

УДК: 339. 9; 311

**STATISTICAL ASSESSMENT OF THE POSITION OF THE SERVICE SECTOR IN
THE ECONOMY OF UZBEKISTAN****Ruziyev Alisher Ibroimovich**Tashkent state university of economics, professor, department of "Economic statistics"
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Annotatsion: The article analyzes the role of the service sector in the economy of Uzbekistan, its status and development from a statistical point of view. Also, the structural changes taking place in the service sector in the context of modernization and diversification of the economy are described. Proposals and conclusions were made regarding the development of the service sector.

Keywords: service sector, types of services, growth rate, GDP, GRP, regions, small business, added value, innovation, structural shifts.

Introduction

Since the early years of independence, special attention has been paid to the development of the service and servicing sectors as one of the key directions for enhancing the economic potential of our country. This is because, under the conditions of structural transformation of a market economy, one of the most essential tasks is the advancement of the services sector, as well as the continuous expansion of employment opportunities for the population in this field.

In the context of economic modernization and the improvement of public welfare, the comprehensive development of regions—particularly through enhancing the efficiency of the services sector and creating favorable conditions for its participants—has become one of the pressing priorities facing our government today.

The development of the services sector is considered one of the key qualitative factors in ensuring the stable growth of the national economy, as well as in increasing employment and improving the living standards of the population. As a result of the gradual implementation of reforms aimed at improving the service and servicing sectors, significant progress has been achieved in enhancing the quality of economic growth in this sphere, alongside notable structural improvements. The sector's development trends are characterized by their distinctive features.

The key distinguishing characteristics of the services market are as follows:

1. The availability and ease of locating services;
2. Compliance with the requirements of a developed market and the complexity of forecasting specific services by types of economic activity;
3. Its modernization and the growing attention to services;
4. The rapid adaptability of population groups to sectoral activities;
5. The potential for generating high profit.

It is well recognized that the increasing contribution of small businesses to the development of the services sector has become one of the key factors in the growth of service and servicing industries. In this sector, access to credit and preferential taxation for small enterprises and microfirms has served as an incentive for business development and the expansion of services. A high and positive share of entrepreneurship in the composition of gross domestic product primarily reflects the increasing activity of the goods and services market through

entrepreneurial activity, its regulation based on supply and demand, and the well-established functioning of the market mechanism.

Moreover, the primary reason for the leading role of small businesses and entrepreneurship is the well-developed artisanal networks and the stable growth of farms and peasant households. The higher the share of entrepreneurship in the composition of gross domestic product, the more positive its impact on the development of goods and services market activities. In Uzbekistan, business entities representing various forms of entrepreneurship occupy a distinctive position in the goods and services market, standing out due to their significant share in retail turnover.

Ensuring employment in the service sector, particularly through the development of artisanal activities, provides effective employment opportunities for the working-age population.

The field of information and communication technologies, which has become a driving force and a catalyst for economic growth and sectoral development, has transformed economic processes across all spheres and elevated them to a new level. Furthermore, the development of information technologies lays the groundwork for the formation of a new type of economy based on information and products, which are the outcomes of human intellectual labor, knowledge, and reasoning.

In terms of per capita market services, the highest and lowest indicators were observed in Tashkent city and Surkhandarya region, respectively, amounting to 4.4 times and 44.5% relative to the national average (Table 1).

In 2024, the per capita volume of market services in the country increased by nearly 1.7 times compared to 2019, with an average annual growth rate of 10.7% over the period 2020–2024.

In developed countries, the share of the services sector in Gross Domestic Product (GDP) reaches 60–70%, while its share in total employment is 75–80%. In our country, these indicators were 52.5% and 38.3%, respectively, in 2024, which indicates the existence of untapped potential in this sector.

In a modern economy, it is difficult to envision the economic development of our country without the rapid growth of the services sector. In this regard, ensuring accelerated growth rates in the services sector, further supporting entrepreneurship, and creating new employment opportunities for the population have been emphasized in the following legal acts: the Decree of the President of the Republic of Uzbekistan No. PQ-5113 dated May 11, 2021, “On Measures for the Accelerated Development of the Services Sector”[1], and the Presidential Decree No. PF-158 dated September 11, 2023, “Uzbekistan – 2030”[3].

These documents focus on increasing the share of the services sector in the national economy, fully utilizing existing opportunities in regional services, expanding the range of quality services, and developing service provision and servicing industries across regions. One of the key objectives is to triple the volume of services by 2030, as well as to promote the development of modern market services in medium and large cities and districts with a population exceeding 300,000.

Table 1
Market Services by Type of Economic Activity in Uzbekistan, 2024

Services	Volume of Services, billion UZS	Share of Total, %	Growth Rate Compared to 2023, %
Total Services	818,428.3	100.0	112.9

Services	Volume of Services, billion UZS	Share of Total, %	Growth Rate Compared to 2023, %
Including:			
Communication and information services	56,174.2	6.9	125.8
Financial services	135,509.5	16.5	120.6
Transport services	145,124.4	17.7	108.6
- Including: road transport services	72,604.7	8.9	112.4
Accommodation and food services	183,314.5	22.4	110.6
Trade services	149,599.8	18.3	111.8
Real estate-related services	20,633.1	2.5	113.3
Education services	30,036.5	3.7	113.4
Health services	15,778.7	1.9	109.4
Rental services	9,707.6	1.2	105.5
Computer and household goods repair services	11,848.2	1.4	112.3
Personal services	–	1.9	109.3
Architecture, engineering research, technical testing, and analysis services	11,200.6	1.4	103.9
Other services	34,039.2	4.2	107.9

In our country, the volume of services provided in the ICT sector in 2023 amounted to 30,563.5 billion UZS, of which services related to software products accounted for 1,248.5 billion UZS. Currently (as of 2023), the share of the ICT sector in Uzbekistan's Gross Domestic Product is approximately 3.0%.

In general, the assessment of regional disparities utilizes the following interregional comparison methods:

- Interregional comparison method – this method analyzes regions and the general characteristics of processes within them based on the results of previous analyses.
- Geographic Information Systems (GIS) methods – computer systems are used to process geographic data, which are then presented in the form of maps to evaluate regional disparities.
- Degree of variation – this method assesses regional disparities by calculating the coefficient of variation and standard deviation.
- Multidimensional statistical methods – this group of methods includes principal component and factor analysis, as well as cluster and discriminant analysis.
- Cluster analysis – a broad group of methods that groups multiple objects of the same type under the name of clusters.
- Factor analysis – a statistical method that allows identifying the variability of indirect causes of regional inequality through various indicators.
- Simple model – used to analyze the statistical situation in a particular region.

- Real convergence method – a two-stage method: in the first stage, various indicators describing regional disparities are evaluated; in the second stage, the nature of these disparities, i.e., whether inequalities are increasing (divergence) or decreasing (convergence), is analyzed.
- Modified Gini regional coefficient – this coefficient differs from the classical Gini index and is calculated based on local per capita GDP, describing deviations from the national GDP.

Literature Review

Scholars from abroad, Russia, and Uzbekistan, including L.S. Kazinets[4], V.V. Leontiev, K. Gatev, A. Salai, T.V. Ryabushkin, O.Yu. Krasilnikov[5], O.S. Sukharov, A. Rasulov, Kh.D. Khujakulov[6,8,9], M.M. Muhammadiev[7], and A.I. Roziyev[8,9], have conducted research on the socio-economic and theoretical-methodological aspects of the services sector, which is one of the main branches of the economy. They have paid particular attention to the development of service industries.

While the cited scholars studied the services sector from social, economic, and theoretical perspectives, the statistical analysis of factors affecting the sector's development has not been sufficiently implemented. This gap is addressed in the present study.

Research Methodology

The research employed analysis and synthesis, using absolute, relative, and average indicators to determine statistical measures. The article conducts a statistical analysis of the dynamics of the services sector and assesses its role quantitatively.

Results and Discussion

The services sector contributes to improving the quality of human labor by saving time and unnecessary expenses, thereby enhancing the population's well-being. The increase in quality indicators of service provision and the growing demand have led to the further development of health care, trade, and general food services, as well as the emergence of previously unavailable high-tech services.

The availability of high-quality and diverse services positively impacts public health, well-being, and morale, while increasing labor productivity, consumption, leisure time, and opportunities for recreation. New service sectors, which facilitate human activities and positively affect production processes—such as Internet services, mobile telephony, and other scientific and technological innovations—are rapidly developing. The growth of these services contributes not only to the economic capacity of the country but also enhances its intellectual potential.

In recent years, although the growth of services provided by large enterprises has increased, the share of small business entities has slightly declined. Nevertheless, the small business sector in the services industry supports sustainable economic growth, creates new jobs, increases incomes, and promotes public welfare.

In January–December 2024, the largest share of small business in the services sector was observed in Tashkent city (26.8%), while the smallest share was in Syrdarya region (1.7%).

Post-industrial transformation has made the services sector a leading contributor to GDP in all developed and some developing countries. For instance, the share of services in GDP exceeded 53% in Russia and Kazakhstan, while in Uzbekistan it reached 45.2% by the beginning of 2024. In the 21st century, service diversification is expanding globally. Enterprises are increasing competitiveness or mitigating potential risks by offering a variety of services or diversifying their service portfolios.

As of January 1, 2025, 73.2% of all enterprises and organizations in Uzbekistan were engaged in the services sector, totaling 310,834 entities, of which 246,122 were small business entities. The volume of services created in 2024 reached 818,428.3 billion UZS, with a per capita value

of 97,122.3 thousand UZS, and the share of small businesses in the services sector amounted to 57.0%.

Table 2

Volume and Growth of Services and Small Business Services in Uzbekistan (2020–2024)

Year	Volume of Services, billion UZS	Growth Rate, %	Volume of Small Business Services, billion UZS	Growth Rate, %	Share of Small Business in Total Services, %
2020	219,978.5	103.0	114,052.7	100.3	61.2
2021	284,388.1	119.5	147,061.6	119.3	61.1
2022	366,891.0	116.3	181,245.0	111.1	58.4
2023	649,806.4	114.1	369,378.4	111.1	56.8
2024	818,428.3	112.9	466,461.8	113.2	57.0

Notes:

- “Volume of Services” refers to the total monetary value of services provided in the country.
- “Volume of Small Business Services” refers to the portion of services delivered by small business entities.
- The “Share of Small Business in Total Services” represents the percentage contribution of small business to the total services sector.

In Uzbekistan, in 2024, the growth rate of the total volume of services compared to 2020 reached 179.0%, while the volume of small business services increased by 166.7%. The corresponding average annual growth rates were 15.7% and 13.6%, respectively. The growth rate of services within small business activities remains slightly lower than the overall sector growth.

Table 3.

Key Indicators of Market Services by Region in Uzbekistan

Regions	2023 Volume of Services, trillion UZS	Share, %	2024 Volume of Services, trillion UZS	Share, %	Growth Rate, %	Per Capita Market Services in 2024, thousand UZS	Growth Rate Compared to 2023, %
Republic of Uzbekistan	649.8	100.0	818.4	100.0	112.9	22,017.6	110.6
Republic of Karakalpakstan	23.0	3.5	28.8	3.5	110.6	14,294.6	123.4
Andijan	33.6	5.2	41.8	5.1	113.1	12,197.0	121.8
Bukhara	28.2	4.3	34.5	4.2	111.2	16,741.1	120.5
Jizzakh	16.0	2.5	20.1	2.5	113.8	13,181.9	123.1
Kashkadarya	34.9	5.4	43.3	5.3	110.9	12,015.7	121.0

Regions	2023 Volume of Services, trillion UZS	Share, %	2024 Volume of Services, trillion UZS	Share, %	Growth Rate, %	Per Capita Market Services in 2024, thousand UZS	Growth Rate Compared to 2023, %
Navoi	16.2	2.5	20.1	2.4	112.1	18,484.4	121.2
Namangan	34.5	5.3	43.1	5.3	112.3	13,905.1	122.3
Samarkand	46.6	7.2	58.9	7.2	114.1	13,843.3	123.7
Surkhandarya	23.2	3.6	28.5	3.5	110.9	9,791.5	120.1
Syrdarya	9.2	1.4	11.6	1.4	112.2	12,585.8	121.6
Tashkent Region	45.2	7.0	156.3	6.9	112.8	18,284.1	122.3
Fergana	44.1	6.8	55.2	6.7	112.3	13,453.4	122.5
Khorezm	22.6	3.5	28.3	3.5	112.0	14,032.8	122.7
Tashkent City	230.8	36.5	298.2	36.5	116.8	97,122.2	113.8

The development of the services sector is characteristic of the Republic of Uzbekistan as well. In 2024, the sector's growth rate reached 112.9%, indicating its potential to join the ranks of developed countries in the future. Among the regions, the highest growth rates were recorded in Tashkent City (116.8%), Samarkand (114.1%), Andijan (113.1%), Jizzakh (113.8%), and Namangan (105.0%).

In terms of service volume, the largest shares were held by Tashkent City (35.5%), as well as Tashkent Region (6.9%), Samarkand (7.2%), and Fergana (6.7%). The smallest shares were observed in Syrdarya (1.4%), Jizzakh (2.5%), Navoi (2.4%), Khorezm (3.5%), Surkhandarya (3.5%), and the Republic of Karakalpakstan (3.5%). It should be noted that the population size in each region has also influenced these figures.

In Uzbekistan, the per capita volume of market services in 2024 increased nearly 1.7 times compared to 2019. Over the period 2020–2024, the average annual additional growth rate amounted to 10.7%.

Table 4
Key Indicators of the Services Sector in Uzbekistan (2020–2024)

No.	Indicators	2020	2021	2022	2023	2024
1	GDP at current prices, billion UZS	668,038.0	820,536.6	995,573.1	1,204,485.4	1,454,573.9
2	GDP growth rate, %	101.6	108.0	106.0	106.3	106.5
3	Share of NVA in GDP, %	93.4	93.7	94.0	95.1	95.3
4	Share of value added created in the services sector, %					
	a) in GDP	38.8	39.2	41.5	43.9	45.2

No.	Indicators	2020	2021	2022	2023	2024
	b) in NVA	41.6	41.8	44.2	46.2	47.4
5	Growth rate of value added in the services sector, %	99.2	110.0	109.1	107.1	107.7
6	Composition of value added in the services sector, %					
	a) Trade, housing, and catering services	24.7	25.9	26.2	26.7	26.4
	b) Transport, storage, information, and communication services	15.9	16.2	15.7	16.1	17.1
	c) Other services	59.4	57.9	58.1	57.2	56.5

As of the end of 2024, the value added created in the services sector of the Republic of Uzbekistan amounted to 657,348.5 billion UZS, representing an additional growth rate compared to 2023 of 7.7% overall, with growth rates of 10.7% in housing and catering services, 8.5% in transport and storage services, 24.7% in information and communication services, and 4.5% in other services.

The growth rate of value added in the services sector in 2024 compared to 2019 reached 137.3%, with an average annual additional growth rate of 8.2% over the period 2020–2024. Consequently, the contribution of services to GDP increased by 6.4%, and to Net Value Added (NVA) by 5.8% (see Table 5). During the analyzed period, the growth of value added in the services sector accelerated 1.043 times faster than the growth of GDP (137.3 : 131.7).

In 2024, the additional growth rate of GDP compared to 2023 was 6.5%, with the contribution of the services sector accounting for 3.3% of this increase. This highlights the significant impact of the services sector on the national economy.

Currently, the services sector is one of the most important sectors of the modern national economy. This sector is not limited to traditional activities; it continues to expand its participation in social life, integrating with social production processes, and establishing specific links with nearly all other sectors of the economy.

The additional growth rate of the total market services volume in 2024 amounted to 12.9%, with the contribution of financial services at 3.4%, transport services at 1.5%, trade services at 2.3%, information and communication services at 1.5%, educational services at 0.5%, other services at 1.4%, and housing and catering services at 2.3%.

The growth in the volume of services can be attributed to a number of factors, including the emergence of new types of services in the market, the introduction of payment via credit cards, the expansion of e-commerce, the development of new shopping centers, the establishment of catering enterprises and hotels, the expansion of educational services, and the emergence of leisure and recreation services.

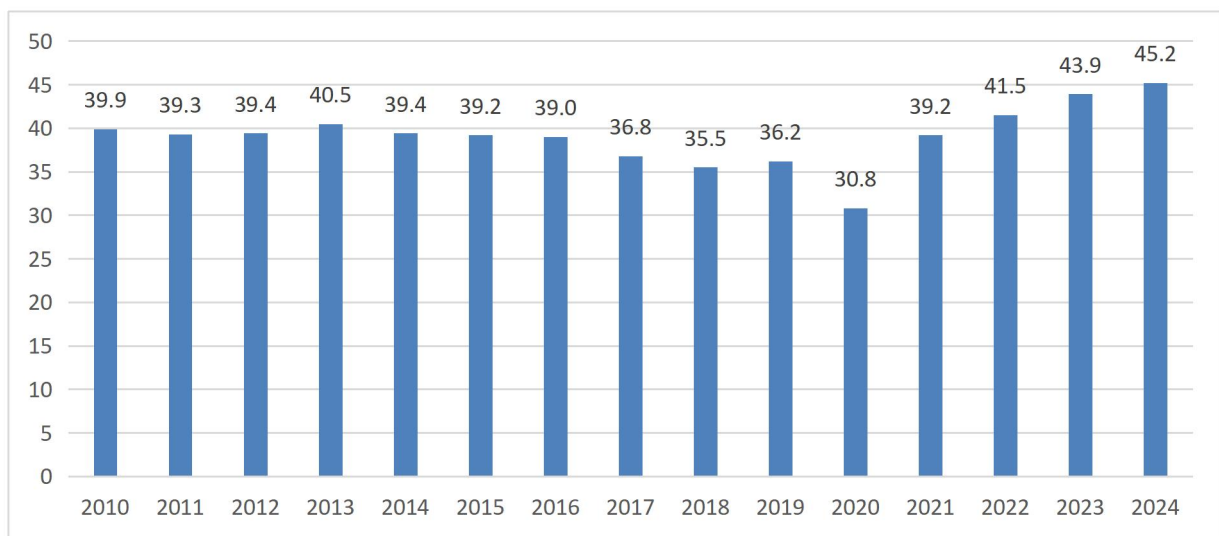


Figure 1. Share of Value Added Created in the Services Sector in GDP, %

The most important aggregate indicator reflecting the development of the services sector in our country is the value added generated in the sector. It should be noted that in 2024, while the additional growth rate of GDP amounted to 6.5%, the impact of the services sector on the economy was the highest compared to other sectors, accounting for 45.2%.

Table 5.

Shifts in the Composition of Services by Main Types of Economic Activity

Service Types	2010	2012	2014	2018	2020	2021	2022	2023	2024
Total services, trillion UZS	27.1	44.4	68.0	150.9	220.0	284.2	357.5	470.3	818.4
Of which, %									
Information and communication services	7.7	7.3	6.7	6.8	6.3	6.2	6.4	6.9	6.9
Financial services	9.7	9.5	9.9	14.1	20.8	21.0	22.5	22.6	16.6
Transport services	38.8	37.2	35.0	29.3	24.4	23.7	22.7	23.1	17.7
Housing and catering services	1.1	1.0	1.1	3.1	2.5	2.9	3.2	3.9	22.4
Trade services	24.4	26.0	27.9	26.3	26.2	25.5	24.8	23.5	18.3
Real estate services	3.0	3.2	3.3	3.3	2.7	2.8	2.7	2.6	2.5
Education services	2.8	3.1	3.2	3.6	3.9	4.2	4.3	4.3	3.7
Healthcare services	1.0	1.1	1.3	1.5	1.5	1.8	1.8	1.8	1.9
Rental and leasing services	2.0	2.0	2.2	2.2	1.9	1.9	1.8	1.6	1.2
Repair of computers, personal and household goods	2.3	2.1	2.0	1.7	1.5	1.6	1.6	1.5	1.4
Personal services	2.8	2.8	3.0	2.5	2.3	2.4	2.4	2.3	1.9
Architectural, engineering research, technical tests and analysis services	1.1	1.2	1.1	2.0	2.2	2.2	2.1	1.7	1.4
Other services	3.3	3.5	3.4	3.7	3.8	3.6	3.7	4.2	4.2

In recent years, the development of high-tech service sectors, such as communication and information services, has greatly facilitated human activities and positively influenced production processes. This development not only strengthens the country's economic capacity but also enhances its intellectual potential.

Telecommunication services—including cable and mobile communications, the Internet, satellite communications, and others—account for the largest share of the information and communication services segment. The main part of transport services relates to the transportation of goods and passengers. Their growth is explained by relatively lower costs compared to air and rail transport while providing speed and convenience.

To further develop the services sector in Uzbekistan, attention should be paid to the following areas:

- Expansion of modern and innovative service types and diversification of service offerings;
- Improvement of the accounting and statistical tracking of certain services, increasing the share of the sector in GDP;
- Training and development of qualified professionals in the services sector;
- Creation of new jobs within the sector;
- Implementation of innovative technologies;
- Increasing the share of modern services, particularly in information, communication, and computer programming services.

Overall, the services sector is diverse, covering retail trade, repair of vehicles and household appliances, passenger and cargo transport, education and consulting, domestic services, healthcare, banking and financial operations, real estate and insurance, and other activities.

With the intensification of market relations, new types of services are emerging and developing. These include:

- New business (professional) services: real estate transactions, short-term fund placement, information, marketing, and advertising services, accounting, electronic document management;
- Childcare and education services: private kindergartens and schools, childcare;
- Animal care services: veterinary care, feeding, walking, temporary monitoring;
- Other services demanded by society.

The growth of the services sector, the emergence of new service types, and adaptation to market and consumer needs contribute to improving citizens' welfare. Changes in the global economy also require Uzbekistan's service sector to adapt to international standards. Therefore, the development of this sector is a priority for the country.

Between 2010 and 2024, the volume of market services increased 5.8 times in comparable terms. Per capita services grew 4.4 times, reaching 22.0 million UZS in current prices.

The definition of services is broad, covering activities that do not have a tangible material form. Service quality can be described as a set of activities that fully satisfy the needs of individuals, enterprises, and the state with minimal costs, providing material and intangible benefits.

The growth of small business has significantly contributed to the development of the services sector. Credit support and tax incentives for small enterprises and microfirms have encouraged business development and service expansion.

To further expand financial services in the regions of Uzbekistan, the following measures are advisable:

- Implement mortgage-based lending for entrepreneurs based on international experience;
- Establish new financial institutions, such as microcredit organizations, rural credit cooperatives, and savings-building funds, considering regional characteristics;

- Encourage microfinancing in rural areas with surplus labor and low incomes through tax incentives, provision of premises, and opening credit lines;
- Allow citizens intending to start businesses to use accumulated pension funds as guarantees for microloans.

The concept of “services” encompasses various activities without a tangible material form.

Advantages of developing the services sector:

- Promotes human development, education, and personal growth;
- Enhances the consumer market with modern services, increasing its volume;
- Positively impacts economic growth;
- Requires relatively small capital and effectively utilizes local resources;
- Provides employment and increases incomes;
- Expands service coverage in rural areas, improving the level of service delivery;
- Contributes to overall economic development.

Conclusion. In our opinion, the development of the service sector, particularly the expansion and improvement of the quality of services provided in rural areas, can be effectively achieved through the implementation of the following measures:

- Development of service enterprises in rural settlements, prioritizing communal and household services, housing repair and construction, and the processing of agricultural products;
- Creating favorable conditions to enhance entrepreneurial activity in the service sector, including the engagement of youth from vocational schools and higher education institutions for family business initiatives;
- Rapid development of new and promising services with high demand among the population, such as consulting, banking, finance, insurance, leasing, and valuation services;
- Establishing conditions to increase the share of small and private businesses in the service sector, taking into account the specific characteristics of each region;
- Focusing on the training, retraining, and skill enhancement of personnel working in the service sector to ensure its sustainable development;
- Considering the growing employment of women in the service sector and directing their professional activities in harmony with family responsibilities, including childcare, by utilizing non-standard employment formats;
- Promoting the development of engineering-communication and transport infrastructure, and introducing modern information and communication technologies in the sector to accelerate structural reforms;
- Supporting the creation of a competitive environment and facilitating the growth of small and private business entities;
- Expanding various innovative services and new communication tools;
- Advancing financial services by integrating the latest electronic and payment technologies;
- Further developing high-tech services in the healthcare sector;
- Utilizing the latest technologies to enhance human capital and improve the standard of living, given the continuous demand for new knowledge and scientific advancements in the service delivery process;
- Establishing a reliable system of indicators to monitor the development of the service sector, based on accurate statistical data, which will guide policy-making and strategic planning in the sector.

The practical implementation of the above recommendations will serve as a crucial factor in improving and modernizing the service sector.

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