

**ECONOMIC ANALYSIS OF THE SERVICE SECTOR AND THE OPPORTUNITIES  
CREATED FOR THE DEVELOPMENT OF THE SECTOR**

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**Abstract:** The service sector is an important sector of the economy and performs economic and social activities for society and people. In this article, the economic analysis of the service sector, its importance, types and opportunities created for the development of the sector are highlighted. The main indicators of the service sector by types of activity and its share in the gross domestic product are analyzed using economic and statistical methods.

**Keywords:** Local producers, gross domestic product, digital economy, service sector, service provision, social sector, consulting services, market services, international experience, private sector, small business,

**Аннотация:** Сфера услуг является важным сектором экономики и осуществляет экономическую и социальную деятельность для общества и людей. В данной статье освещен экономический анализ сферы услуг, ее значения, виды и возможности, создаваемые для развития отрасли. Анализируются основные показатели сферы услуг по видам деятельности и ее доля в валовом внутреннем продукте экономико-статистические методы.

**Ключевые слова:** Местные производители, валовой внутренний продукт, цифровая экономика, сфера услуг, оказание услуг, социальный сектор, консалтинговые услуги, рыночные услуги, международный опыт, частный сектор, малый бизнес.

**Annotatsiya.** Xizmat sohasi iqtisodiyotning muhim sektori bo'lib, jamiyat va insonlar uchun iqtisodiy-ijtimoiy faoliyatlarini bajaradi. Mazkur maqolada xizmatlar sohasining iqtisodiy tahlili, uning ahamiyati, turlari va soha rivoji uchun yaratilayotgan imkoniyatlar yoritilgan. Xizmatlar sohasining faoliyat turlari bo'yicha asosiy ko'rsatkichlari hamda yalpi ichki mahsulotdagi ulushi iqtisodiy-statistik usullar orqali tahlil qilingan.

**Kalit so'zlar:** Mahalliy ishlab chiqaruvchilar, yalpi ichki mahsulot, raqamli iqtisodiyot, xizmat sohasi, xizmat ko'rsatish, ijtimoiy soha, konsalting xizmatlari, bozor xizmatlari, xalqaro tajriba, xususiy sektor, kichik tadbirkorlik.

## **INTRODUCTION**

The level of development of the service sector has become a determining factor of ensuring the high quality of life of the population and accelerating the rate of economic growth. The incomparable importance of this sector, especially in solving the problem of ensuring employment of the able-bodied population and increasing its income, should be recognized as a great achievement of the individual society. Increasing the role of the industry in improving the living standards and quality of the population requires, first of all, a deep analysis of the current state and development trends of this industry, identification of existing problems in this industry and the search for their solutions, identification of opportunities and their effective use in the future.

Decree no PF-60 of the President of the Republic of Uzbekistan dated January 28, 2022 "On the development strategy of New Uzbekistan for 2022-2026" in the purpose of Annex 1 34: "Engineering, communication and social the following tasks are defined in the direction of the development of the infrastructure system and service and service areas"[1]:

To increase the volume of services by 3 times in the next 5 years and create a total of 3.5 million new jobs in this direction through the development of service and service industries in the regions.

Development of paid plumbing, electricity, home appliance repair, and catering services for the development of household and communal services that are highly needed by the population in the centers of cities and districts.

Establishment of 130 modern markets and shopping complexes, as well as 65 large and 5000 small service facilities for the development of roadside infrastructure through the development of trade and roadside services in the territories of the republic.

Reducing the share of the hidden economy in the service sector by 3 times. In order to increase the attractiveness of the service sector, providing additional benefits to business entities in the sector.

As can be seen from the mentioned information, in the conditions of various crisis situations that continue in the world today, it is necessary to give privileges for further support of the service sector in Uzbekistan by the state, to improve the business environment through further development of infrastructure, this development of scientific recommendations and proposals for identifying and eliminating problems arising in the processes is considered one of the current issues.

An important component of the country's national economy is the service sector. The service sector plays a leading role in the socio-economic development of the country, in particular, in the production of GDP, providing employment to the population, increasing the standard and quality of life in meeting its various needs, and forming the state budget. In addition, the service sector is multi-disciplinary and operates in several directions at the same time. In this area, complex socio-economic processes that are inextricably linked with other areas of the national economy take place and develop. The service sector, on the one hand, greatly affects other sectors and sectors of the national economy, their status and development, and on the other hand, its development opportunities and prospects are determined by the dynamics of other sectors and sectors.

## **LITERATURE REVIEW**

Local and foreign scientists have conducted and are conducting scientific research on the topic, and they are contributing to the development of this field.

"The great economist Adam Smith, in order to fully reveal the economic content of the benefits in the form of service and to solve the problem of considering it as the source of the country's social wealth, in his world-famous work entitled "Investigation of the Nature and Causes of the Wealth of Nations", productive labor and unproductive labor expressed an opinion about

labor concepts. [2]. In this way, A. Smith made a great contribution to the creation of the first concept of service by distinguishing tangible and intangible production.

The term "service" is used by scientists in economic literature from different points of view and interpreted depending on the field of economic knowledge. Many foreign and local scientists have conducted theoretical research within this term. One of the famous scientists is F. Kotler, who defines the service as follows: "A service is any activity that one party can offer to another" [3].

I.S. Tukhliyev, one of the famous scientists of our republic, says: "Services are a special type of invisible goods." [4] reflects its relations, but tries to emphasize that the result of the production process will have an intangible form.

The definition given by I.Ochilov to the concept of service is perfect in terms of content and essence compared to others, and it is given in the following form: it is understood the conscious activity related to the process of service that brings benefits." [5].

Muhammedov's service sector has a direct and significant impact on the population's health, mood, attitude to work, labor productivity of workers, level of satisfaction and happiness with their lives, and the life and development of production forces in general. he emphasizes that it shows.

In particular, in this regard, one of the scientists of our country, M.Q. Pardayev and H.N. Musayev, "the service sector is a component of the market economy, it participates in the general system of economic relations" [6]. the definitions of which are said to be a clear example of this.

The successful solution of the priority tasks defined in the "Uzbekistan-2030" development strategy requires the development of specific measures to provide quality services to the population of our republic at the expense of increasing the economic efficiency of the service sector, improving the system of statistical indicators and statistical forecasting of its prospects. is enough.

## **RESEARCH METHODOLOGY**

The information in the article was comparatively analyzed, and an attempt was made to clarify theoretically the types of service industry, its economic importance, the development of the service industry, and the opportunities created for the development of the industry. In the process of scientific analysis, observation, generalization, grouping, comparison, analysis and synthesis and analysis methods were widely used. As an object of research, the types of service industry were studied.

## **DISCUSSION OF ANALYSIS AND RESULTS**

The service sector occupies a dominant position among the main directions of the development of the modern economy. It is a complex multifaceted mechanism and is one of the promising branches of the modern economy, covering a wide range of activities, from trade and transport to education and insurance services. The diversity of service activities, as well as the interaction between different activities in the service sector, is a factor for the rapid development of this

sector. It provides changes in the structure of consumer demand for the measures taken on balanced stimulation of domestic demand and comprehensive support for the development of local producers.

In recent years, a number of opportunities have been created for business entities operating in the service sector to increase their share in the gross domestic product of our country. Types of services based on high technologies and characteristic of the market economy are developing rapidly in our country.

In 2022-2026, the development strategy of New Uzbekistan defines specific measures for the development of the service sector, including "...on the construction of affordable housing, the development and modernization of road transport, engineering - communication and social infrastructures implementation of targeted programs"[8], important tasks were determined.

According to the preliminary data of the Statistical Agency under the President of the Republic of Uzbekistan in 2023, the volume of services reached 470,286.5 billion soums, and the share of small businesses in this area was 47,7%, the volume of services per capita - 12,915.6 thousand soums, and the share of enterprises and organizations was 70,7%.

#### **Share of industries in GDP**

<b>Name of service types</b>	<b>Share of GDP</b>		<b>Growth rate</b>
	2023 year	2023 year	
<b>Services sector</b>	41,6%	43,4%	1,8%
<b>Rural forestry and fisheries</b>	24,9%	24,3%	0,6%
<b>Industrial sector</b>	27%	26,1%	-0,9%
<b>Construction industry</b>	6,5%	6,2%	-0,3%

The source was prepared by the author based on the official data of the statistical agency [www.stat.uz](http://www.stat.uz).

According to the results of 2023, the share of the service sector in GDP increased from 41,6% to 43,4%. At the same time, the share of agriculture, forestry and fisheries increased from 24,9% to 24,3%, the share of industry from 27.0% to 26.1%, the share of the construction sector

from 6,5% to 6 decreased by 2%. In 2023, the GDP per capita at current prices was 29,291.4 thousand soums.

If we analyze the contribution of the types of services to the growth of the total volume of market services provided during 2019-2023, financial services - by 4,5%, trade services - by 2,5% , transport services - by 1,8%, other services - by 1,8%, communication and information services - by 1.6%, services in the field of education - by 1.0%, and accommodation and food services - by 0,5 It can be seen that it has increased by %, that is, this indicator has increased by 13,7% during these periods.

If we compare these indicators, i.e., the growth of the specified market services, with the preliminary data of 2023, compared to the same period of 2022, trade services - by 23,5% growth, transport services - by 23,1%, financial services - by 22,6%, communication and information services - by 6,9%, educational services - by 4.3%, accommodation and catering services - by 3,9% , as well as real estate services - 2.6%, healthcare services - 1.8%, rental services – 1,6%, architecture, engineering research, technical it can be seen that services in the field of testing and analysis – 1,7% and other services – 4,2%.

#### **Analysis of the service sector**

<b>Name of service types</b>	<b>Volume of services</b> billion soums		<b>The growth rate is in %</b>
	2022 year	2023 year	
<b>Volume of services,</b>	<b>357 554,5</b>	<b>470 286,5</b>	<b>113,7</b>
including by main types:			
<b>communication and information services</b>	22 917,6	32 226,6	124,6
<b>financial services</b>	80 431,0	106 363,8	120,6
<b>transport services</b>	81 006,6	108 477,7	108,0
<b>accommodation and food services</b>	11 322,8	18 327,3	112,6
<b>trade services</b>	88 847,9	110 662,4	110,2
<b>services in the field of education</b>	15 395,7	20 418,4	122,8



<b>services in the field of health</b>	6 384,2	8 441,2	111,6
<b>services in the field of architecture, engineering research, technical testing and analysis</b>	7 338,2	7 959,7	100,2
<b>other services</b>	<b>13 235,7</b>	<b>19 865,0</b>	<b>120,6</b>

The source was prepared by the author based on the official data of the statistical agency [www.stat.uz](http://www.stat.uz).

The analysis shows that according to the preliminary data of 2023, if we statistically study the structure of market services provided by types of economic activity, the structure of market services provided by types of economic activity the largest share is occupied by trade (23.5%) and transport services (23.1%). If we analyze the service sector by types of activity, in 2023, automobile transport services will dominate the total volume of transport services by 47.3 percent.

The largest volume of communication and information services is occupied by telecommunication services. During 2023, the share of this sector was 54.7 percent. The share of services in the field of education was 56.5 percent.

During 2023, the services of hospital institutions will take a significant part in the total volume of services in the field of health care. Their share was 43.1 percent.

#### **CONCLUSIONS AND SUGGESTIONS**

In conclusion, it should be said that today the service sector is one of the most important sectors of the modern national economy. This network is not limited to traditional activities, it constantly expands its participation in the life of society, is integrated into social production, and is also connected with almost all sectors of the economy through specific connections.

Many goals and tasks were defined in the "New Development Strategy of Uzbekistan for 2022-2026". Based on these defined goals and tasks, it creates the need to continue the integration of reforms, in particular, the systematic development of the service sector in the future. Because this is the case, we think it is appropriate to make a number of proposals regarding the development of this field in the current digital economy.

Based on these defined goals and tasks, it creates the need to continue the continuity of reforms, in particular, the systematic development of the service sector in the future. Because this is the case, we think it is appropriate to make a number of proposals regarding the development of this sector in the period of the new development of the current economy.

First, to expand the scope of modern market services, to create a positive competitive environment in the industry by introducing new types of services, and to sharply increase the share of the industry in the country's national economy. For this, it is necessary to further increase the efficiency of the service sector and turn the service sector into a driver of the economy.

Secondly, the development of IT, education, tourism, communication, transport and logistics services, increasing the level of internet coverage of remote areas and improving quality

indicators, adapting roadside service infrastructures to modern requirements, health to attract foreign investors and the private sector to this field and expand their activities in order to effectively use vacant buildings and land in the health care system.

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