the consumer basket based on them. The normative-statistical method is based on the method of M. Orshansky. In this case, the poverty criterion is defined as three times the price of the food basket. That is, the price of the food basket is multiplied by 3

³ Fact Sheet: Adjusting the Global Poverty Line. <https://www.worldbank.org/en/news/factsheet/2022/05/02/factsheet-an-adjustment-to-global-poverty-lines#18>

times, and the citizens who earn less than it are considered poor. The peculiarity is that the food basket ensures the minimum need for proteins, carbohydrates, fats and calories, that is, it is formed based on the normative method. The poverty line is then set based on age and number of households. As a rule, the average monthly income of citizens should be higher than the price of the minimum consumption basket. Most of the countries in the world have reached this indicator and for them it is no longer possible to adopt an absolute approach to defining poverty. As a result, the concepts of defining poverty have improved, and scientific views on the relative approach to determining the level of poverty have been formed for relatively developed countries.

A relative approach to determining the level of poverty. This is based on the understanding of poverty as a relative category. The focus will be on the lifestyle of poor families whose incomes are below the standard of living in a particular community and who are unable to maintain a lifestyle that is widespread in the community. In this case, the indicators corresponding to "average family head" are obtained. In this case, those with incomes corresponding to a quarter of the average per capita income in the country are the poor.

This approach can be described in simple language as the inability to live up to the standards of a certain society. For example, in European countries, a person with an income of less than 60 percent of the average income in the country is considered poor. That is, to measure the level of relative poverty, the arithmetic mean or median of the average per capita income (or expenditure) of the population in the country is used as the poverty threshold, and the average per capita income of the population is taken as the criterion.

When determining the level of poverty through a relative approach, it uses the Lawrence curve, the Gini coefficient, and approaches between Quintile and Decile groups of Income Distribution.

The Pareto-Lorentz-Gini methodology for measuring the inequality of personal distribution of income consists of:

- stable inequality of personal income distribution (Pareto coefficient);
- the relative indicator of income (wealth) and its relationship with the number of recipients (Lorentz curve);
- the level of inequality (level of concentration) is a mathematical quantity of the surface of the figure covering the real distribution curve, corresponding to the surface of the triangle OAB (Gini index) (Fig. 1).

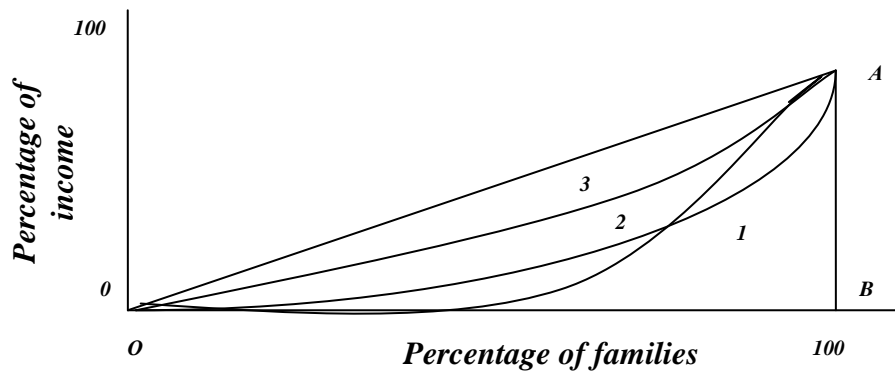


Figure 1. Income concentration curve

The bisector OA shows the absolute equality of income distribution.

Column 1 shows the actual distribution of income before taxes.

Curve 2 – after tax;

Curve 3 – including transfer payments.

When conducting scientific research on this approach, it is necessary to analyze the following concepts:

transfer payments are uncompensated payments from one party (mainly the state) to another party (mainly the population or its specific groups) in the form of money, goods and services;

the Lorenz curve and the Djinni index are used to characterize the level of inequality;

The Lorenz curve is a graph of the total income of different strata of the population from the poorest strata to the richest strata of the country for a year;

The Gini coefficient is the percentage of the area between the Lorenz curve and the line of absolute equality (measured as 0%-100% or 0-1). The Gini coefficient shows the degree of difference (deviation) between the absolute equal distribution of income among the population of the country and the actual (actual) distribution. The coefficient approaches 0 when incomes are evenly distributed. Therefore, the higher the indicator, the more unevenly distributed income is in society. In this case, the threshold value is taken as 0.4;

The decile coefficient is the ratio of the income of the richest 10 percent of the population to the income of the poorest 10 percent of the population. The threshold value for this indicator is set up to 10 times;

The quintile coefficient is the ratio of the income of the richest 20 percent of the population to the income of the poorest 20 percent of the population. The threshold value for this indicator is set up to 5 times.

It should be mentioned that the living (subsistence) minimum is not the level of income necessary for physical survival, that is, it is not a physical minimum. The subsistence minimum

or poverty line does not tell us the threshold of subsistence but rather the minimum standard of living. Naturally, this standard is different in different countries and peoples, and in turn, it can be different in different historical periods in one country.

The most popular and widely used method for measuring inequality is called the Lorenz curve. This name is associated with the American economist and sociologist Max Lorenz. The Lorenz curve contrasts the total income in society with the income of certain social groups and the population.

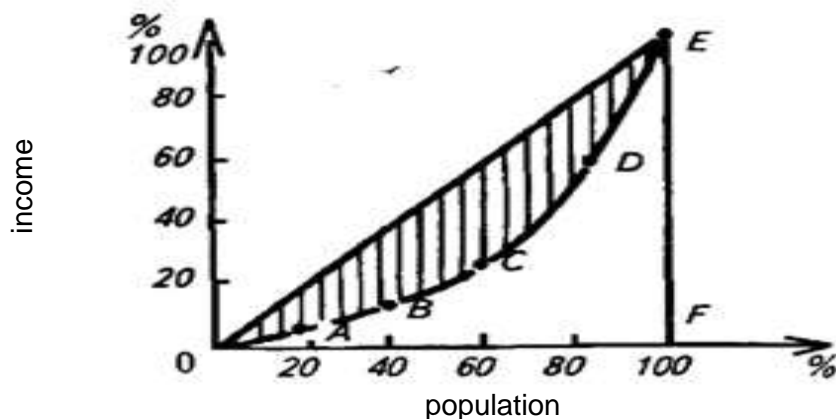


Figure 2. Lorenz curve

Figure 2 shows the percentage of population groups in the horizontal position, and the income percentage of the groups in the vertical position. If there was absolute equality in the distribution of income, 20 percent of the population would dispose of 20 percent of the total income in society, 40 percent of the population - 40 percent, and 80 percent of the population - 80 percent. Thus, the line OE shows absolute equality in the distribution of income.

Absolute inequality means that 20 percent, 40 percent, 60 percent, etc., of the population receive no income, except that one subgroup on the bottom line (the OF line) absorbs 100 percent of the income. The fracture line OE is the line of absolute inequality.

In practice, the distribution of income is shown by the line OABCDE. When OE deviates from this Lorenz curve, there is more inequality in the distribution of income. If we divide the hatched area by the angle of the triangle OFE, we get the result of inequality in the distribution of income. If we mark the hatched area with the letter T, then we see the following relation:

$$G=T/OFE$$

The level of the G-indicator indicates that incomes are not evenly distributed.

In practice, the "administrative" definition of the poor is common. In this case, the living wage is almost irrelevant in terms of social policy, the status of "poor" is given to certain categories of the population that are most prone to impoverishment (for example, families with many children, single mothers and pensioners).

It is worth noting that it is very difficult to make an accurate measurement of poverty today, that is, there are no accurate data on real living conditions, the availability of durable goods, the share of the second (additional) source of income, real incomes and expenses. Therefore, there are at least three alternatives for measuring poverty:

current statistical model - study of the level of poverty with quantitative methods based on accepted norms;

applying an extended model of statistical analysis (for example, using a number of clarifying coefficients);

to study the state and level of poverty by means of factor analysis, which can use statistical analysis.

Table 1: Indicators of population stratification⁴

No	Indicators	Unit of measure	Normal condition	IO1	IO2	IO3	I1	I2	I3
1	Poverty level	%	less than 10	10	12	15	20	25	30
2	Stratification coefficient (Quintile coefficient)	times	Less than 5	5	7	10	15	20	25

Continuous monitoring of indicators on decile and quintile coefficients is necessary not only to determine the level of income inequality among the population, but also to determine the effectiveness of social protection.

The relative poverty line is related to the relative affordability of the consumption standard available in society. Deviation from the standard is called deprivation. The standard of consumption is evaluated by the amount of income and expenses. At the same time, the poverty line is taken at 40-60% of the average income in the country.

In general, the relative approach to determining poverty is characterized by the rejection of the physical survival model and covers the shortcomings of the absolute (linear) approach. At the same time, this approach is mainly intended for developed countries and represents the relative aspect of well-being.

⁴ Limit values of indicators were formed based on the results of international organizations, experts and scientific research.

A subjective approach to determining the level of poverty. The household poverty rate is considered as a high concentration of poverty. This approach is used by the Organization for Economic Co-operation and Development (OECD) and the Statistical Service of the European Union (Eurostat). The greatest contribution to the development of this approach is P. Townsend (1870), he determined the degree of poverty through empirical studies and experts. This, in turn, caused a lot of criticism from the economic community. The measurement of the relative poverty line depends on the equivalence scale, while in the subjective approach it depends on individual assessments (respondents' assessment). One of the advantages of this approach is that it is possible to limit the problems related to the monitoring of statistical data and income of the population. The downside is that this approach is highly dependent on human psychology, meaning that in some societies a person may not consider himself poor even if he is actually living below the poverty line.

The subjective poverty line is based on personal assessments of the population. In this approach, the material and financial situation of the population, the ability to pay for housing, etc., is evaluated based on the subjective poverty line. Calculations are not based on any absolute standards or averages of per capita income in the country.

Another peculiarity of this approach is that it is calculated by monetarist methods when calculating one or another level of poverty in other approaches than the subjective approach. It does not take into account the hidden income of the population. In the subjective approach, irrational models are also taken into account. That is, according to the location of the hidden economy in the country, when dividing population groups into poverty levels based on official calculations, some categories of population groups are not considered poor in reality, but their official income may remain below the poverty line in the standard situation. Therefore, it is necessary to comprehensively develop a multi-criteria level of poverty assessment that incorporates all approaches.

A multidimensional approach to determining the level of poverty. This approach has entered scientific circles as a multidimensional poverty index by Alkire-Foster. It is used in less developed countries due to the predominance of the informal economy in its determination, as well as the lack of reliable data on income and consumption. At the same time, the impreciseness of some indicators in areas such as education, health, social protection, employment and living conditions in the calculations for determining the poverty line through this approach also creates difficulties in the practical application of this approach.

Work on determining the multidimensional poverty index is carried out in several stages. At the first stage, target groups are identified. For example, families, individuals, vulnerable groups of the population (disabled, orphans, lonely elderly, bereaved, unemployed, etc.). At the

next stage, social spheres - health, education, living conditions will be defined. Then, the most characteristic indicators are selected for the selected areas (for example, nutrition, child mortality for evaluation in the "health" sector section, educational coverage level, duration of education in the "education" sector section, and in the "living conditions" section, electricity, drinking water, sewerage, use of communal services, property ownership, housing condition). Target groups are selected for each indicator and a sociological survey is conducted. According to the results of calculations, if the free index is from 20 to 30 percent, the person is on the poverty line; if the index is 30 percent or more, it is considered poor; and if it is 50 percent or more, it is considered extremely poor. Unlike the above-mentioned monitoring methods, multidimensional poverty captures aspects of the population's life that cannot be assessed by other approaches.

There are 5 internationally recognized approaches to determining the level of poverty (Table 2).

Table 2: Approaches to determining the level of poverty

№	Poverty criteria	Poverty line
1.	International poverty level by daily income criterion	3.2 USD 5.5 USD
2.	Absolute level of poverty according to the minimum consumption criterion	daily consumption per person is 2100 kcal
3.	Relative level of poverty based on average monthly income	earning less than 60 percent of the average monthly salary in the republic in one month
4.	Subjective assessment of the level of poverty based on average per capita income	the ratio of per capita income to the average minimum wage. A score of less than 52.7 percent of the threshold indicates poverty
5.	Multidimensional poverty index	education, health, participation in the labor market, living conditions, with a minimum limit of consumption

Theoretical approaches to determining the level of poverty. At this point, it should be noted that approaches to determining the level of poverty can be divided into 3 groups. The first group of approaches are generally accepted by international organizations, while the second group includes approaches at the national level. We have covered approaches for these two groups above. In the third group below, we will focus on the theoretical approaches to determining the level of poverty by leading scientists.

There are many theoretical approaches to determining the level of poverty, among which I. Sidorchuk proposed to determine poverty using the following criteria: availability of a place of residence, access to adequate food and drinking water, access to minimum education and access to health care (Sidorchuk, 2020). I. Sazanov draws attention to the fact that the category of poverty was brought to science at the end of the 19th century and the beginning of the 20th century by S. Rowntree and C. Buta (Sazanov, 2012). These scientists bring the living wage - poverty and income thresholds into science. Experts considered food, clothing and living conditions as criteria in this case.

G. Kosharnaya and L. Karimova propose to determine the level of poverty through the well-being of the population: well-being - a state of development through full use of physical and intellectual capabilities; poverty - being able to work and being able to maintain the amount of consumption; poverty is the minimum level of consumption at which a person can meet only his biological needs.

In the scientific conclusions presented above, approaches aimed at determining the level of poverty were given. In them, the main attention was paid to the factors that determine the standard of living, such as living conditions, food and clothing. This, D. Rakhmanov said, creates the need to set a minimum income level for the purchase of these goods and services.⁵

At this point, D. Rakhmanov believes that it is important to pay attention to the formation of income as a factor that helps to determine poverty⁶. This plays a key role in poverty alleviation: among other things, the development of the education system and the career guidance of people within their interests.

At the same time, generally accepted and scientifically proven theoretical laws are used to determine the level of poverty. Specifically, if the unemployment rate increases by 1 percent, the poverty rate increases by 5.5 percent. In addition, research has shown that families with 5 or more members have a 30 percent higher rate of poverty than families with 3 members. Also, the following indices are used to determine the level of poverty:

1. Poverty Index:

$$P_0 = g / n$$

2. Poverty depth index:

$$P_1 = \sum g_i / n[z - y_i / z]$$

3. Index of assessing the degree of poverty becoming a threat:

$$P_2 = \sum g_i / n[z - y_i / z]^2$$

⁵ "Ensuring macroeconomic stability of the economy of new Uzbekistan: problems, analyzes and results" collection of abstracts of the online, distance scientific conference. April 30, 2020. 17 pages. www.e-science.uz.

⁶ "Ensuring macroeconomic stability of the economy of new Uzbekistan: problems, analyzes and results" collection of abstracts of the online, distance scientific conference. April 30, 2020. 20 pages. www.e-science.uz.

4. Poverty index of "Sen":

$$S = P_0(I_d + (1 - I_d)G_p)$$

Where, g is the number of people with income below the poverty line; n - total population; y_i is the income of the population earning less than the poverty line; z – poverty line; P_0 – poverty index; P_1 – poverty depth index; P_2 – index of assessment of the level of poverty becoming a threat; S - poverty index of "Sen"; I_d – the average deficit in the income of the poor; G_p – Gini coefficient.

Based on the above, it should be noted that it is desirable to use a system of complementary criteria for an objective assessment of poverty. At the same time, individuals who meet all the established poverty criteria can be considered extremely poor.

Various indicators are used to assess poverty, the simplest and most widely used poverty index, which is the percentage of households with income below the poverty line, is determined by the following formula (Sen, 1997):

$$H = q/n$$

Where, H is the general indicator of poverty; q – number of poor households; n is the total population.

Poverty is characterized by the most detailed synthetic indices. One such index that is widely used is the Amartya Sen index, which measures the poverty level of households, their level of material insecurity, as well as the level of income stratification of poor households. The following calculation is carried out according to the formula:

$$S = L(N + d/P * G_p),$$

Where, L is the share of the poor; N – the average income difference as a percentage compared to the poverty line; d – average income of poor households; P – poverty line; G_p is the Gini coefficient for poor households.

A comprehensive assessment of poverty, taking into account its severity and depth, is provided by the system of indicators developed by James Foster, Joel Grier and Eric Thorbeck. The synthetic FGT index is determined by the following formula:

$$FGT = \frac{1}{N \sum_{n=1}^q} \left(\frac{Z - Y_i}{Z} \right)^Q$$

Where, Y_i is income per capita; Z – subsistence minimum (poverty threshold); N is the size of a separate socio-demographic group; n – number of poor people; Q is the index level.

CONCLUSIONS AND SUGGESTIONS

A comprehensive assessment of poverty, which allows for a comprehensive consideration of poverty in all its forms, should include the measurement of material and socio-cultural aspects of poverty.

In general, these indices are important in determining the level of poverty in terms of economic security, and provide practical assistance in improving the state policy on poverty reduction, as well as in conducting the state's socio-economic policy. Therefore, the comprehensive use of multidimensional assessment methods in the planning and implementation of public policies related to the sector serves to increase the effectiveness of poverty reduction efforts.

Applying all of the above poverty measurement tools to non-monetary indicators requires the ability to compare the value of the non-monetary indicator for a given person or household with the "poverty line" below which such an individual or household is unable to meet its basic needs, but this is very difficult to do and sometimes simply impossible. The choice of poverty indicators depends on the goal set within the framework of socio-economic policy.

As part of this work, we formulate the main conclusions. The monetary approach is the most common and presents significant possibilities for measuring poverty. However, numerous poverty assessment tools based on external value judgments and/or general theoretical principles do not make it possible to unambiguously determine the difference between poor and non-poor people. The capability approach makes a significant contribution to poverty analysis because it frames poverty in the context of people's lives and freedom. Using external assessments to measure poverty makes measurement difficult. The social exclusion approach recognizes the multiple nature of deprivation and focuses on the processes, mechanisms and institutions that exclude people. Measuring poverty with this approach causes certain difficulties, because by measuring only income, the entire chain of relationships that is significant with this approach is missed. The participatory approach helps to address problems that arise in other approaches, such as defining the minimum basket of goods for the cash approach, creating a list of opportunities to assess poverty for the capability approach, and identifying manifestations of social exclusion in a particular society. An integrated approach reveals to the greatest extent the multidimensionality of the phenomenon of poverty, but the problem of analyzing and measuring all interrelated and mutually influencing components of poverty remains. Each of the presented approaches is significant. Different interpretations of poverty also offer different approaches to measuring poverty. Expanding the definition of poverty does not significantly change the meaning of who is considered poor, but it does significantly change poverty reduction strategies.

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