

## HOUSEHOLD INCOME AND ITS IMPROVEMENT

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В рыночной экономике финансы домохозяйств играют ведущую роль в финансовой системе. Распределение домашних хозяйств в качестве самостоятельной экономической и финансовой единицы должно основываться на следующем: совместное проживание (совместное использование), наличие общего бюджета и совместное принятие экономических решений.

In the market economy, household finance plays a leading role in the financial system. The allocation of households as an independent economic and financial unit should be based on the following: living together (shared), the existence of a common budget, and joint economic decision-making.

In the conditions of the market economy, household finance is an integral part of the financial system of every state. The financial value of a household is determined by what it is economically intended for. On the one hand, households are private owners of production factors (labor, land, capital,) entrepreneurial ability, etc. Second, households appear in the economy as consumers of goods and services and, therefore, determine market demands.

Separation of the household as an independent economic and financial unit of economic management should be carried out on the basis of the following criteria: living together in one place; existence of a general budget; joint adoption of economic decisions.

How do household members get income for their living?

Household incomes - sums of money at the disposal of households in one period are called their incomes. Such incomes appear in different forms, are measured by a system of quantitative and qualitative indicators, and are composed (organized) from different sources according to their economic content.

In general, the total income of households can be divided into two groups: income of households in natural form; household cash income.

Natural income does not have the form of a commodity and consists of the result of the labor of household members intended for self-sufficiency. They may include: products from personal auxiliary farm; in-kind payments consumed by households and received from agricultural enterprises.

According to the official (formal) sign (according to the natural form of income of funds), this group of household incomes can also include social transfers in kind and benefits in kind provided (given) by the employer. However, from a financial point of view, these funds cannot be natural incomes that represent the self-sufficiency function of households, and they serve as compensatory instruments in the case of a deficit of

funds. In general, the share of natural income in the total income of households is not very large. However, its level (weight) may vary according to traditions, priorities, preferences, demographic and social characteristics of individual households. In this regard, it should be noted that the weight of natural income is traditionally relatively higher among the poor and rural population. At the same time, the naturalization of the household is also considered a mechanism of adaptation to unfavorable conditions of the external environment (for example, during wars, processes of systemic transformation, etc.).

The total amount of money that comes to households from various sources is called money income. In the conditions of advanced (developed) market relations, cash income is the basis for ensuring the viability of households and their development. The basis of the analysis of household monetary income is the personal income of the population, which is calculated (measured) using the following indicators: nominal incomes; earnings divided by  $e$ ; real incomes.

The monetary expression of the set of personal (individual) incomes of household members in a certain period is called nominal income. This indicator describes the income regardless of the level of taxation and the dynamics of prices. The share of household nominal income in GDP depends on the level of development of the national economy of each country, and in developed countries its level is around 65-75 percent. At the same time, it is necessary to understand the difference between the calculated nominal income and the nominal income actually received. They differ from each other in the size (amount, amount) of the accrued but unpaid income, as well as the income received as a result of repayment of debts for the previous periods. The existence of wage arrears is one of the pressing problems for countries with economies in transition.

The monetary expression of the income that remains at the disposal of the household after paying taxes and other mandatory payments is called household income divided by  $e$ . This income is intended for final consumption and savings. Total income is equal to the corresponding share of the total disposable income of the population. The increase in household incomes potentially expands the financial capabilities of the population, activates market mechanisms for stimulating production. In developed countries, the share of household income in GDP is 70 percent.

Relatively changed (adjusted) income divided by the grade level is called the real household income. This indicator reflects the real purchasing power of nominal incomes. Its dynamics (change) depends on the ratio of the growth rates of the shared income and consumer price index (or the purchasing power index, which is the opposite of the price index) in a certain period. If the growth rate of inflation is lower than the growth rate of nominal disposable income, the real disposable income of households will increase. In the conditions of high growth rates, real incomes will decrease. This, in turn, leads to a decrease in consumer demand and purchasing power. This process has a negative impact on business activity in all sectors of the economy.

Cash income of households is formed from various sources and comes to their budgets. The most important of them are the following: wages; social payments; income from business activities; income from property. The composition of labor (work) wages includes the following: calculated sums of wages based on the price of completed work, tariff rates and job salaries; incentive bonuses and allowances; compensation payments related to work regime and working conditions; bonuses and one-time incentive payments; payment of annual and additional working holidays; travel expenses; cost of given special clothing and special food, etc. In the structural structure of household incomes, wages occupy the main place. Despite this, with the transition to market relations, its weight in the composition of household incomes has slightly decreased. This is related to qualitative changes in the system of labor relations and financial relations. On the one hand, new opportunities (for example, in the financial sector) and new sources of income (for example, the expansion of entrepreneurship) have appeared, partially replacing wages and removing the burden from it as the only source of livelihood. Social payments (social transfers) take the second place in the structural structure of household monetary incomes in terms of their importance. They can be classified (divided into classifications, classification) according to different signs and bases. In particular, it is appropriate to note the following as classification criteria: according to the economic content; according to the form of social payments; according to funding sources. According to the economic content, there are the following forms of social payments: payments related to labor pensions - labor, social and military pensions; payments of a social nature (description). - to low-income families, child care, pregnancy and childbirth; payments related to services of individual use - payment of services of health care, education, other non-commercial organizations; payments with limited movement - unemployment benefits, scholarships. According to their form, social payments can have the following forms: pensions-labor, social and military pensions; allowances - allowances for low-income citizens, maternity allowance, unemployment allowance, etc.; scholarships - higher, secondary and professional education, scholarships for students of courses, graduate students; preferential payments, compensations, subsidies for housing-communal services, transport services, sanatorium-resort treatment facilities and treatment facilities, housing purchase subsidy, etc.; insurance coverage - payments in the event of an insurance event due to unforeseen reasons; financial support-one-time payments to the unemployed, refugees and forced migrants, etc. According to sources of financing, social payments have the following forms

- all levels: from the republican budget - measures of social support for war participants and disabled people, veterans of combat actions; from regional and local budgets - social support measures for labor veterans, front-line workers, various allowances and supplements;

- social payments financed from the budgets of state non-budget funds: from the budget of the Pension Fund - labor, social pensions, pensions for military personnel and

their families; At the expense of the Social Insurance Fund - allowances for temporary incapacity for work, family and maternity allowances, etc.

- of enterprises - increases to pensions, one-time benefits to retirees, etc.;
- trade unions-various one-time allowances according to family circumstances, etc.

In general, the indicator of social payments of household income includes pensions, allowances, scholarships, other social and insurance incomes. Social payments can be divided into three types according to their materialized content:

- financial assistance;
- benefits;
- natural looking support.

The legal regulation of all benefits in this area involves the solution of at least the following three tasks:

- changing the forms of providing benefits (replacing natural benefits with cash compensations) and canceling many benefits that cannot be financed due to limited budget resources;

- transition to targeted support based on professional criteria and signs of special services for those who are objectively in need ;

- social support measures.

The fulfillment of the above tasks requires the use of effective adaptive forms of transition to new models of providing social transfers (payments) .

Incomes from business activities serve as the next important source in the structural structure of household incomes . Such income includes any form of income that is not related to the reduction of property (wealth) accumulated in the household, as well as running a private business . These incomes are generated within organized (registered enterprise) and unorganized forms of business.

Of income from property in the composition of household income is increasing. Such incomes consist of monetary incomes arising from the use of financial and non-financial non-productive assets owned by households. In this case, income from financial assets is generated as a result of placing money in bank deposits, securities, transactions with foreign currencies. Income from non-financial non-developing –assets arises as a result of the sale or lease of residential buildings and land plots owned by households.

Thus, it can be seen that household income from property works in the following forms

- interest;
- dividends;
- rents .

The development of institutions of financial intermediation, stock market, patent rights market, private ownership, including private ownership of land, has its effect on further growth of income from property in the total amount of household income.

The composition, structural structure and dynamics of incomes of different groups of households may differ sharply from each other. In this case, income stratification (differentiation) occurs under the influence of many objective and subjective factors. The most important of them are:

- ownership factor (its unequal distribution);
- family socio-economic status (family origin, size (scale), social status, accumulated (accumulated) wealth;
- human capital (education, skills, professional skills, their growth potential).

Differentiation (stratification) of income, regardless of the general level of well-being, is typical for all countries. The inequality in the distribution of total income in society is clearly shown by the Gini coefficient (income concentration index). Its general rise (highness) indicates that the society is deeply divided into social strata. The growth of social reproduction, the formation of stable positive (positive) trends in socio-economic development, effective instruments of state regulation of incomes, poverty warning mechanisms have an effect on the growth of real monetary incomes received by households, and on mitigating the problem of income inequality.

Thus, in our opinion, the main sources of household income include wages, property income, and business income. Among them, the main place is occupied by income in the form of salary.

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