



## DEVELOPMENT OF SERVICE INDUSTRIES IN UZBEKISTAN

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<https://doi.org/10.5281/zenodo.15573553>

### ARTICLE INFO

Received: 15<sup>th</sup> May 2025

Accepted: 19<sup>th</sup> May 2025

Published: 30<sup>th</sup> May 2025

### KEYWORDS

*service, postindustrial, gastronomic tourism, recreation.*

### ABSTRACT

*Currently, services, as the main branch of the national economy of many countries, account for a large part of the GDP and provide employment for almost 2/3 of the world's labor resources. In recent years, services to the population have been recognized as one of the most promising sectors among the economic sectors. Therefore, these areas of intangible production are currently developing rapidly in the national economies of developed and developing countries.*

The formation and development of the world economy is associated with the development of production sectors. It is known that until the 18th century, agriculture was considered the leading sector of the world economy. At the same time, handicraft industries that produced various products necessary for people's personal and labor activities were also developed. The industrial revolution that took place in England created the basis for the development of an industry that occupies an important place in the modern world economy[1-2]. The great demand for textile products led to the invention of the first machines based on spinning cotton fiber and weaving fabrics from it. Later, the invention of machines for paper and sugar beet-based sugar industries contributed to the launch of large industrial enterprises - factories - producing various products. Gradually, the process of industrialization began to spread to all regions of the world. By the 1960s, the scientific and technological revolution had begun, and the process of mechanization and automation in production sectors began. This situation, in turn, led to the development of intangible production sectors. As a result, the importance of service sectors in the world economy began to increase. Based on the nature of demand, new sectors of intangible production began to emerge. The level of employment of the world's population in production sectors gradually increased, the share of the intangible sector exceeding employment in material sectors. As a result of this situation, the post-industrial era began to form. The share of service sectors in the world economy increased significantly. Research results and their discussion. Services are currently the main sector of the national economy of many countries, accounting for a large part of the GDP and providing employment for almost 2/3 of the world's labor resources. In recent years, services to the population have been recognized as one of the most promising sectors among the economic sectors. Therefore, these sectors of intangible production are currently developing rapidly in the national economies of developed and developing countries. The role and importance of this sector in the economy of Uzbekistan is increasing. This is reflected, first of all, in the growth of its share in GDP. Only in recent years has there been a decrease compared to previous years, which was primarily due to the quarantine measures imposed due to the

COVID-19 problem. If we pay attention to the territorial development of the service sector of our republic, we can see that there are differences in the volume of services produced by its administrative units. Geographical differences in this regard are primarily related to the level of socio-economic development of the regions and their demographic potential. While development is an impetus for the development of many intangible sectors, the demand of the population, their main consumer, increases the type of services offered and the weight of producers. In our republic, in 2020, services per capita amounted to 1,482.6 thousand soums. The highest indicator corresponds to the capital city of Tashkent, which is 4.6 times higher than the state indicators. The lowest indicator is for Syrdarya region, the Republic of Karakalpakstan, Namangan, Surkhandarya and Kashkadarya regions, where services per capita are produced almost twice as much as the average for the republic. In our country, a number of works are being carried out to eliminate regional differences in the development of industry sectors as much as possible. The Resolution of the First President of the Republic of Uzbekistan No. PD-1957 dated May 10, 2012 "On the Program for the Development of the Service Sector in the Republic of Uzbekistan for 2012-2016" shows that great attention has been paid to this sector in all regions of our country during the years of independence. At the same time, in section 3.2 of the Strategy of Actions on the five priority areas of development of the Republic of Uzbekistan for 2017-2021, emphasis is placed on the rapid development of the service sector, increasing the role of services in the gross domestic product. The development of this sector in the regions of our republic is largely geographically significant. This sector develops largely depending on the convenience of the natural and economic geographical location of the regions. We all know that the natural conditions specific to each region are formed on the basis of its geographical location, relief, climate and natural resources. They are of great importance in the territorial location of many service areas. Syrdarya region occupies the northeastern territory of the Mirzachul economic region and has a favorable economic geographical position. Such convenience is also indicated by its proximity to the Tashkent region, the Zarafshan and Fergana valleys, and the presence of highways. Also, bordering South Kazakhstan to the north and the Republic of Tajikistan to the south, it has a favorable economic and geographical position, which is of particular geopolitical importance. It is clear from this that there are many advantages in its economic and geographical location. It is known that the trade routes of the Great Silk Road passed through the Syrdarya region in ancient times and in the Middle Ages, connecting the East with the West. The passage of this international communication network through this region had a significant impact on the civilization of those times. Settlements located on the caravan routes flourished and developed due to trade and the provision of various services to caravans. In Western countries where tourism is well developed, tourist companies organize excursions to rivers and lakes based on various routes for local and foreign tourists. In this regard, great attention is paid to preserving the natural balance of rivers and lakes. There are also a number of rivers, lakes and reservoirs in our republic, and their tourist potential is currently not very developed. At the same time, in the Syrdarya region, because the ecotourism potential of the territory is associated with hydrological objects. However, in order to effectively use such hydrological objects, it is necessary to conduct geographical, cartographic, demographic studies, and increase the interest of firms and companies engaged in tourism. It is worth noting that this sector in the region is much less developed than in other regions of our republic, and this type of service first of all requires the development of this type of service. Conclusion. In the Gulistan district of the Syrdarya region, the Syrdarya groves have created a unique picturesque natural landscape. Conditions have been created around the groves for people to relax and legally hunt around the groves, which is also a unique tourist opportunity. Taking into account the diligence of the region's population in trade and the convenience of its geographical location, the fact that the region's major transport hubs, this road connecting a

number of regions of the country, make it advisable to build large markets of republican significance.

The experience of developed countries shows that the digital economy has become an integral part of modern society and is creating new opportunities in various sectors, including the service sector. Although the development of the digital economy is creating great opportunities in the service sector, it also has a number of its own problems and shortcomings. Infrastructure problems in the service sector, namely insufficient internet speed and quality, and the lack of knowledge and skills of the population and entrepreneurs in using digital services, are serious problems.

Many small businesses have difficulty using digital platforms, and there are also legal and regulatory issues. The lack of clarity in the legislation on the processes of trading through online platforms and making electronic payments in the service sector is hindering the development of entrepreneurs. At the same time, the low level of integration and cooperation in the service sector is also one of the major problems in the development of the digital economy.

In this regard, we analyzed the economic indicators of the development of the digital economy in Uzbekistan. According to it, we can see the share of the service sector in the gross domestic product of our country in Figure 1 below. From 2016 to 2023, Uzbekistan has experienced stable and high growth in gross domestic product (GDP). While GDP amounted to 199.3 trillion soums in 2016, this indicator reached 1066.6 trillion soums in 2023.

This change clearly demonstrates the increase in economic activity in the country and the effectiveness of the implemented macroeconomic reforms. At the same time, the importance of the services sector in the overall GDP has also increased. In 2016, the share of services was 38%, while by 2023 this figure reached 43.4%. This indicates the increasing role and importance of the services sector in the economy of Uzbekistan.

The volume of the services sector has also grown rapidly: services, which amounted to 87.2 trillion soums in 2016, reached 437.8 trillion soums by 2023. Such growth demonstrates the effectiveness of the reforms and investments implemented in the sector and contributes to overall economic development. Thus, the sustainable development of the service sector in 2016–2023 played an important role in further strengthening the economy of Uzbekistan.

Today, the development of the digital economy has accelerated technological changes, and affected the relations between entrepreneurs, as a result of which new market rules have been formed. In such conditions, business entities have opportunities to withstand competition and strengthen their positions in the market, which include:

expanding fiber-optic Internet networks in urban and rural areas to improve the quality and speed of the Internet;

setting and monitoring speed and quality standards by the bodies controlling Internet services;

organizing free digital literacy courses for the population and entrepreneurs to improve knowledge and skills in using digital services;

strengthening programs on IT and digital services in training centers and schools;

organize grants and trainings to train local entrepreneurs in the use of digital technologies;

promote and encourage the benefits of providing services via the Internet;

full digitization of public services and convenient provision of services to the population through online platforms;

attracting local and international investors to invest in the Internet and IT infrastructure;

In conclusion, the development of the digital economy in Uzbekistan has a significant impact on the service sector. During 2016–2023, along with the growth of GDP, the share of the service sector has also increased, strengthening its role in the economy. This growth has demonstrated the effectiveness of macroeconomic reforms and the importance of investments.

At the same time, the sector still has a number of problems in the development of Internet infrastructure, lack of knowledge and skills in using digital services, and legal and regulatory issues. To solve them, it is necessary to implement measures such as improving the quality and speed of the Internet, expanding educational programs aimed at increasing digital literacy, expanding access to digital services for entrepreneurs, and improving legislation.

**Conclusion.** The development of the digital economy in Uzbekistan has a significant impact on the service sector. During 2016–2023, along with the growth in GDP, the share of the services sector has also increased, strengthening its role in the economy. This growth has demonstrated the effectiveness of macroeconomic reforms and the importance of investments. At the same time, the sector still faces a number of problems in the development of Internet infrastructure, lack of knowledge and skills in using digital services, and legal and regulatory issues. To solve them, it is necessary to implement measures such as improving the quality and speed of the Internet, expanding educational programs aimed at increasing digital literacy, expanding access to digital services for entrepreneurs, and improving legislation.

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