

Services Sector In Uzbekistan: Current Situation, Challenges And Development Perspectives

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Abstract: This article were reveals the questions of services sector in uzbekistan: current situation, challenges and development perspectives. The social development of society, the development and complication of the sphere of material production, the growing importance of the factor of scientific and technological progress have led to an increase in the demand for intangible goods. As the services sector develops rapidly, it provides more and more labor force, contributes to the increase in tax revenues to the state budget, fixed foreign exchange earnings to foreign exchange reserves. In particular, the development of paid services will play an important role in achieving balance in the domestic consumer market, expanding domestic demand, which is an important condition for economic growth and employment.

Keywords: exchange earnings, services sector in uzbekistan, current situation, challenges, development perspectives.

1. INTRODUCTION

In the context of modernization of the country, providing services to the population, improving living standards and solving the problem of employment are become a topical issue. By providing various services, firstly, the needs of the population in services will be met, secondly, the issue of the unemployed will be solved, and thirdly, the living standards of the population will be improved and income will be increased. Therefore, the provision of affordable services to the population, employment and improvement of living standards of the population within the chosen topic is one of the most important areas of scientific research.

With the development of socio-economic systems based on digital technologies, there is a tendency in the world to service the economy, that is, to combine the activities of goods production with services at different levels. Since December 2019, there has been a rapid development of service in the context of the global COVID-19 (coronavirus) pandemic.

According to the International Valuation Structures and Database on Economic Development, the countries with the highest share of services in GDP in 2019 were the United States - 77.4% (2nd in terms of GDP), the United Kingdom - 71.0% (9th in terms of GDP), France - 70.3% (10th in terms of GDP), Canada - 70.2% (16th in terms of GDP), Japan - 69.1% (4th in terms of GDP)

In the context of economic globalization, the integration of countries and the strengthening of international specialization set the economy of each country the task of

modernizing and diversifying production sectors, increasing the competitiveness and quality of services provided to the population, thereby increasing the financial potential of regions. In our country, the deepening of the restructuring and diversification of the national economy, employment, rapid development of the services sector as one of the important factors and areas of increasing income and quality of life are considered. As the President of the Republic of Uzbekistan Sh.M.Mirziyoev noted: "The issues of modernization of industries and regions, increasing their competitiveness, development of export potential should be in the center of our constant attention. To do this, we need to more actively attract foreign investment and advanced technologies, as well as information and communication systems in all regions". Therefore, the consistent implementation of economic reforms in our country, aimed at increasing the financial capacity of the regions and increasing the role of the services sector is a topical issue.

The social development of society, the development and complication of the sphere of material production, the growing importance of the factor of scientific and technological progress have led to an increase in the demand for intangible goods. As the services sector develops rapidly, it provides more and more labor force, contributes to the increase in tax revenues to the state budget, fixed foreign exchange earnings to foreign exchange reserves. In particular, the development of paid services will play an important role in achieving balance in the domestic consumer market, expanding domestic demand, which is an important condition for economic growth and employment. The establishment and development of enterprises providing service and repair services for automobiles and household appliances will lead to an increase in demand for these products.

2. LITERATURE REVIEW

In the theoretical study of the services sector, it is needed to pay attention, first of all, to the meaning of such terms as "services", "services sector". The term "services" is interpreted differently by scholars in the economic literature from different perspectives. Within the framework of these terms, many foreign and domestic scientists have conducted theoretical research. One of the well-known scientists, F. Kotler describes service as follows: Service is any activity that one side can offer to another.

In her research, O.P.Efimova explains the service as follows: "Service is an action or activity, the result of a beneficial effect in another form of consumer satisfaction".

According to S.N.Korobkova, service is action, work or performance of work.

The service is described in the "Dictionary-reference" "Tourism, hospitality, service", compiled by G.A.Avanesova, L.P.Voronkova, V.I.Maslov, A.I.Frolov: "Services - direct between the executor and the consumer The result of cooperation is the personal activity of the executor, aimed at meeting the needs of customers".

One of the economists of our country, I.S.Tukhliev says, "Services are a kind of invisible commodity," and in this approach he expressed the commodity nature of the service, that is, the labor relations in the production of services, material production processes, but the result of the production process is intangible, he stressed. In our view, the concept of service is "the conscious activity of people, business entities, the state and society aimed at meeting a specific need of people in connection with the process of service that benefits them."

In our study, the term "services sector" literally refers to a particular sector of the economy. Many economists and researchers have commented on the concept of "services".

S.N.Korobkova describes the sphere of services as follows: "The sphere of services is a branch of the economy that has a beneficial effect on the process of the production of

goods. Labor in the services sector is not expressed in the form of goods".According to G.A.Avanesova, L.P.Voronkova, V.I.Maslov, A.I.Frolov: "... the service sector - on the one hand, there are people who want to meet the needs and requirements of their various districts, on the other hand is the sphere of industrial practice and social interaction of the organizers of useful activities, producers of goods and products, which have the value of consumption, aimed at meeting the requirements.

Regardless of the economic system in place in each country, economic changes on international level affect a country's economy. It also requires a radical overhaul of the country's economy to mitigate the effects of changes in the world economy. The economist E.A.Kameneva also said: "With the development of globalization, the services sector, which is the main sector of the economy, is changing. At the same time, the service sector will not have the same performance, and the types of services will develop at different levels, depending on the socio-economic conditions," he said. Thus, the modernization of the service sector will further develop services and strengthen the formation of new types of services. For this reason, the service sector must be developed comprehensively, in different ways, in a step-by-step manner.

Improving the living standards and quality of life depends on the level of development of the services sector. For this reason, from the first years of independence, special attention was paid to the development of the services sector. In the short period since independence, Uzbekistan has gained rich experience in developing the services sector and increasing employment. This can be seen in the macroeconomic policy of strengthening the role of the services sector in the socio-economic development of the country and its development. The rich experience in the development of the services sector plays an important role in the modernization of this sector. In this regard, the famous economist A. Maddison, in his book "The World economy: a millennial perspective", spoke about the difficulties of transition to the stage of modernization: "... explained that it is extremely difficult to transition without social upheavals, which can only be achieved by countries with high and stable levels of economic growth. Also, the process of modernization of the economy requires a rich theoretical and practical experience, and it is a new era for the development of the country".

3. RESEARCH METHODOLOGY

Many foreign economists suggest classifying the structure of the services sector in terms of sectoral characteristics and development. In our opinion, it is expedient to classify this sector from the organizational and economic point of view. In this case, the following should be highlighted:

- information and commercial infrastructure (marketing centers, advertising agencies, data collection and processing centers, etc.);
- economic and legal infrastructure (courts, legal advice centers, law and notary offices, etc.);
- financial and credit infrastructure (commercial banks, credit, insurance and guarantee organizations);
- trade, brokerage infrastructure (fairs, exchanges, shopping malls, etc.).

The above-mentioned classifications play an important role in ensuring the efficiency of the service sector. However, reforms aimed at increasing the share of services in the economic policy of the country require further development of these services. For example, as a type of service, it has a positive impact on the sale of trade houses, organizations, fairs,

food and non-food products and the effective operation of their producers. However, services as a special commodity require its providers to meet specific requirements.

The level of development of the national economy can be explained by the fact that the country's macroeconomic indicators have achieved a stable growth trend in the period under study. In 2010-2019, we can observe the level of sustainable development of macroeconomic indicators in our country. Of course, the role of the services sector in the high growth of macroeconomic indicators in our country is high. The volume of all services created in the sector in 2010 amounted to 27126.8 bln. soums, in 2019 - 190356 bln. soums and increased by 7 times during the period under review.

An attempt was made to analyze the regional and sectoral changes in the services sector in Uzbekistan on the basis of statistical data and, based on the results of the analysis, to identify trends in the development of the services sector in the country.

The level of development of the services sector at the national level is also observed by regions, and it can be seen that during the period under review, the sector has developed more rapidly than other sectors and industries of the national economy (Table 1).

Table 1 Services volume provided by regions
(bln. soums)

Regions	Years										In 2019 compared to 2010, %
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Republic of Uzbekistan	27126,8	35196,3	44386,0	55872,8	68032,1	78530,4	97050,0	118811,0	150889,8	193697,8	714,0
Republic of Karakalpakstan	671,1	1062,0	1350,1	1710,4	2148,1	2550,3	3100,5	3611,3	4600,2	5671,8	845,1
Regions											
Andijan	1321,9	1777,9	2365,1	3092,2	4009,1	4684,5	5765,9	6627,2	8011,5	9803,8	741,6
Bukhara	1072,6	1413,8	1844,6	2407,7	3045,6	3751,2	4756,1	5421,1	6631,6	8413,2	784,4
Jizzakh	439,3	611,6	818,1	1034,8	1324,5	1727,0	2155,3	2530,8	3283,2	4305,1	979,9
Kashkadarya	1136,7	1525,9	2003,6	2642,6	3391,1	4058,9	5137,6	5859,7	7064,1	8800,9	774,3
Navoi	640,7	894,1	1138,8	1399,6	1763,1	2067,5	2593,8	3068,4	3925,6	5056,2	789,2
Namangan	969,9	1317,3	1784,5	2292,3	2961,2	3320,6	4408,1	4999,2	6067,7	7747,6	798,8
Samarkand	1799,3	2336,9	3080,7	3983,4	5065,9	5832,9	7200,5	8343,2	10043,5	12786,8	710,6
Surkhandarya	796,3	1085,3	1450,8	1918,0	2471,4	3067,8	3845,3	4485,5	6079,6	6981,9	876,8
Syrdarya	347,1	477,5	622,5	746,8	915,8	1103,1	1355,6	1603,8	2031,4	2726,8	785,6
Tashkent	2253,3	2749,2	3473,3	4428,7	5529,5	6445,7	8112,9	9347,4	11292,9	14568,4	646,5
Fergana	1471,3	2041,8	2707,0	3532,0	4472,8	5256,0	6670,7	7602,2	9237,9	11684,1	794,1
Khorezm	862,9	1066,0	1379,7	1788,0	2190,7	2548,6	3119,0	3645,5	4562,8	5763,3	667,9
Tashkent city	8805,5	10876,4	13381,8	16290,8	19779,7	23108,6	29472,7	38659,9	50176,2	65759,2	746,8

Analysis of the dynamic range of services provided by regions for 2010-2019 showed higher rates than in other regions: Jizzakh (979.9%), Surkhandarya (876.8%), the Republic of Karakalpakstan (845.1%), Namangan (798.8%), Fergana (794.1%), Navoi (789.2%) regions.

It can be observed that the development of the volume of services in the regions in 2010 and 2019, respectively, in Jizzakh region amounted to 439.3 bln. soums. 4305.1 bln. soums, in Surkhandarya region - 796.3 bln. 6981.9 bln. soums, in the Republic of Karakalpakstan from 671.1 bln. soums to 5671.8 bln. soums, in Namangan region - 969.9 bln. 7747.6 bln. soums, in the Fergana region - 1471.3 bln. soums to 11684.1 bln. soums, in Navoi region - 640.7 bln. 5056.2 bln. soums.

According to the results of the analysis, the volume of services created in the country in 2010 amounted to 27,126.8 bln. soums. In 2019, it amounted to 193697.8 bln. soums. Over the past 10 years, the volume of services created in the sector has grown by 714% (Table 2).

Table 2 The volume of services provided by the main types of economic activity

Indicators	Years										In 2019 compared to 2010, %
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Services - total	27126,8	35196,3	44386,0	55872,8	68032,1	78530,4	97050,0	118811,0	150889,8	193697,8	714,0
<i>including the main types:</i>											
Information and communication services	2 080,2	2 653,0	3 219,3	3 749,8	4 541,3	5 181,5	6 306,8	8 196,7	10 332,6	10891,7	523,6
Financial services	2 643,7	3 346,6	4 208,8	5 546,5	6 728,2	8 206,7	9 898,4	15 023,8	21 296,3	34036,6	1287,5
Transportation services	10 524,4	13 571,7	16 498,8	20 562,0	23 781,0	26 817,3	30 617,8	36 217,2	44 159,4	54473,5	517,6
Accommodation and food services	292,7	381,2	463,4	590,1	729,1	890,6	3 038,7	3 649,6	4 673,3	5933,6	2027,2
Trade services	6 620,8	8 789,9	11 533,6	14 807,9	18 979,2	21 366,9	27 368,2	32 006,9	39 743,4	48748,2	736,3
Real estate services	809,3	1 063,8	1 408,6	1 755,3	2 236,0	2 757,3	3 405,1	4 026,5	4 949,2	5950,7	735,3
Education services	763,1	1 027,4	1 385,3	1 793,0	2 154,4	2 681,4	3 263,0	4 402,0	5 416,5	7164,9	938,9
Healthcare services	258,0	354,4	498,8	671,9	869,9	1 100,4	1 416,3	1 701,5	2 220,0	3104,3	1203,2
Rental and leasing services	548,0	694,4	902,7	1 177,2	1 494,6	1 801,6	2 270,1	2 589,2	3 297,4	3733,5	681,3
Repair of computers and personal and household goods	624,2	762,9	944,1	1 122,8	1 388,3	1 724,5	2 187,8	2 329,2	2 630,7	3200,1	512,7
Personal services	756,5	963,9	1 233,6	1 558,0	2 036,4	2 366,5	2 915,5	3 134,4	3 700,6	4575,6	604,8
Architectural and engineering activities; technical	299,2	383,1	537,2	661,1	748,7	841,0	1 132,6	1 611,7	2 953,6	4543,1	1518,4

testing and analysis											
Other services	906,7	1 204,0	1 551,8	1 877,2	2 345,0	2 794,7	3 229,7	3 922,3	5 516,8	7342,0	809,7

In the high development of services produced by types of economic activity, trade services in 2010 amounted to 6620.8 bln. soums. 48748.2 bln. soums in 2019 soums, transport services in 2010 amounted to 10524.4 bln. 54473.5 bln. soums in 2019 soums, financial services in 2010 amounted to 2643.7 bln. 34036.6 bln. soums in 2019 soums, services in the field of information and communication increased from 2080.2 bln. soums in 2010 to 10891.7 bln. soums in 2019. soums, services in the field of education in 2010 amounted to 763.1 bln. 7164.9 bln. soums in 2019 soums, accommodation and food services in 2010 amounted to 292.7 bln. 5933.6 bln. soums in 2019 soums, real estate services in 2010 amounted to 809.3 bln. 5950.7 bln. soums in 2019.

4. CONCLUSION

Using the econometric model, based on the impact of the services volume created in the field of information and communication, which affects the volume of services created as a digitization factor of the industry, the pattern of change of the resulting factor and forecast indicators for the model were determined.

While the volume of services created with the participation of information and communication technologies (X1) and the number of customers connected to the data network (X2), which affect the growth of services (Y), had a steady growth rate in 2010-2019, special software used in networks and industries the amount of influencing factors, such as tools (X3) and the number of websites located in the provider network (X4), had a general upward trend, with certain fluctuations occurring over time. This leads to an increase in the volume of gross services, which is a direct output factor.

Using the identified data, a multi-factor econometric model of the change in the volume of services created in the service sector of the national economy under the influence of factors affecting it was developed. According to him, the (2) -regression equation representing this process was constructed.

$$y = 9,63 \cdot x_1 + 1773,97 \cdot x_2 - 8,29 \cdot x_3 + 1,303 \cdot x_4 + 41223,17$$

The data in Figure 5 show that the dynamics of changes in the volume of services provided by the main types of economic activity in 2010-2019 will continue to grow steadily in 2020-2024 under the influence of digitalization factors of the economy and increased by 9.1 times compared to 2010 to 246979.7 bln.soums.

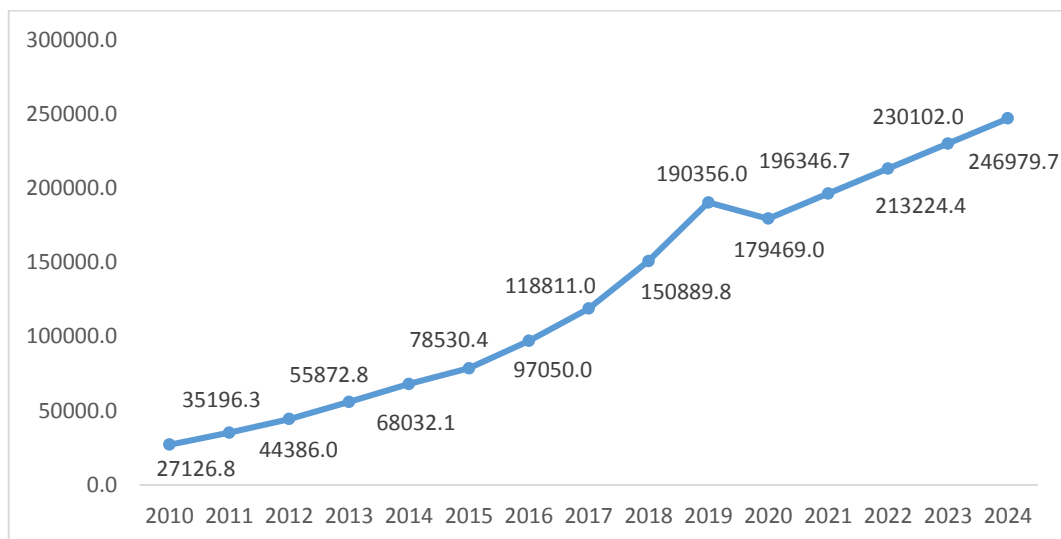


Figure 5. Dynamics of change in the volume of gross services in 2010-2024 under the influence of digital factors (*bln.soums*)

The above analysis allows to assess and predict the overall effectiveness of the volume of services provided by the main types of economic activity. In assessing the prospects of the services volume provided by the main types of economic activity, the analysis of the factors influencing the key indicator in order of importance allows to identify key factors to be considered in the management of the sector and ensure rapid development of the industry.

In conclusion, in today's socio-economic system, the requirements for regulatory coordination of enterprises are growing, the tax burden for them is growing and the share of large enterprises in the services market is growing.

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