



Prospects for the Development of Services in the Republic of Karakalpakstan

Adilbay Mirzabaeovich Dauletmuratov

Associate Professor, Karakalpak State University named after Berdakh, Republic of Karakalpakstan, Uzbekistan

<http://dx.doi.org/10.18415/ijmmu.v9i4.3674>

Abstract

The article examines the importance of the service sector in the country's economy and the need for its development, the role of this sector in ensuring economic growth. The author analyzes the trends in the development of the service sector in the Republic of Karakalpakstan, the factors influencing them, based on the data of the Department of Statistics of the Republic of Karakalpakstan, and presents the prospects for the development of the service sector. It also shows the dynamics and structure of the service sector using data from assessing the prospects for the comprehensive socio-economic development of the Republic of Karakalpakstan in 2020-2023.

Keywords: *Services; Service Sector; Gross Domestic Product; High-Tech Services; Service Objects; Investment Projects; Investment Potential; Economic Growth*

Introduction

In the current context of globalization of the economy, the services sector is an important part of the economy. Today, the share of the global service sector in GDP averages 61%. This figure is 36 % in Uzbekistan. But 86 percent of the added value is created in this area [5].

The service sector is also one of the largest sources of employment. According to the International Labor Organization, a 1% growth in the service industry will reduce the number of poor by 1.5% [7].

Comprehensive development of the service sector, employment and improvement of living standards are urgent issues.

During the pandemic, 1 trillion sums were allocated for the development of the service sector. As a result, 20,000 new jobs were created. Therefore, the Central Bank was instructed to direct at least 1 trillion sums of funds allocated for family businesses in 2021 to new projects in the field of services [4].

The article examines the importance of the service sector in the country's economy and the need for its development, the role of this sector in ensuring economic growth. The author analyzes the trends in the development of the service sector in the Republic of Karakalpakstan, the factors influencing them, based on the data of the Department of Statistics of the Republic of Karakalpakstan, and presents the

prospects for the development of the service sector. It also shows the dynamics and structure of the service sector using data from assessing the prospects for the comprehensive socio-economic development of the Republic of Karakalpakstan in 2020-2023.

A Key Part of the Research

The concept of complex socio-economic development of the Republic of Uzbekistan until 2030 sets out the priorities for the development of the service sector in our country. The main focus of the concept is to expand the range of high-value-added high-tech services, the transition to a new level of development of the network through the effective use of the potential of the services sector.

The concept envisages that by 2030 the service sector will enter a new post-industrial stage of development, the service sector will dominate in GDP and employment, and by 2030 the service sector will dominate, the service sector will enter the post-industrial development phase or "service economy".) is recorded. As a result, the country's GDP will increase due to the development of the services sector, and its share in the economy of the republic by 2030 will be more than 45% [1].

The level of development of the country's economy can be assessed by the share of the services sector in GDP. In economically developed countries, the bulk of GDP growth is in the services sector. For example, the share of the services sector in GDP was 78% in the US, more than 70% in Europe, 70% in Japan, 51.6% in China / CIS countries, for example, in Kazakhstan this figure is 54.2%, in Belarus - 48.0%. % [8].

Attention was also paid to the support of the service sector. In particular, it was announced that the procedure for payment of value added tax on a quarterly basis for entrepreneurs with an annual income of less than 1 billion soums will be continued. This measure will allow more than 8,000 entrepreneurs to have a working capital of 220 billion soums in a quarter [3].

Despite the opportunities and conveniences created in our country for the development of the service sector, we can see that the volume of services is relatively low in some regions. In particular, the volume of services per capita in the Republic of Karakalpakstan, Kashkadarya, Namangan and Surkhandarya regions is 2 times lower than the national average. This requires the proper use and development of the potential of the service sector in these regions [6].

Stable growth of macroeconomic indicators in the Republic of Karakalpakstan in 2017-2021 as a result of the continuation of the measures taken to deepen economic reforms.

In order to continue the work carried out on the development of both services and the service sector, in 2017-2021, the death toll will reach 267.0 billion. A total of 2,615 new jobs have been created in the country, and more than 6,400 new jobs have been created.

As a result of these measures, the share of services in the gross regional product is expected to reach 48.4 percent by the end of 2021, creating an additional 1,193 jobs [5].

In the field of information and communication systems and telecommunication technologies in 2017-2021, the level of coverage of high-quality digital television through the installation of digital television will increase from the current level of 38% to 100% in 2021.

In the Republic of Karakalpakstan, the volume of services provided by both cities and regions in 2020 will reach 6,508,888.4 million. sum, which is 105.9 percent higher than in 2019 (Table 1). 42% (2,735,290.4 million soums) of services were provided in the cities and districts of the republic, the lowest rate was 0.5% (30,132.5 million soums) in Bozatau district [5].

Table 1. In the Republic of Karakalpakstan, the development of services in both cities and regions *
(excluding VAT)

	Total	
	mln. sum	% in 2020 compared to 2019
The Republic of Karakalpakstan	6 508 888,4	105,9
Nukus city	2 735 290,4	105,1
districts:		
Amudaryo	355 583,3	107,6
Beruniy	351 498,4	104,0
Bozatov	30 132,5	115,0
Qarauzyak	124 961,6	104,7
Kegeyli	127 878,0	107,4
Kungrat	887 122,2	108,3
Kanlikol	89 465,2	104,3
Muynak	90 381,3	109,3
Nukus	124 755,7	110,2
Takhiyatas	151 189,1	104,9
Takhtakopir	104 695,9	105,3
Tortkul	451 946,9	106,7
Khodjeli	302 365,2	105,2
Chimbay	199 938,0	102,8
Shumanay	97 209,1	107,7
Ellikkhala	284 475,5	106,2

* source: data of the Statistical Office of the Republic of Karakalpakstan – www.qrstat.uz

If we analyze the types of services that will be developed in the Republic of Karakalpakstan in 2020 by region, the highest performance will be transport services (1,700,220.3 million soums, 26.1 percent of total services, 49.1 percent). 7 million soums, 23.0 percent of total services) and financial services (1,284,949.9 million soums, 19.0 percent of total services). million soums, or 1.01 percent of total services). The results of the analysis show that in the future there is a need to develop and improve health services.

Table 2. Development of services in the Republic of Karakalpakstan (excluding VAT)

Name of services	Total	
	mln. sum	% in 2020 compared to 2019
Total – services	6 508 888,4	105,9
including on the main types:		
Services of communication and information	380 975,5	107,2
Services of financial	1 284 949,9	125,2
Transportation services	1 700 220,3	108,3
including, service of motor transport	925 585,3	102,4
Services of accommodation and catering	175 155,6	100,0
Services of sales	1 494 016,7	99,7
Services of real estate related	170 768,1	91,5
Services of educational	391 556,1	110,0
Services of health	66 127,8	83,6

Services of rental	143 098,3	98,8
Services for repair of computers and household goods	189 177,5	96,5
Services of personal	232 046,9	95,4
Services in the field of architecture, engineering research, technical testing and analysis	86 929,4	70,6
other services	193 866,2	91,5

* Source. www.qrstat.uz

Based on the Resolution of the President of the Republic of Uzbekistan dated November 1, 2020 No PP-4889 "On measures for integrated socio-economic development of the Republic of Karakalpakstan in 2020-2023" and in order to effectively use investment potential, improve social and industrial infrastructure in the region, sustainable development of economic sectors, thereby ensuring employment and improving living standards, set priorities for integrated socio-economic development of the Republic of Karakalpakstan in 2020-2023. was given. The development of the service sector is also one of the priorities. In particular, support the establishment of at least 900-950 new service facilities in the Republic of Karakalpakstan annually, increase the volume of services by at least 2.5 times, increase the number of foreign tourists to 80,000, export tourism services 45 It is planned to increase the number of domestic tourists to 800,000, build new hotels for 210 people and increase the number of tour operators and travel agents to 45 million. Also, on the basis of this decision, until January 1, 2026, income tax, land tax, property will be levied on newly established service businesses in 45 mahallas and villages in the Republic of Karakalpakstan with difficult conditions. tax, turnover tax of small enterprises, exemption of individual entrepreneurs from income tax on a fixed amount [2].

The share of service facilities per 1,000 people in the Republic of Karakalpakstan in 2023 will increase by an average of 16.5%, in Bozatov district - 2.3 times, in Shumonay district - 2.2 times, in Takhiotosh district - 2.4 times, in Nukus district - 2.5 times and In Kanlikul district it is planned to increase by 2.3 times. The implementation of these processes will increase the level of satisfaction of the population's demand for services.

Table 3. On the development of cities and districts of the Republic of Karakalpakstan with a high level of socio-economic development in 2020-2023

TARGET INDICATORS*

/n	Name of district and city	Measurement unit	Average rate in the Republic of Karakalpakstan	years				Changes in 2023 compared to 2020
				2020	2021	2022	2023	
The share of services in the national indicator								
.	Bozatov district		In 2020 3.9% In 2023 4.6%	,5	,9	,3	,7	9 times as much
.	Kegeyli district			,0		,8	,9	4,8 times as much
.	Takhiotosh district			,8	,3	,7	,1	6,3 times as much
.	Nukus district							4,2 times as

.				,1	,4	,9	,6	much
.	Kanlikul district			,0	,3	,6	,0	4,9 times as much
.	Muynak district			,6	,0	,2	,9	8,6 times as much
Percentage of service facilities per 10,000 people								
.	Bozatov district		In 2020 12.7% In 2023 16.5%	,2	0,4	3,3	6,9	2,3 times as much
.	Shumanay district			,9	0,8	3,7	7,1	2,2 times as much
.	Taxiatosh district			0,5	3,5	8,2	5,3	2,4 times as much
.	Nukus district			,0	2,0	6,1	9,8	2,5 times as much
.	Kanlikul district			,3	0,8	3,3	6,8	2,3 times as much

* Annex 2 to the Resolution of the President of the Republic of Uzbekistan dated November 11, 2020 No. PP-4889

In addition, the resolution provides for a total of 12,292,722 million soums in the Republic of Karakalpakstan in 2020-2023. A total of 1,359 investment projects (Table 4), of which 545 will be implemented in the service sector, for a total of 1,383,120 million soums at the expense of entrepreneurs, bank loans, foreign loans and foreign investors. 3,570 new jobs will be created. This will provide employment and a source of income for the population.

Table 4. Investment projects to be implemented in the Republic of Karakalpakstan in 2020-2022*

Network direction	Number of projects (unit)	Of projects total value (million soums)	including sources of funding:				Workplace (unit)
			entrepreneurs funds (million soums)	bank credits (million soums)	foreign credit (thousand doll.)	foreign investment (thousand doll.)	
Total	1 359	12 292 722	3 937 027	1 007 283	189 223	522 832	17 572
At the intersection of networks							
Service	545	1 383 120	965 798	281 949	10 618	2 500	3 570

* Annex 5 to the Resolution of the President of the Republic of Uzbekistan dated November 11, 2020 No. PP-4889

Conclusions and Suggestions

The Resolution of the President of the Republic of Uzbekistan dated November 11, 2020 No PP-4889 "On measures for integrated socio-economic development of the Republic of Karakalpakstan in 2020-2023" also pays special attention to the development of services [2]. Based on this, we can make the following suggestions:

- Accelerated development of the service sector in the Republic of Karakalpakstan, increasing the role and share of services in the formation of gross regional product, radically changing the structure of services provided by their modern high-tech types;

- Improving the convenience and quality of medical services to the population and shaping their lifestyles;
- Provide clean drinking water to the population, especially in the northern regions of the country, by increasing the level of public utilities and the gradual introduction of modern technologies;
- Radically improve the provision of transport services to the population, increase the safety of passenger traffic.

The development of the service sector in the country will create new jobs, which in turn will improve the welfare of the population.

References

1. The concept of complex socio-economic development of the Republic of Uzbekistan until 2030. <https://mineconomy.uz/uz/node/2797?switch=normal>
2. Resolution of the President of the Republic of Uzbekistan dated November 11, 2020 No PP-4889 "On measures for integrated socio-economic development of the Republic of Karakalpakstan in 2020-2023". <https://cis-legislation.com/document.fwx?rgn=128757>
3. Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis. January 25, 2020. www.uza.uz
4. A video conference chaired by President Shavkat Mirziyoyev on April 8, 2021 on the main tasks in the development of entrepreneurship and employment in the regions. <https://yuz.uz/en/news/shavkat-mirziyoev-quyi-pogonadagi-rahbarlar-dunyoqarashini-ozgartirib-tadbirkor-bilan-dost-bolib-ishlamasa-natija-bolmaydi>
5. Data from the Statistics Department of the Republic of Karakalpakstan www.qrstat.uz
6. Coronavirus (COVID-19): SME policy responses – OECD.
7. World Economic Situation and Prospects 2020. United Nations New York
8. Jalilov Sh.Z., Akhrorov Z.O. Ways to encourage investment in services in Uzbekistan. Risola. Samarkand: SamISI, 2018. p 38.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).