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On The Role Of The Service Sector In The Republic Of Uzbekistan

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Abstract: This study is dedicated to examining the role of the service sector in the economy of the Republic of Uzbekistan. It analyzes the key aspects of development and the impact of the service sector within the context of modern economic trends in the country. Special attention is given to the influence of the service sector on the socio-economic development of Uzbekistan, identifying problems and prospects for the development of this sector. The research aims to identify the key factors contributing to the effective development of the service sector, as well as defining strategic directions for the sector's development in the context of current challenges and opportunities.

Keywords: service sector, GDP, developed countries, developing countries, traditional services, information and communication services.



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Introduction

The service sector in the modern world is gaining more stable positions with each passing year. States with economies centered around this sector are considered more developed than industrial or agricultural economies. It is no coincidence that in advanced countries, the share of services in the total GDP exceeds 75 percent. This sector employs over 80 percent of knowledge workers and 87 percent of highly skilled professionals. Services contribute to the social orientation of the economy and the improvement of the population's quality of life.

The service sector plays a crucial role in the economic growth of a country by creating affordable jobs, ensuring employment, and reducing poverty. According to the International Labour Organization, a 1% increase in the service sector reduces the poverty rate by an average of 1.5%. This is particularly important for our country, where the population and labor resources are increasing day by day.

LITERATURE REVIEW

Activation of the development of the service sector in the world economy is due to a number of factors, among which the determining importance was played by:

1. Expansion and complication of needs;
2. Scientific and technological progress;
3. The effect of a combination of economic factors;
4. Increasing demand for various consumer services;
5. Development of product support systems;
6. Harmonization of the interests of consumers and producers;
7. The effect of socio-demographic factors;
8. Implementation of political and legal factors;
9. Development of market infrastructure;
10. The effect of socio-cultural factors;
11. Rational use of resources, protection of human health and improvement of the environment.

There are differences in the structure of services provided between developed and developing countries. Developing countries, due to lower levels of socio-economic development and household incomes, are characterized by a predominance of traditional services - trade, transport, construction, etc. However, there are also examples of countries among them where innovative services are actively developing. For example, in India, along with the development of financial, banking, accounting and auditing, insurance, medical services and others in recent years, real estate market services and information and communication services (ICT) have been developing rapidly.

Methods

In order to increase the share of the service sector in the country's economy, expand the types and improve their quality, as well as to further support business entities in this direction, the Resolution of the President of the Republic of Uzbekistan dated May 11, 2021 No. PP-5113 "On measures for accelerated development of the service sector" approved the target parameters for the development of the service sector in our country and provided for their monitoring.

The volume of provided market services reflects the cost of services provided to consumers (legal entities and individuals, including non-residents) over a certain period of time.

The volume of services provided in Uzbekistan in 2023 reached 470.3 trillion soums. It grew by almost 13.7% over the year, according to the Institute for Macroeconomic and Regional Research (IMRI).

More than 60% of the contribution to the final indicator was provided by large cities. The largest of them (66%) fell on Tashkent. The capital also showed the highest values in terms of the volume of services per capita.

The institute noted that the share of Tashkent in this statistic is growing over time. At the same time, the volume of services is increasing in other cities as well. In particular, in Khiva, it became 2.4 times larger over five years.

Results and Discussion

Results

Table 1. The volume of market services provided by regions.

Region Name	Services Volume, in billion soums		Share, in %	Growth Rate, in %
	2022y	2023y		
Republic of Uzbekistan	366 891,0	470 286,5	100,0	113,7
Republic of Karakalpakstan	10 595,3	12 876,6	2,7	110,8
Regions:				
Andijan	17 804,0	21 793,4	4,6	111,3
Bukhara	15 848,8	19 344,0	4,1	111,0
Jizzakh	8 127,3	10 378,3	2,2	112,8
Kashkadarya	15 967,7	19 518,4	4,2	111,0
Navoi	9 322,8	11 520,7	2,4	112,5
Namangan	14 693,4	17 822,9	3,8	111,1
Samarkand	22 953,6	28 992,0	6,2	113,7
Surkhandarya	12 838,4	15 493,7	3,3	110,5
Syrdarya	5 018,8	6 099,0	1,3	110,9
Tashkent	25 919,7	31 934,8	6,8	110,8
Fergana	22 131,8	26 592,8	5,7	110,5
Khorezm	10 480,4	13 266,1	2,8	114,6
City of Tashkent	144 533,7	193 227,7	41,1	118,7

Source: Agency of Statistics under the President of the Republic of Uzbekistan, Key Indicators of the Service Sector in the Republic of Uzbekistan, for January-April 2024

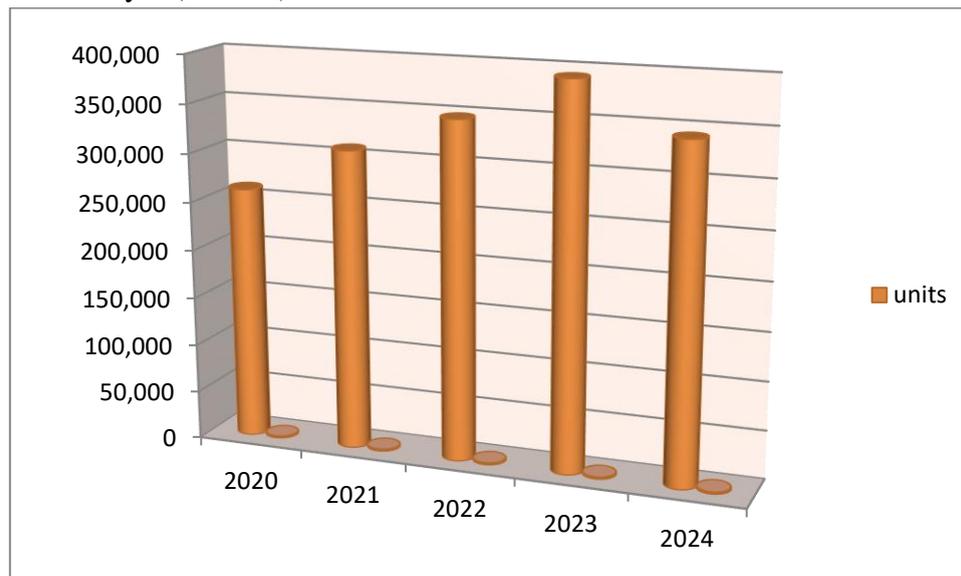
Table 1 reveals the volume of market services provided by region. Thus, for January-December 2023, the total volume of market services in Tashkent city accounted for 41.1%, or 193,227.7 billion soums. Compared to 2022, the growth rate in this region reached 113.7%. The volume of market services provided in the Syrdarya region was recorded at 6,099.0 billion soums, or 1.3% of the total volume. The growth rate was 110.9%.

As of January 1, 2024, the total number of active enterprises and organizations in the country reached 485,024 units. In the service sector, 343,059 units are involved, accounting for 70.7% of their total number. As of January 1, 2020, the share of active enterprises and organizations in the service sector was 65.8%, or 261,979 units.

ANALYSIS

Enterprises and organizations operating in the service sector (in units).

Effective as of January 1 (in units).



Source: Agency of Statistics under the President of the Republic of Uzbekistan, Key Indicators of the Service Sector in the Republic of Uzbekistan, for January-April 2024

Discussion

Table 2. Services in the field of education by region (for January-April 2024, in billion soums)

Syrdarya	74,8
Navoiy	116,2
Jizzakh	160,1
Surxondaryo	232,6
Khorezm	233,5
Republic of Karakalpakstan	270,0
Tashkent	290,5
Kashkadarya	308,9
Andijan	333,1
Namangan	365,1
Bukhara	373,3
Fergana	380,5
Samarkand	554,0
Tashkent city	3 357,1

Source: Agency of Statistics under the President of the Republic of Uzbekistan, Key Indicators of the Service Sector in the Republic of Uzbekistan, for January-April 2024

According to the table 2, Tashkent remains the leader in education investments in Uzbekistan. In the first 4 months of 2024, the volume of services in this sector in the capital grew by 2,344.7 billion soums, reaching 3,357.1 billion soums. This accounts for 47.6% of the total volume of educational services in the country. Samarkand ranks second in terms of investment, investing 554 billion soums. Fergana, Bukhara, Namangan, Kashkadarya, Andijan and Tashkent regions are also

actively developing education, investing 380.5, 373.3, 365.1, 308.9, 333.1 and 290.5 billion soums respectively.

Surkhandarya and Khorezm regions allocated almost the same amount for education (232.6-233.5 billion soums). Syrdarya region received the smallest amount of investment - 74.8 billion soums.

Thus, Tashkent is the leader in education investments, but other regions are also actively developing this sector.

As for legal services, there is a growth of 2,379.1 soums per capita in Uzbekistan. The volume of legal services in Uzbekistan in the first 4 months of 2024 increased by 2,379.1 soums compared to January-April 2020 and amounted to an average of 4,411.6 soums per capital.

In Tashkent, this figure reached 38,693.9 soums, which is the highest in the country. Khorezm and Tashkent regions also showed relatively high figures - 2,638.3 soums and 2,095.9 soums respectively. In Surkhandarya region, the average volume of legal services amounted to 425.3 soums. Thus, over the past 4 years, the availability of legal services in Uzbekistan has grown significantly.

Conclusion

Based on economic trends in other countries, the development of the service sector in Uzbekistan has a very high, but not yet fully realized potential. Special attention should be paid to those areas of the service sector that are becoming increasingly in demand according to global trends. First, these are IT services - the basis for the development of the digital economy, covering all aspects of life. Secondly, educational services, without improving the quality of which it is impossible to train competent personnel for the digital economy. Thirdly, medical services, which are becoming increasingly in demand with the increase in life expectancy of the population.

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