

THE IMPACT OF THE PANDEMIC ON FINANCIAL AND ECONOMIC ACTIVITIES

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Abstract: *this article is devoted to the impact of the pandemic on financial and economic activities. It shows the need to apply a social protection system for low-income families, social pensioners, people with disabilities and the elderly and young people.*

Keywords: *impact of the pandemic, financial and economic activities, a social protection system.*

About half a million people in Uzbekistan are likely to fall below the poverty line as a result of the pandemic. According to the report of the national movement "Yuksalish", the International Labor Organization (ILO), the World Bank and UNICEF conducted a joint assessment to determine the opinion of low-income families, people receiving social benefits, people with disabilities and the elderly, young people, informal workers and the unemployed "It is important that this study provides a detailed analysis of the national social protection system".

The study showed that in 2018, the social protection system met the needs of about 55% of the population. The total number of beneficiaries of social protection programs decreased from 8.1 million in 2012 to 6.4 million in 2017. The lowest rates are among unemployment benefits and social benefits for low-income families.

"One of the key findings of the report is that the social protection system needs a single agency capable of implementing leadership and coordination of actions, developing and implementing the National Strategy for Social Protection. The strategy, in turn, is able to fill important gaps in the system, especially in the lives of children and their families, individuals with disabilities, and the elderly. It can also provide a comprehensive approach to social security, social assistance, social services and active programs that promote the labor market.

In addition, almost 55% of the employed population is in the private sector. This means that they are not included in the protection programs. This category of people is at high risk of developing corona virus pandemics, along with thousands of families, people with disabilities and the elderly.

"According to the report, 44% of the population of Uzbekistan enjoys social insurance programs. This underscores the importance of social insurance mechanisms to provide adequate periodic guarantees that will have a significant impact on poverty reduction, even if budget allocations to social insurance programs are reduced.

The World Bank estimates that nearly half a million people in Uzbekistan are likely to fall below the poverty line as a result of the COVID-19 pandemic. At the same time, if the situation worsens, if the state of emergency continues, the level of danger will increase. Therefore, a comprehensive and inclusive social protection system will always be needed to ensure the protection of all needy people in the country. The report highlights key gaps in population coverage: almost half of the population and one-third of the poor are not included in any social protection scheme.

"The COVID pandemic and the recent natural disasters that have affected the well-being of thousands of people in Bukhara and Syrdarya regions, especially among the poorest and most vulnerable households affected by the crisis, will immediately expand our social protection." "The World Bank, UNICEF and the ILO are ready to assist the government in developing prompt and effective, robust and inclusive social protection programs that support different groups of people in need" said Maddalena Gonorati, a senior economist at the World Bank.

All opinions (comments) collected during the open discussion of the report will be analyzed and presented in the planned "round table" to the relevant ministries and departments and international organizations, the report said. The losses of the Uzbek budget due to the pandemic are estimated at 4.4 trillion soums.

Quarantine measures have led to a slowdown in economic activity and, as a result, a decrease in revenues to the treasury. The following conclusion can be drawn from the review of the State Budget Revenues as of July 1, published by the Ministry of Finance.

At first glance, budget revenues appear to be declining. However, a quarterly analysis reveals a different picture. In the first quarter, revenues increased by 23.4% compared to the same period last year. If the growth rate had slowed down in the second quarter, the treasury would have reached 62.6 trillion soums in the first half of the year. Thus, based on the hypothesis of "steady growth", the estimated budget losses will be about 4.4 trillion soums, which is the main reason for the sharp decline in economic activity due to the pandemic.

The following has led to a decline in tax revenues:

a pandemic affecting the economic activity of taxpayers;

VAT - reduction of the tax base of the main part of budget revenues and other benefits provided from the beginning of the year;

Taxes (property, land taxes) that are not related to the activities of entrepreneurs, as well as the tax benefits that do not depend on the activity of small businesses and the most affected areas (tourism, catering, etc.).

Main conclusions:

1. The pandemic has "seriously undermined the financial and economic activity of business entities", which has led to an increase in taxes.

2. Measures taken by the state to solve the problems in the activities of the state, to avoid the catastrophic situation with the provision of state budget revenues.

3. Changes were made to the tax regime to support small business at the expense of benefits and preferences. At the same time, the largest enterprises in the country have become "thousands of" in terms of taxes to cover budget losses.

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