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# Analysis Of The Formation Of Income Among The Population In Russia.

Marina Genrikhovna Leshcheva<sup>1\*</sup>, Yusupzhan Artykovich Yuldashbayev<sup>2</sup>, Irina Anatolievna Demchenko<sup>1</sup>, Tatiana Nikolaevna Steklova<sup>1</sup>, and Alexander Nikolayevich Steklov<sup>1</sup>.

# **ABSTRACT**

This article examines the process of formation and distribution of income of the population in the Russian Federation. The evaluation of indicators of social tension is given. **Keywords:** income, income level, social justice, poverty.

\*Corresponding author

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<sup>&</sup>lt;sup>1</sup>Stavropol State Agrarian University, Zootekhnicheskiy lane 12, Stavropol 355017, Russia;

<sup>&</sup>lt;sup>2</sup>Russian State Agrarian University - Moscow Timiryazev Agricultural Academy, Timiryazevskaya str. 49, Moscow 127550, Russia.



#### INTRODUCTION

The process of market transformation in modern Russia faces many difficulties and problems. One of them is the excessive property and social differentiation of the population, leading to a markedly increasing disruption of society into two very opposite social groups - the rich and the poor. In these conditions, a major key task of the state is a purposeful activity to ensure social protection of all strata of society and to develop strategic mechanisms for effective social policy. The form of its implementation should be specific actions of the state, embodied in social policy, covering all spheres of economic relations in the country. Thus, it is quite fair to consider social policy as one of the most important directions of state regulation of the economy, the ultimate goal of which is to stimulate highly skilled and productive work, to achieve a high level of welfare of the society, to create conditions for its further development and, as a consequence, to increase national income.

Central to the social policy of the state is the policy of generating income of the population.

Indisputable is the fact that the level of income is the most important indicator of modern society, reflecting in the first place their well-being. At the same time, the income level shows the degree of satisfaction of the material and spiritual needs of an individual.

# **RESULTS AND DISCUSSION**

A special role in the implementation of the policy of generating income of the population belongs to the state. The economic sense of the state income policy lies in their effective distribution. This process is realized through the state budget through differentiated taxation of various groups of recipients of monetary incomes and social payments.

Among the variety of sources of money incomes of the population, there are three main ones: wages, income from property and social payments.

In the last years of the Soviet period, the income structure of the population basically conformed to the standards of the society that passed the stage of modernization development, although it showed a difference from market economies. As in all industrialized countries, labor incomes in Russia are the basis of the population's cash receipts, but the role of entrepreneurship and income from property is low (Table 1).

2008 2009 2010 2011 2012 2013 2014 Index Salary 67,5 68,4 67,3 65,2 65,6 66,2 67,0 17,7 18,3 18,3 Social payments 11,6 13,2 14,8 18,2 4,7 Income from property 8,9 6,2 6,4 6,2 5,2 5,1 Income from business activities 10,0 10,2 9,5 8,9 8,9 8,5 8,3 Other income 2,0 2,0 2,0 2,0 2,0 2,0 1,9

Table 1: Structure of money incomes of the population of Russia in 2008-2014,%

The recession period was characterized by a decrease in the share of wages and an increase in the importance of such new market sources of income as entrepreneurial income and property income.

To analyze the ratio of the incomes of the Russian population, the calculation of the decile coefficient is often used, which is considered an indicator of social tension in the country and represents the ratio of shares in the aggregate income of 10% of the richest citizens to the incomes of 10% of the poorest. In other words, how many times the income of the richest part of the population is greater than the income of the poorest. The coefficient determines the limit beyond which stability ends and the instability zone begins, which is fraught with power both for the society and for society. The situation is recognized as normal while the decile coefficient is below the 8: 1 mark. In Russia, since 2010, the decile coefficient has regularly increased, as shown in Table 2.

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Table 2: Dynamics of differentiation of labor remuneration in Russia in 2008-2014

Index	2008	2009	2010	2011	2012	2013	2014
Gini coefficient	0,418	0,422	0,422	0,421	0,417	0,420	0,423
Decile factor, how	15,2	16,0	16,2	16,2	16,4	16,6	16,7
many times							

The analysis of the data presented in Table 2 shows that since the end of 2008 there has been a tendency for the Gini coefficient to grow (the closer the index is to unity, the higher the income polarization) and the stock ratio of differentiation. As a result, this led to an increase in the income gap, accounting for 20% of the wealthiest and the group following them. That is, for the analyzed period in the whole of the Russian Federation, inequality in the distribution of incomes has increased significantly, which indicates an increasing disproportion in the distribution of incomes, which in turn testifies to the ongoing process of stratification of society.

The coefficient of funds, which characterizes the degree of social stratification for 2008-2014. has a trend towards growth. During the period under review, the growth of this coefficient was 1.5%. Thus, from year to year there is an economic and social situation that allows the rich to increase their well-being, not just interest, but at times, and the incomes of the poor remain at the same level or even fall.

Indisputable is the fact that the fight against poverty is linked to the problem of income redistribution and social justice. The excessively high income differentiation results in a reduction in the population, belonging to the middle class, which is the main bearer of demand for goods and services, and thereby weakens its stimulating impact on economic and social development. In addition, poverty and poverty provoke the growth of social diseases, lead to professional degradation, worsen the quality of human capital, etc. Consequently, the greater the inequality in a society, the lower the level of its economic welfare. To increase it, it is necessary to redistribute income in favor of low-income segments of the population.

Redistribution is commonly referred to as the process of changing the established in the society model of distribution of income (wealth) in order to ensure greater social justice. However, this process may entail a decrease in the growth of the level of productivity. In these conditions, the dilemma of equity and efficiency arises, which should be interpreted as an expression of the contradiction between the stabilizing and stimulating functions of social policy. The transfer of income from the better-off members of society to the less well-off can lead to a reduction in incentives for active economic activity in both groups of the population and reduce the overall welfare of society.

Unjustified inequality undermines social stability, but excessive redistributive processes reduce the effectiveness of the economic system and can reduce public welfare.

The social democratic model of social policy became an example of a successful solution to the problem of finding a balance between social justice and economic efficiency. This model is based on the right of all citizens to social security and to receive a wide range of social services. The redistribution of the national income in favor of the socially unprotected low-income population is ensured through an effective system of taxation with constant control by the state and is based on the high quality of contractual relations between employers 'and workers' associations. This allows you to see and feel real social protection, which in turn leads to an increase in the living standards of low-income citizens, contributes to stimulating consumer demand on their part. This increases economic growth. In this approach, the realization of equalizing and distributive types of justice is reflected.

An analysis of the policy of forming incomes of the population makes it possible to speak with confidence about the high scale of material unhappiness and the excessively high social differentiation in the country. Unfortunately, until now practically failed to develop sound strategic approaches to the problem of overcoming poverty and reducing the socioeconomic inequality. In this regard, a radical review of the revenue policy is necessary. In particular, it is necessary to abandon the so-called cheap employee policy, which implies an underestimation of income from work and a reduction in the share of wages in the incomes of citizens. In order to ensure the normal reproduction of all categories of the population, it is necessary to bring the minimum social standards as quickly as possible to the subsistence level of the relevant population groups and

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the restoration consumer budget. Based on the dilemma of social justice and economic efficiency, it is necessary to introduce a progressive scale of taxation of monetary incomes in the taxation system. It is necessary to create favorable conditions for conducting business and other types of activity, under which economic entities would be interested in legalizing their incomes. It is also necessary to develop mechanisms for regulating labor and entrepreneurial incomes through the introduction of a social partnership system.

#### **CONCLUSION**

The indicated strategic guidelines should be taken into account when developing a social development strategy, primarily as a social security strategy, where one of the key tasks should be to overcome poverty and reduce social and economic inequality.

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