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## Analysis of the Level of Development of the Sphere of Services in Uzbekistan

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**Annotation:** *The service sector is a part of the economy that includes all types of commercial and non-commercial services: a consolidated generalizing category that includes the reproduction of various types of services provided by enterprises, organizations, as well as individuals. It is customary to include culture, education, healthcare, and consumer services in the service sector.*

*In this article highlights of analysis of the level of development of the sphere of services in Uzbekistan.*

**Keywords:** *development, education, service sector, healthcare, culture, ICT, consumer services, economy, management, market.*

The service sector is often referred to as a post-industrial economic order because of their developed modern infrastructure. It is the service sector that makes up, in economically developed countries, the bulk of the economy in terms of the number of people employed (more than 60%).

The services include:

1. service sector (infrastructure services of production and service sectors of the economy);
2. Social sphere (non-production and legal and financial services of the economy).

A characteristic feature of the development of modern civilization is the transformation of the service sector into the dominant sector of the economy. According to the World Bank, currently the sector's share in the gross domestic product of developed countries is 74%, in the total number of employed — 70-75% and in the total number of enterprises — 90-95%. The level of development of the service sector has become a determining factor in ensuring a high quality of life for the population and accelerating economic growth.

It is particularly necessary to emphasize its absorptive abilities in relation to the labor force and the importance of the service sector in solving the problems of ensuring employment and, consequently, increasing the incomes of the able-bodied population. For Uzbekistan, where the pressure of demographic factors on the labor market is very high, the social significance of the service sector is greatly increasing.

The rapid development of the service sector is one of the priorities of the Action Strategy for the Further Development of the Republic of Uzbekistan. As a result of the successful implementation of the State Program for the Development of the service sector for 2016-2020, the quantitative growth of the subjects

of the industry has accelerated, the sectoral structure of the sphere has improved, the types of services have expanded, a modern and high-quality services market is being formed.

During the years of independence, the service sector in Uzbekistan developed rapidly. It is worth noting that in the structure of Uzbekistan's GDP for 1990-2019, the share of the service sector increased from 33.8 to 35.5 percent, and the share of the employed population in the service sector in the total number of employed population in the economy increased from 35.6 to 50.5 percent.

Information and communication, banking, insurance, leasing, tourist and excursion and other types of services characteristic of a modern high-tech and market economy are developing at a faster pace. In particular, communication and information services increased 4.9 times in 2010-2018 with an average annual growth rate of 20-21 percent. The development of telecommunication networks, computerization and information technologies have led to the expansion of the offer of such types of services as mobile communications, high-speed Internet, cable TV, communications. The development of modern types of services, such as remote banking, credit card payments, online trading, led to an increase in the volume of financial services in 2010-2018 by 9.2 times. It should also be emphasized that new shopping centers, catering establishments are emerging, the number of hotels is growing, types of educational services are increasing, the choice in the field of recreation is expanding, etc.

The results of the analysis conducted to determine the level of development of the service sector in the republic, the level of provision of the population with various types of services, showed the presence of untapped opportunities for its development in the republic.

Firstly, the gross value added in the production of goods is currently 42%, and in the service sector — 63%. It follows from this that with the same volume of gross production of goods and services, 1.5 times more value added is created in the service sector. Therefore, the development of the service sector at an accelerated pace contributes to ensuring consistently high growth rates of gross domestic product.

Secondly, from the point of view of increasing the monetary income of the population, it is also necessary to develop the service sector. This is due to the fact that so far the volume of services per capita in the republic is low. If in developed countries this figure is 30-45 thousand US dollars, then in our republic it is a little more than 700 dollars. The volume of services per capita in the field of education and health care is particularly low. For example, according to statistics for 2019, the volume of educational services in Uzbekistan amounted to 7164.9 billion. sumov, the share of services in the total volume is 3.6 percent.

Thirdly, the share of services in the gross domestic product in Uzbekistan (35.5 percent) is significantly lower than in developed countries (75-80 percent). According to the scientific views of the present time, the share of services in the gross domestic product of the country should dominate. In order to bring this indicator to the level of the average indicator of developed countries, it is necessary to sharply increase its growth rate.

Fourth, there is an uneven development of the service sector in the regions of the republic. The most developed regions in 2019 are Tashkent, Bukhara, Navoi regions and the city of Tashkent. The lowest level of development of the service sector was noted in Namangan, Kashkadarya and Surkhandarya regions. In the future, measures should be taken to bring the indicators closer to the average level in the republic on the basis of eliminating shortcomings and obstacles in the organization of services in these regions.

Fifth, the weak development of the service sector in rural areas. In 2017, only 21.7 percent of the total volume of market services accounted for the rural population, and the share of household services was 41.6 percent. If we take into account the fact that about half of the population of the republic (49.3 percent) lives in rural areas, it is obvious that this figure is very low. The Action Strategy sets the task of

eliminating the existing discrepancies between the living conditions of urban and rural populations, and the fulfillment of this task makes it necessary to accelerate the development of the service sector in rural areas, compared with the city.

Sixth, in the republic, the share of services in the structure of consumer spending of the population is very low. In 2017, only 20 percent of consumer spending was on services. This indicator is significantly lower than the corresponding indicator of developed countries.

Seventh, the average monthly salary in the sectors of this sector is also significantly lower than in developed countries, where the average salary of service sector workers is 4500-4600 dollars, while in Uzbekistan this figure is 220 dollars.

The great influence of the development of the service sector on increasing the incomes of the population and improving the quality of their life makes it necessary to identify promising areas for the development of this sphere, rationalize the sectoral structure of the sphere on the basis of their accelerated development and improve the activities of economic entities that make up the sphere.

In the field of improving the sectoral structure of the service sector, it is necessary to point out the need for priority development of its most promising segments, including transport, tourism, educational services, healthcare services, as well as services in the field of computer and information communications (ICT). Let's focus in more detail on educational, informational and tourist.

Educational services. The share of educational services in the total volume of services in Uzbekistan is only 3.6%, and in developed countries — 15-16%. Young people entering higher education institutions in developed countries make up 1 percent of the total population of the country, in our country this figure is about 0.2 percent.

In our opinion, at the present stage, the development of educational services in Uzbekistan is associated with an increase in the level of complexity of the educational system and the formation of a network of non-governmental educational institutions. From the 2000-2001 academic year to the 2018-2019 academic year, the number of universities in Uzbekistan increased from 60 to 98 (including 9 branches of foreign educational institutions), the number of students increased from 183.6 thousand to 360.2 thousand. Over the past four years, 47 new higher education institutions have been opened, including branches of foreign universities. The total number of universities in the country today is 125.

Information and communication services. Studies have shown that from 30 to 50 percent of GDP growth can be provided by the development and dissemination of information and communication technologies. If the appropriate legal, tax and financial conditions are created, we will be able to take a significant place in the field of software development, despite the fact that we are somewhat behind in the field of technical equipment. In this respect, the example of India is instructive. The country lags far behind in terms of the level of informatization of society, but now exports software products worth \$ 3 billion a year. Uzbekistan has solid reserves for the development of ICT.

Travel services. Foreign experience shows that tourism plays an important role in the economic development of the country. The share of tourism in Uzbekistan's GDP is about 2.5 percent. In developed countries with a large tourism sector, this figure is up to 10 percent, in island and developing countries, the share of tourism is from 30 to 50 percent. Tourism accounts for 8 percent of world exports of goods and services. In 83 WTO member States, tourism is among the top five export sectors, while in 38 percent of the world's countries it is the main source of foreign exchange earnings. In addition, in countries where tourism is considered an important part of income, it has become the main area of employment of the population. According to the WTO, in the third millennium, the demand for tourism products that provide the greatest satisfaction for a minimum period of time will be high. Uzbekistan has all the necessary

resources for the development of tourism: monuments of ancient historical architecture and oral creativity of the people, nature reserves, natural landscapes, etc. The concept of the Development Strategy of Uzbekistan until 2035 is expected to increase the share of tourism in GDP from 1.4 to 28 percent.

In the field of improving the activities of economic entities, it is necessary to pay special attention to the scale effect and the development of private entrepreneurship in this area.

The expansion of production scale makes it possible to use advanced technologies and high-quality high-tech equipment. As the scale of production increases, it becomes possible to take advantage of specialization in production and management, which leads to higher incomes in the industry, the creation of additional jobs and an increase in wages of industry workers.

The development of entrepreneurship in the service sector, the appearance of a large number of small enterprises on the market, the provision of various types of services by them — all this makes it possible to saturate the market with services in conditions of growing demand for them, coordinate the pricing policy for services, create an effectively functioning competitive environment.

In order to determine the prospects for the development of the service sector in increasing employment and incomes of the population, and therefore in improving the level and quality of life, prospective indicators of the volume of services created in this area and the average salary of its employees for 2021-2026 were calculated by the method of forecasting extrapolation. According to the results of calculations, it is predicted that in 2026 services for 291614 million soums will be created. This figure is 263334 million soums more than in 2010, or the volume of services will increase by 10.3 times.

Our calculations have shown that as a result of the rapid growth of the service sector, its share in GDP in 2026 may reach 50-55 percent. This means that in the future, this industry will have increased opportunities to create new jobs and, as a result, increase incomes, improve the level and quality of life of the population employed in it.

At the present stage, the development of the service sector in Uzbekistan is considered as an important direction for improving the welfare of the population. Modernization of the service sector and its most important industries will continue. In our opinion, in the process of its further development, it is important to pay special attention to the following points:

- ✓ the development and expansion of the service sector should be carried out on the basis of the development of paid services;
- ✓ equalization of the level of development of the service sector in the regions of the republic, including in rural areas;
- ✓ accelerated development of tourism, educational services, services in the field of computer and information communications, audit, marketing, finance, consulting and information services;
- ✓ development of small business and private entrepreneurship in the service sector.

Given the importance of the development of the educational services market in the process of transition to an innovative economy in Uzbekistan, it seems necessary to pay priority attention to educational services.

Thus, the development of the services market in the republic depends on the increasing solvent capabilities and preferences of the population, as well as the development of small businesses capable of meeting consumer demand, especially for modern, progressive types of services. In other words, on the one hand, the volume of production of services will be influenced by factors such as household incomes and preferences, tariffs for services, on the other hand — investment, tax, monetary government policy, scientific and technical policy and the development of small businesses based on new technologies.

All this will eventually contribute to further modernization of the economy, qualitative structural shifts in the sectoral structure of market services. Major positions will be occupied not only by constantly updated traditional industries (trade, transport, household and communal services), but also by fast-growing knowledge-intensive business and socio-cultural services. This will create a modern market of services in Uzbekistan, form a rational structure of production and consumption of services, and ensure further improvement of the level and quality of life of the population.

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