

## THE ROLE OF THE SERVICE SECTOR IN DEVELOPING THE COMPETITIVENESS OF DESTINATIONS AND IMPROVING THE QUALITY OF LIFE OF THE POPULATION

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### ABSTRACT

The stages of development of the services sector in our country, and their results, the analysis of legal documents on the development of this sector are presented and it was suggested proposals and recommendations for the development of the services sector of the Republic in this article.

**Key words:** service sector, development stages, tourism, economy, legislative acts.

### АННОТАЦИЯ

Ушбу мақолада мамлакатимизда хизматлар соҳасининг ривожланиш босқичлари, уларда эришилган натижалар, ушбу соҳани ривожлантириш бўйича қабул қилинган меъёрий-ҳуқуқий ҳужжатлар таҳлили баён этилган ва республикамизда хизматлар соҳасини ривожлантиришга қаратилган таклиф ва тавсиялар ишлаб чиқилган.

### АННОТАЦИЯ

В статье рассмотрены этапы развития и достигнутые результаты в сфере услуг страны, анализ нормативно-правовых актов по развитию данной сферы, разработаны предложения и рекомендации по развитию сферы услуг в республике.

## INTRODUCTION

The results of this dissertation research to a certain extent will serve to fulfill the tasks noted in the Decree of the President of the Republic of Uzbekistan dated May 11, 2021 No. PD-5113 “On measures for accelerated development of the service sector”, Decree of the President of the Republic of Uzbekistan dated September 30, 2021 No. UP-6318 “On additional measures to support the service sector”, as well as in other regulatory documents related to the service sector.

Comprehensive development of the service sector is an urgent issue of ensuring sustainable economic development, effective employment and improving the standard of living of the population. Practice has shown that at present, developed and developing countries set the primary task of accelerated development of the service sector to influence economic growth. The service sector covers all segments of the population and affects almost all socio-economic processes taking place in society, which determines the relevance and significance of this issue. President of the country Sh.M.Mirziyoyev, speaking about the role and importance of this sphere, stressed: – “Shavkat Mirziyoyev outlined three main directions for the development of the service sector, taking into account the peculiarities of each region. Tashkent is planned to be turned into an educational, medical, business, cultural and entertainment center, as well as to create “streets of arts” here [1].

## ANALYSIS OF THE LITERATURE ON THE TOPIC

Many studies of foreign scientists-economists, such as Z.I. Belikina, D. Bell, T.D. Burmenko, F. Kotler, K. Lovelock, V.D. Markova, B.A. Raisberg, etc. are devoted to the study of the terminological basis of services. At the same time, most of them consider the concept of "services" through the prism of special characteristics or properties inherent in this type

Service — Services express the economic relations of commodity, but not material exchange, where labor itself is the object of exchange. The service does not create a new one, but at the same time it can change the properties and qualities of an existing product.

The service sector is an important component of the state's economy

In the modern world, due to the accelerated development of competition and consumer demands, various types of services appear. Thanks to the dynamic modernization of scientific, technical and technological progress, new areas of service activity have been created. Due to the integration of information technologies and means of communication, enterprises and organizations in the service sector were able to move to a qualitatively different level of doing business.

The service sector is a consolidated generalizing category that includes the reproduction of various types of services provided by enterprises, organizations, as well as individuals. In other words, these are branches of the country's economy specializing in the provision of commercial, professional and consumer services.

**Resolution of the President of the Republic of Uzbekistan “On additional measures for the development of the service sector”.**

The document was developed with the aim of developing the service sector on the basis of special approaches based on the specifics of the regions, providing business entities with financial resources and infrastructure, as well as introducing a favorable tax regime for them.

Priority directions for the development of the service sector have been determined based on the number and density of the population of the regions of the republic, geographical location, specialization and the level of infrastructure provision. In particular, in each district and city, it is planned to transform densely populated streets, where reconstruction was carried out at the expense of budget funds in 2021-2022, into shopping, service-oriented, park and entertainment streets.

In Tashkent, Nukus, regional centers and other cities, intermahalla shopping and service streets will be created for every 3-5 mahallas by improving densely populated streets, expanding pedestrian paths and lighting them.

In areas with a population of less than 300 thousand people, it is planned:

- in areas with high rates of development of industry and the service sector – to give priority to the organization of shopping, hotel, logistics services and catering, as well as maintenance facilities and entertainment centers;
- in mountainous and foothill areas with a high potential for recreational tourism – improvement of highways, improvement of electricity and drinking water supply and other infrastructure, as well as the development of tourist services;
- in border areas, as well as areas through which international highways and railways pass – specialization in trade, tourism, logistics and roadside services;
- in areas with a high share of agriculture – the development of modern agricultural services.

In medium and large cities and districts with a population of more than 300 thousand people, it is planned to develop a modern market of services, education, medicine, art, tourism, hotel and catering, as well as transport services.

In Tashkent, Samarkand and Namangan, it is planned to increase the number of services with high profitability, especially large shopping and entertainment facilities, the creation of specialized clusters in the locations of educational and medical institutions.

From April 1, 2022 to January 1, 2025, social tax rates of 1% are set for business entities in the areas of:

- retail trade and public catering;
- hotel services (accommodation);
- passenger and cargo transportation;
- repair and maintenance of vehicles;
- computer services;
- repair of household appliances;
- agroservice and veterinary services;
- services provided in entertainment centers.

At the same time, the benefit is applied if, according to the results of the current reporting (tax) period, the income of a business entity from the provision of services for these types of activities amounts to at least 60% of total income. In case of revealing the facts of concealment of the number of employees by business entities, the benefit is terminated with the application of financial sanctions established by law.

Until January 1, 2027, business entities in shopping complexes with an area of more than 5 thousand square meters and hotels (accommodation facilities, including the land plots they occupy) are allowed to reduce the rates of land tax on legal entities and property tax on legal entities by 90%.

From April 1, 2022 to January 1, 2025, for business entities registered in the tourist zones of the districts and cities specified in the annex to the document and providing catering services, hotel (accommodation), shopping, entertainment, tour operator and travel agent services, the following are established:

the turnover tax rate is 1%;

the amount of the property tax of legal entities and the land tax from legal entities for objects located in the territories specified in the appendix is 1% of the amount accrued for these types of taxes.

From January 1, 2022, the excise tax rate for mobile communication services for mobile operators is set at 10%.

Until January 1, 2025, the following goods are exempt from customs duties: goods imported into the territory of Uzbekistan in accordance with Annex No. 2; technological equipment, materials, software and spare parts imported by telecommunications operators and providers that are not manufactured in Uzbekistan, according to the lists formed in accordance with the established procedure, within the framework of projects for the introduction of telecommunications infrastructure.

One of the main directions of the analysis of the efficiency of the enterprise is the financial results of the enterprise. To study the indicators of the development of the

service sector, we have selected two firms that provide, along with tourist services, transportation, trade, catering, etc. In this chapter, statistical and accounting indicators of service enterprises in the Samarkand region will be considered on the example of such firms as LLC “C.A.T.I.A.” и LLC “SilkTur”.

**Financial performance indicators of LLC C.A.T.I.A. for 2020-2021  
(thousand soums)**

The name of the indicator	2020 y.	2021 y.	2021 y. in % to 2020 году
Net proceeds from the sale of products (goods, works and services)	3 168 593,20	1 906 356,67	60,2
Cost of products sold (goods, works and services)	2 675 308,20	1 587 099,60	59,3
Gross profit (loss) from the sale of products (goods, works and services)	493 285,00	319 257,07	64,7
Expenses of the period, total, including:	122 106,50	214 601,81	175,7
Sales expenses	9 041,50	29 698,87	328,5
Administrative expenses	69 421,80	115 528,72	166,4
Other operating expenses	43 643,20	69 374,22	159,0
Other income from core business	261,9	596,78	227,9
Profit (loss) from core business	371 440,40	105 252,04	28,3
Income from financial activities, total, including:	274 547,60	129 810,05	47,3
Income in the form of interest	x	4,16	x
Income from foreign exchange differences	274 547,60	129 805,89	47,3
Expenses on financial activities, including:	302 978,80	116 479,14	38,4
Expenses in the form of interest on lease (leasing)	19 464,00	3690,32	19,0
Losses from foreign exchange differences	283 514,80	112 788,82	39,8
Profit (loss) from general economic activity	343 009,20	118 582,95	34,6
	343 009,20	118 582,95	35,0
Profit (loss) before income tax (profit)	119 272,50	56 345,90	47,2
Income tax (profit)	223 736,70	62 237,05	27,8

According to the data given in this table 2.3.3, it can be seen that for the period from 2020-2021, sales revenue increased 4.5 times, i.e. from 709,578.10 billion soums. to 3,168,593.20 thousand soums. Profit increased from 1,093.80 thousand soums to 223,736.70 thousand soums. However, in 2021, there was a decline in the number of

tourists received, and, accordingly, all final financial indicators. Thus, in 2021, sales revenue amounted to 1,906,356.67 thousand soums, or decreased by 40% compared to 2020. Profit in 2021 amounted to 62,237.05 thousand. sum, or decreased by 72% compared to 2020. The study of the digital material of this table shows a significant increase in the expenses of the period. This amount has increased from 63,667.50 thousand soums. in 2020 to 214,601.81 thousand soums. in 2021. Administrative expenses especially increased from this expense item (from 28,791.90 thousand soums in 2019 to 115,528.72 thousand soums in 2020).

The data presented in Table 2.2.4 allow us to conclude that the profitability indicator is decreasing in 2021. In LLC “C.A.T.I.A.”, the indicator calculated by net profit decreased by 3.8%, gross profit increased by 1.2%.

### **SUGGESTION AND RECOMMENDATIONS**

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 extremely important industries to a new stage of development is not carried out automatically by itself.

From our point of view, the process of providing services, improving the quality and competitiveness of industry enterprises should be considered as one of the most important areas of development of the service sector in the country.

Thus, the following can be identified as priority areas for the development of the service sector in Uzbekistan:

- further development and expansion of the service sector based on the development of paid services;
- ensuring the same development of the service sector in the regions of the republic, including in rural areas;
- optimization of the industry structure relatively rapid 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 process of transition to an innovative economy in Uzbekistan, it is necessary to implement the following measures:

- development and implementation of programs that take into account the needs for highly qualified personnel as a result of structural changes in the economy in the long term based on the best practices of developed countries;
- creation of a regulatory framework for the formation and further development of a network of non-state educational institutions and the creation of a competitive environment between state and non-state educational institutions;

- strengthening the relationship between the employer and the trained specialist in the field of vocational education (organizational, especially financial);
- development and implementation of an economic policy that encourages an increase in the costs of training and retraining of personnel of enterprises;
- strengthening state support for students from low-income families, in order to improve the quality of education, improving the system of continuous regulation of tuition fees depending on student performance.

### CONCLUSION

However, it is worth noting that, despite the positive trend towards the concentration of human capital in the service sector, it is currently in decline in Uzbekistan. Due to the reduction in the growth of demand for services due to the reduction in real incomes of the population, the depreciation of amounts and the persistence of uncertainty in the economic situation, service sector organizations are primarily interested in stabilizing the market. It can be argued that, moreover, there is a reduction in the volume of services and profits and that service companies are losing their competitive potential. The recession of the service sector is pushing back the Uzbek economy in acquiring significant features of the knowledge economy.

Thus, the service sector concentrates a larger amount of human capital in comparison with other sectors of the economy. On the one hand, it is the service sector that is responsible for the qualitative formation of human capital, since in this sector of the economy there are those types of economic activities – education, healthcare and culture that carry out this task.

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