

SERVICE SECTOR IN INCREASING INCOME OF RURAL POPULATION

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Abstract. *The article examines the role and place of development of the service sector in increasing the incomes of the population. Particular attention is paid to the peculiarities of the development of the service sector in rural areas. An analysis of the development trends of rural tourism as a component of the service sector is given. Practical conclusions have been drawn about measures to promote the development of this area.*

Keywords: *service sector, population income, social development, the economic growth, economic liberalization, gross national product, rural tourism, modernization.*

The main goal of the socio-economic reforms carried out in our country is to increase the income of the population and ensure its relatively high standard of living. Thus, within the framework of the Development Strategy of New Uzbekistan for 2022-2026, "...strengthening social protection of citizens and reducing poverty are identified as priority directions of state policy, providing the population with new jobs and a guaranteed source of income, qualified medical and educational services have been raised to a qualitatively new level, and decent living conditions have been achieved".¹¹³

In 2024, in Uzbekistan, more than 50%¹¹⁴ of state budget expenditures are allocated to the social sphere to provide financial support to the poor and provide certain services. It cannot be denied that the level of income of the population is an important indicator of its well-being. An important indicator is GDP per capita (in Uzbekistan, GDP per capita in 2023 amounted to 29,291 million soums, or \$2,496 at current prices).¹¹⁵ It should be noted that this indicator determines the opportunities for recreation, education, healthcare, and meeting the necessary needs of each member of society. Also, it summarizes information about the income of the population, makes it possible to analyze the state of the country's economy, and most importantly, helps to predict its economic, social, and political future as a whole.

¹¹³ Указ Президента Республики Узбекистан О стратегии развития Нового Узбекистана на 2022 — 2026 годы. <https://lex.uz/ru/docs/5841077>

¹¹⁴ <https://www.uzbekistan.org.ua/ru/news/6957-v-2024-godu-v-uzbekistane-bolee-5.html>

¹¹⁵ <https://kun.uz/ru/news/2024/03/09/kakov-byi-obyem-vvp-na-dushu-naseleniya-v-uzbekistane-v-2023-godu>

Also, within the framework of the Development Strategy of New Uzbekistan, the government noted “an increase in the volume of gross domestic product per capita in the next five years by 1.6 times by ensuring consistently high growth rates in economic sectors, bringing its size to 4 thousand US dollars per year by 2030.” per capita and creating the prerequisites for entering the category of “states with an upper-middle income”.¹¹⁶

In any economic system, increasing welfare is at the center of all problems. Today, the ever-increasing share of services in the structure of population consumption can be considered a progressive change in the development of human society. The rapid development of the service sector indicates that structural changes are taking place in the population's consumption and that the standard of living of the population is increasing.

Based on the reforms being carried out in the country, the urgent task is to achieve continuous economic growth in exchange for economic liberalization, modernization of the country, and ensuring macroeconomic stability in general.

The service sector as all other sectors of the economy, arose at a certain stage in the development of society under the direct influence of certain external economic and social factors and gradually developed.

Today, the service sector has such a strong place in the socio-economic life of society. Without this sphere, employment, income, standard of living, the development of gross domestic product production, economic growth, the formation of a modern new economy and society, and other important aspects of its development are impossible to imagine.

At the present stage of the development of society, a person's daily economic activity, consumption, quality of life, and meaningful life are largely related to the service sector.

Based on the share of the service sector in GDP, one can draw conclusions about the standard of living of the country's population, determine the category of the country, its level of development (developed, developing, backward) and at what stage the development is located (industrial, post-industrial). According to statistical data, the share of the service sector in the GDP of the Republic of Uzbekistan for 2023 was 43.4%.¹¹⁷

By further developing the service sector in our republic, it is possible to sharply increase its share in the gross domestic product, provide employment to the population, increase the real incomes of people, and improve the well-being of all segments of the population.

However, in a post-industrial society, the service sector forms the basis of the economy and has a direct impact on the successful development of the entire country.

Unfortunately, innovative processes at service sector enterprises in our country are developing more slowly, and the population's needs for services are not being sufficiently satisfied. The latter has a negative impact on the formation and development of the

¹¹⁶ Указ Президента Республики Узбекистан О Стратегии развития Нового Узбекистана на 2022 — 2026 годы. <https://lex.uz/ru/docs/5841077>

¹¹⁷ <https://uzbekistan.org.ua/ru/news/6985-ekonomika-uzbekistana-v-2023-godu.html>

the efficiency of the rural economy, and then the level and quality of life of the rural population, and then the rational use and reproduction of the natural resource potential of rural areas.¹²³

One of the strategic priorities adopted by the State Strategy is "...increasing investment attractiveness; ensuring rational use of natural resources and environmental protection; rural development".¹²⁴

There are many factors that contribute to achieving these goals. One of these factors is the development of the tourism industry in this area, in particular, the development of rural tourism.

Rural tourism is a multifaceted phenomenon. One of its aspects, in view of the current state of the socio-economic development of the country, is social. Therefore, rural tourism should be considered one of the means of diversifying the sources of income of the rural population, as a component of the integrated development of rural areas and rural infrastructure, as well as one of the factors in the strategy for overcoming poverty in rural areas.

The essence of rural tourism is tourists visiting rural areas for the purpose of recreation or carrying out cultural and leisure activities in ecologically clean areas. The main driving forces when choosing rural tourism are the following factors:

- the need for health recovery has become much more relevant due to the pandemic;
- limited financial capabilities;
- consumption of "environmentally friendly" products;
- "peculiar" life in rural areas.

This type of tourism is provided by creating special tourist villages and organizing rural tours, including food and accommodation services, in rural settlements located in environmentally clean areas. In fact, tourism is associated with visiting rural areas, staying in rural homes, enjoying nature with picturesque landscapes, and participating in local folk traditions, festivals, and customs.

Based on the experience of developing this type of tourism and the impact on the economy of rural areas, in particular on the income of the population, its advantages for the development of rural regions can be summarized as follows:

- reducing the unemployment rate and stimulating the creation of new jobs in rural areas, which is currently very important for the economy of Uzbekistan.
- income growth and improvement of the living standards of rural residents with relatively low financial costs. It is necessary to be noted that one of the main sources of income for the rural population is income from external migration. The pandemic and its associated partial border closures have led to a reduction in this source of income.

¹²³ <https://lex.uz/ru/docs/4567337>

¹²⁴ <https://lex.uz/ru/docs/4567337>

□ improvement of rural amenities, development of engineering, and social infrastructure. In reality, in almost most rural areas, there are problems with the development of infrastructure and rural improvement. Very often, these programs are financed through government funding (there is almost no private funding). If the necessary conditions are created, then this type of tourism can solve the problems of improvement and infrastructure development in rural areas.

□ development of small business in rural areas, as well as the environmental attractiveness of rural areas.

□ expansion of the range of homestead products. This will lead to an increase in incomes of the rural population, and the factor “environmentally friendly products” will always be in demand.

□ on-site sale of personal farm products, in particular prepared food products (which are especially valuable for visitors). Rural guest houses with private farming will always be of interest to city residents.

□ encouraging the protection of local attractions and preserving local customs, folklore, and folk crafts. Unfortunately, the realities of modern development, in particular urbanization, contribute to the devaluation of the values, customs, and traditions of the local population. In the economic aspect, folk crafts are economically unprofitable due to the use of manual labor and the lack of a technological factor in the production process.

□ increasing the cultural and cognitive level of the rural population. There is an increasing need for learning foreign languages, improving the quality of services provided, etc.

□ through additional revenues, replenishment of local budgets. Sources of income, in particular, are associated with the development of this type of tourism at the regional level.

□ does not require significant investments and primarily utilizes private funding sources, and capital investment quickly pay off. In a market economy, private investment is effective because it has a long-term trend.

□ relieves the most popular tourist centers, reducing the negative environmental consequences of overly intensive activities in the so-called “prestigious” tourist regions, which is relevant for developed countries. So far, this advantage for the economy of Uzbekistan is not considered fundamental because the tourism sector is at the stage of formation and development.

In general, by examining the experience of developing rural tourism, we can draw the following conclusion: the development of one of the components of the service sector, tourism in rural regions, is a real opportunity to increase the income of the population in rural areas.

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