

PROBLEMS OF ATTRACTING AND FINANCING INVESTMENTS IN THE SERVICE SECTOR

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Annotation: In this article, the role and significance of investments in the development of various sectors of the economy in the context of globalization, as well as the problems in the process of attracting and financing investments in the service sector are studied, as well as the state of attracting investments using the main macroeconomic indicators of the Republic of Uzbekistan is analyzed.

Keywords: Investments, business development, globalization, the service sector, financial services, and innovation.

In the conditions of economic globalization, the mutual integration of countries and the strengthening of international specialization put before each national economy the task of modernizing and diversifying production industries, increasing the competitiveness and quality of services provided to the population, and thereby increasing the financial potential of regions.

In this regard, the leader of our country said: "Stable growth of the economy, first of all, directly depends on the development of leading industries. In any industry where a high-value product is created, we will support that industry first. Therefore, we need to develop and implement a strategy for the development of sectors that will give a serious boost to the economic development", his words are worth noting.

To increase the share of the service sector in the economy of our country, to fully utilize the available opportunities in the field of services, to solve the problematic issues that are waiting for their solution in terms of expanding the types of services and improving their quality, to further develop business entities in this direction. In order to support and encourage their ideas and initiatives, the decision of the President of the Republic of Uzbekistan on "Measures for rapid development of the service sector" based on the main directions of development of the service sector in the Republic of Uzbekistan in 2021-2023 was announced. According to him:

- to increase the effectiveness of the activities of state bodies and organizations in this regard and strengthen the responsibility of officials by introducing a system for assessing the development of the service sector in the republic
- eliminating excessive bureaucratic obstacles in the field of services, expanding the range of services based on the specific characteristics of each region, expanding the coverage of transport, financial, as well as banking, tourism and trade services in the regions, especially in rural areas;
- it is envisaged to increase the potential of existing education and health services in all regions of the republic, to improve their quality, and to create favorable economic and infrastructural conditions for attracting the private sector.

In the analysis of the main macroeconomic indicators of the Republic of Uzbekistan in the first quarter of 2023, as a practical expression of the measures implemented in connection with this

decision, we can see a picture of a high level of growth in the field of investments and services.

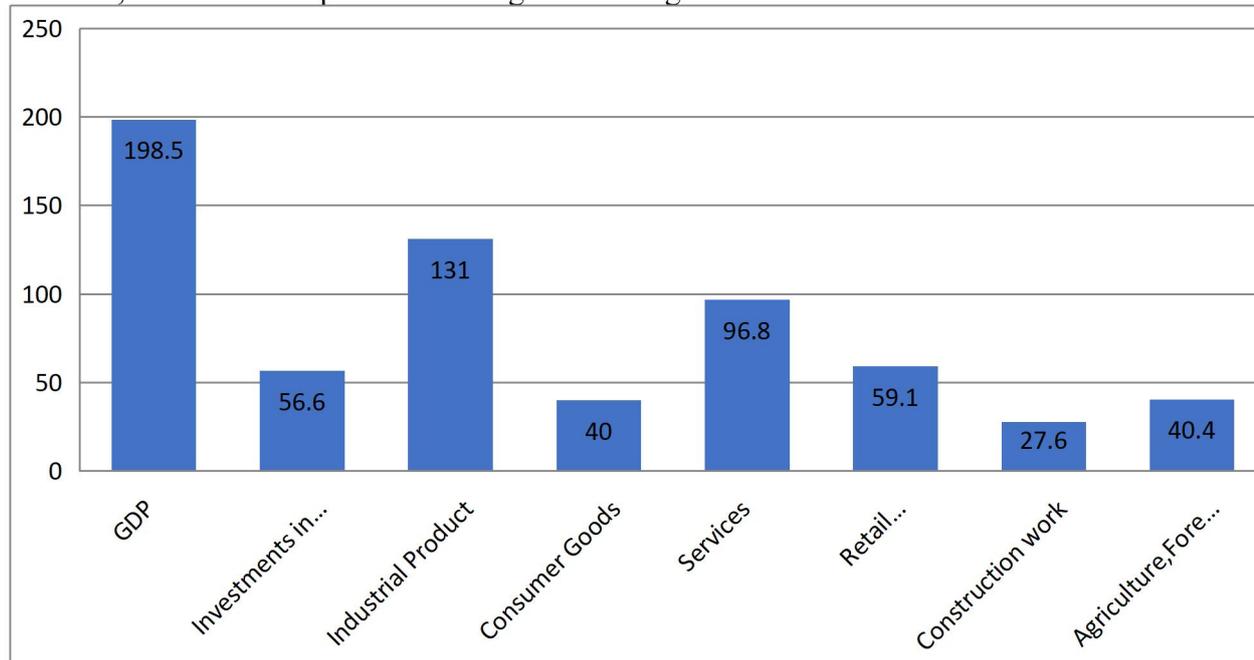


Figure 1. The main macroeconomic indicators of the Republic of Uzbekistan in the first quarter of 2023 (trillion soums)

According to the analysis of indicators in sectors:

In January-March, growth was observed in all sectors of the economy, but compared to the first quarter of 2022, the growth rate slowed down in the industry, construction and service sectors. In the first three months of 2023, the production of industrial products increased by 4.1 percent (5.7 percent in January-March 2022). The largest increase was recorded in the electricity, gas supply, steam and air purification network (5.4 percent). During the considered period, the production volume increased by 4.3 percent.

The growth rate in the mining industry has accelerated to 2 percent compared to January-March 2022 (0.8 percent). Growth in consumer goods production slowed from 24 percent in the first quarter of 2022 to 5.1 percent in the first three months of 2023. The volume of market services provided during the period under review increased by 10.9 percent (15.9 percent in January-March 2022).

Growth is observed in all sectors. In the first quarter of 2022, communication and information services - 21 percent, financial services - 16.9 percent, educational services - 16.6 percent grew at the highest rates. The volume of services provided in the field of transport increased by 13.7 percent, motor transport by 4.2 percent. Passenger traffic increased by 5.3 percent, but cargo traffic decreased by 3.3 percent. Also, the growth rate of retail trade turnover is observed to decrease by 5.2 percent (10.8 percent in the corresponding period of 2022). In the first 3 months of 2023, the growth rate of construction work slowed to 4.5 percent from 6.3 percent in the first quarter of 2022. On the contrary, in agriculture, the growth of the production volume is observed to accelerate by 3.2% (2.8% last year).

The growth rate of investments in fixed capital slowed down to 3.1% (compared to 26.3% in January-March 2022). The increase is due to a 2.1-fold increase in the volume of investment from budget funds, as well as a 22% increase in the volume of attracted foreign investments and loans received under the state guarantee.

Among the decentralized investments, foreign direct investment increased by 37%. In general, according to the results of the 1st quarter, the share of centralized investments was 10 percent of the total volume of investments, and the share of decentralized investments was 90 percent. On the one hand, to increase the volume of investments, in order to effectively implement the Law of the Republic of Uzbekistan "On Investments and Investment Activities", the Ministry of Investments and Foreign Trade, hokims, diplomatic missions abroad and deputy heads of commercial banks with investors we can demonstrate that the 4-stage mechanism of cooperation of state authorities has been successfully launched, and on the other hand, the mechanism allows for prompt response to all requests of investors and the necessary control of the effectiveness of the implementation of the measures provided for by the law.

Based on the given data, deepening the structural change and diversification of the national economy in our country, as one of the important factors and directions of ensuring employment, increasing the income and quality of life of the population, and the rapid development of the service sector as one of the priority issues is going to the field.

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