

**INCREASING THE ROLE OF THE SERVICE SECTOR IN PROVIDING EMPLOYMENT
TO THE RURAL POPULATION**

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Abstract: *The article considers various classifications of factors affecting the financial potential of the regions, and in terms of the development of production capacity in the example of Surkhandarya region, compared with other regions of the Republic of Uzbekistan. As a result of the study, proposals were developed to increase the financial capacity of the regions and implement an effective strategy of socio-economic development.*

Keywords: *Financial potential, factor, attracted investments, degree of industrialization, innovation potential, structure of land resources, monetary policy, financial policy.*

Introduction

Samarkand region is one of the regions of the country with high economic potential, rich history and culture. The large-scale reforms being carried out in all spheres of the republic are reflected in the fact that the socio-economic life of the region, cities and villages are changing and improving day by day, and the welfare of the population is improving.

During his visits to the region in 2021, the head of our state will continue the large-scale construction work in Samarkand and other districts and cities, accelerate the development of tourism, industry, agriculture, services and the population. had set tasks to create living conditions. Great work has been done in the framework of these tasks. New industrial enterprises and business entities have been established.

Production and export volumes have increased. Modern housing and infrastructure facilities have been built. During the visits, 15 projects were launched, 18 of which are being implemented. Such work in the region, the implementation of tasks and the practical results of projects are in the constant focus of the President.

One way to increase the financial capacity of the regions is to increase the revenue stability of the region. The income stability of the regions depends on the stability of the budget revenue base of the regions, the stability of enterprises and organizations operating in the region in various forms of ownership, the composition, amount and potential of labor, the volume of investment, the attractiveness of the region, monetary policy, financial policy, economic potential. depending on the level of increase.

That is, each element of the economic potential of the regions affects the growth of the regional budget base, the level of financial potential of the regions. The level of growth of the financial potential of the regions will directly depend on the level of growth of the economic potential of the region and the strategy of socio-economic development of the region.

The higher the economic potential here, the higher the economic growth rate of the regions, which in turn leads to an increase in the revenue base of the region and, directly, an increase in the financial potential of the region. These figures are interrelated, in some cases proportional.

The key factor in the development of the strategy of socio-economic development of the regions is the indicator of the financial potential of the region. The financial stability of the regions has always been one of the most pressing and fundamental issues, the level of which determines the level of financial independence of the region.

The criterion that allows to quantify the financial independence of the regions is the financial potential of these regions. Undoubtedly, the financial potential of the regions is interpreted through their available financial resources (tax potential, independence and decentralization of the revenue base of local budgets, labor potential of the population) and the level of its use characterizes the amount of inter-budgetary transfers from the national budget to local budgets.

In our opinion, the financial potential of the regions, on the one hand, provides the process of distribution and redistribution of necessary funds and flows, on the other hand, can not be realized without the effective operation of production, labor, investment, innovation and other elements of economic potential. This, in turn, determines the place and importance of the financial potential of the regions as an element of economic potential.

The basis of any economic system, the activity of each economic entity is growth potential, which does not always give the desired result, which is due to the irrational use of available resources, lack or lack of mechanisms and tools, and a number of other factors and instruments.

Analysis of the relevant literature

We can see that the factors influencing the financial potential of the regions vary in the approach of a number of economists. In particular, E.A. Illarionova focused on the resource base and the effective management of these resources, identifying the following factors:

1. Geopolitical potential - determines the favorable location of the region among other territorial units and influences the development of the regions;
2. Natural potential - determines the natural conditions of the territories, provided with natural resources;
3. Production capacity - determines the maximum production capacity of the regions.
4. Labor resource potential - the regions determine the economically active part of the population and represent the level of employment;
5. Investment potential - represents the provision of own funds, investment attractiveness and efficiency of the regions.
6. Infrastructural potential - determines the adequacy of material resources to ensure business, trade, foreign economic relations of the regions. [2]

On the importance of factors affecting the financial capacity at the regional level, S.V. Zenchenko and M.A. Shemetkina [3] note the following:

1. Resource - raw material potential (determines the level of availability of basic types of natural resources)
2. Production potential (represents the gross output of economic activity of the region);
3. Consumption potential (determines the consumption capacity of the population of the region);
4. The state of infrastructure development in the region (economic geographical location of the region and the level of its infrastructure);
5. Intellectual potential
6. Institutional capacity
7. Innovative potential.

Continuing our analysis of foreign experience, N.A. Chijova divides the factor influencing the financial potential of the region into hard and soft types. Strict factors - the level of production, taxes and subsidies set by the state mainly focused on production and exchange, as soft factors - determine the stable political situation, the quality of the education system, training qualifications,

quality of life in the region. D.I. Kokurin identifies external and internal factors affecting the financial potential of the region.

Based on the above, we think that the study is expedient, taking into account the level of development of the regions and the relationship between them.

Research methodology

The region is formed on the basis of fundamental methodology of scientific knowledge in determining the factors of financial potential and determining the level of importance, using methods of induction and deduction, dialectical unity, interdependence of theory and practice, comparison and similarity. During the study, economic-statistical, structural-dynamic analysis was performed using a systematic approach.

Analysis and results

In order to further increase the agricultural potential of the country, ensure food security and grow export-oriented products, hydroponic greenhouses are being established in all regions. Compact and efficient such greenhouses allow to grow high quality melons and create thousands of jobs.

Another advantage of such a greenhouse is that it does not require special fertile land. It is controlled by a fully automated control system. There is a maximum use of space. The energy resources used to grow the product are much cheaper. There is an economical irrigation and feeding system. “Daromad Baxt Omad” LLC now grows tomatoes on a 4-hectare hydroponic greenhouse. 22 permanent and more than 30 seasonal jobs were created. More than 220 tons of the greenhouse's first crop will be harvested, about half of which will be exported to Russia and Kazakhstan.

Special attention was paid to the issues of socio-economic development of Samarkand region, expansion of construction and creative work, support of business entities, further improvement of living standards, employment of women and youth.

The issues of uninterrupted supply of electricity and natural gas to the population, opening of 11 new inter-village and inter-district bus routes, construction of 642 additional affordable houses in Samarkand region, reduction of crimes against women and youth were discussed. appropriate assignments were given in this regard.

The closure of millions of businesses and organizations around the world due to the coronavirus pandemic has affected 2.7 billion workers. The world's poor are at risk of nearly doubling in size to 500 million.

Due to quarantine in our country, the volume of production and services at 196 thousand enterprises has sharply decreased. Thanks to quarantine, of course, the number of unemployed has also increased. This can also be seen in the 20-day tax revenue in April. In some provinces, 30-40 percent, and in some districts and cities more than 50 percent.

In such a difficult situation, the government is taking a number of measures. In particular, according to two resolutions adopted a month ago, the number of families with children receiving benefits and financial assistance has increased from 595 thousand to 655 thousand, or 60 thousand. In addition, the population's loan repayments worth 3 trillion 260 billion soums have been extended.

During the quarantine period, the Employment Promotion Fund and the Public Works Fund provided employment to 141,800 unemployed people and paid them 43 billion 225 million soums. At the same time, food and sanitation products were distributed to 219,000 families by the Sponsorship Charity Coordination Centers.

But that is not all. The ever-changing situation calls for additional measures to ensure employment and social protection of needy families.

Entrepreneurs and farmers should help poor families to plant crops on their land, set aside land for secondary crops, and help set up home-based work. The government allows such entities to pay taxes in installments, defer payment, or provide loans.

In Samarkand region, for example, the head of Agromir has taken over 1,000 families and started planting new vineyards on 600 hectares.

He hired more than 500 poor families on a permanent basis, distributed new vineyards among them, and started growing agricultural products. He started sowing cucumber seeds, which could be harvested in 40 days. It hired another 100 people for the construction work.

One of our key issues is to determine the importance of various factors affecting the financial capacity of the regions and focus on increasing financial capacity, so economic growth is impossible without financial resources and tools, which are essential elements of financial capacity and the basis of economic growth and development.

Table 1.

№	Regions	Participation of regions in the formation of GDP in 2016-2020									
		2016y		2017y		2018y		2019y		2020y	
	Republic of Uzbekistan	255421.9	%	317476.4	%	424728.7	%	529391.4	%	602551.4	%
		billion soums		billion soums		billion soums		billion soums		billion soums	
1.	The Republic of Karakalpakstan	8568.3	3,4	10855.1	3,4	15703.5	3,7	19715.0	3,7	21949.3	3,6
2.	Andijon province	16115.6	6,3	19753.0	6,2	27144.4	6,4	33802.1	6,4	38531.0	6,4
3.	Bukhara region	14390.7	5,7	17191.0	5,4	21928.4	5,2	28143.3	5,3	31525.1	5,2
4.	Jizzakh region	7767.1	3,0	9680.7	3,1	12780.1	3,0	16143.6	3,0	18148.1	3,0
5.	Kashkadarya region	20163.9	7,9	21597.3	6,8	26554.1	6,3	32399.3	6,1	36010.6	6,0
6.	Navoi region	11959.3	4,7	14681.5	4,6	22677.2	5,3	36661.9	6,9	49742.2	8,3
7.	Namangan region	12874.5	5,0	15311.1	4,8	18916.1	4,5	23920.9	4,5	27903.2	4,6
8.	Samarkand region	23083.3	9,0	27039.0	8,5	32863.7	7,7	39050.5	7,4	43834.7	7,3
9.	Surkhandarya province	12179.6	4,8	14404.4	4,5	18674.9	4,4	22393.5	4,2	24912.0	4,1
10.	Sirdaryo province	6059.8	2,4	6799.6	2,2	8594.2	2,0	11949.2	2,3	12869.4	2,1
11.	Tashkent region	23876.1	9,4	29092.8	9,2	40219.2	9,5	55306.5	10,4	64892.7	10,8
12.	Fergana province	18106.3	7,4	20749.2	6,5	27663.1	6,5	32737.8	6,2	37612.1	6,3
13.	Khorezm region	10336.6	4,1	12008.1	3,8	15977.2	3,8	19241.1	3,6	21615.4	3,6
14.	Tashkent city	37164.3	14,6	49259.1	15,5	64519.1	15,2	86126.2	16,3	97545.2	16,2

We have identified the "problem points" of the financial potential of Surkhandarya region, and in comparison with other regions of the country, we have identified the following factors in terms of importance:

1. The level of industrialization of the regions is an important guarantee of economic development of the regions, increasing budget revenues, financial capacity and independence of the regions, forming a structure that supports the economic system of the regions. "Economic growth in the regions and in the development of development strategies, it is impossible to do without relying on the production capacity of the regions, said economist A.I. Tatarkin [4].

The strategic direction of the regions towards the sustainable development of the industrial sector will be the basis for the introduction and development of innovative formation of almost all sectors of the national economy [5].

The level of industrial development of the regions affects the level of development of the productive forces of society and represents the sum of the financial capabilities of industrial enterprises.

In the world experience, industrialized countries have a highly developed economic potential even in conditions of limited natural resources. Because the level, structure and dynamics of material production determine the economic potential of the regions.

The high level of economic potential of the regions affects the level of financial potential and reflects the growth dynamics of gross regional product. The Republic directly reflects the dynamics of growth in GDP and leads to the growth of all economic indicators.

According to Table 1, the largest share in the formation of GDP for 2016-2020 is the city of Tashkent in 2016 from 14.6% to 16.2% in 2020, Tashkent region from 9.4% in 2016 to 10.8 in 2020, Navoi The rate increased from 4.7% in 2016 to 8.3% in 2020, and in Andijan region from 6.3% in 2016 to 6.4% in 2020.

Its contribution to GDP in 2020 was 4.1%. This figure was 4.8% in 2016, down 0.7%. In Khorezm region of the country decreased from 4.1% in 2016 to 3.6% in 2020, in Jizzakh region in 2016 remained 3.0%, in Syrdarya region with the lowest rate from 2.4% in 2016 - 2 in 2020, Up to 1% was observed. As we have noted, the level of industrialization of the region has played an important role in the factors affecting the economic, including financial potential of the regions. The study shows that the volume of industrial production per capita and the average growth rate in Surkhandarya region, which is the object of our work, is much lower than in other regions. According to economic theory, under conditions of low industrialization, the financial potential of the region will also be low if other factors, i.e., income from agricultural products, are not high. We can explain this by the state of the local budget of Surkhandarya region for the last five years (Table 2). In fact, the analysis of the state budget revenues of Surkhandarya region for the last six years shows that the local budget of the region is still among the regions that receive the most subsidies from the national budget.

Table 2.

Dynamics of local budget revenues and expenditures in Surkhandarya region							
<i>№</i>	<i>Indicators</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
1	Local budget revenues	719.3	823.3	1030.40	1379.0	1844.8	1605.7
2	Local budget expenditures	1593.8	1891.4	1756.3	2590.7	3721.2	3246.6
3	Transfers	8	1068	726	1	1877	1641
		7			2		
		5			1		
					1		

According to the results of 2020 in the Republic of Uzbekistan, the share of the industrial sector in GDP decreased from 29.3% to 28.5%. Significant changes were observed in 2019, when the share of the industrial sector in GDP increased to 29.3% compared to 2018, compared to 26.5% in 2018, an increase of 2.8%.

The share of the industrial sector in the growth of GRP in Surkhandarya region in 2020 was 0.9%, while in 2019 this figure was 0.7%. The contribution of the industrial sector to GDP growth has not changed significantly [6].

The slowdown in economic growth in 2020 was due to the introduction of restrictive measures and quarantine measures, which led to a significant reduction in economic activity of business entities and the volume of production, as well as a decrease in consumption.

The industrial growth rate for 2020 was 0.7%. The positive dynamics in this sector are mainly due to the growth of value added in the processing industry, electricity supply, gas, steam and air conditioning.

Surkhandarya region has the largest share in industrial production in 2020, accounting for 89.4% of total industrial production, or 4.9 trillion soums. One of the key factors in the growth of the

manufacturing industry is government programs and decisions aimed at increasing and stimulating the range of finished consumer goods through the launch of new production facilities.

The value of fixed assets in the Republic of Uzbekistan in 2019 will increase by 14.9 trillion soums, the rate of change will be 113.5%, compared to 2016 increased by 40.35 trillion soums, the growth rate will be 147.8%.

In 2019, the value of fixed assets in the regions of the country will show positive changes, with the highest growth rates in Tashkent increased by 5.76 trillion soums, a change rate of 152%, in Kashkadarya region increased by 4.47 trillion soums, a change rate of 82.4%, Tashkent in the region increased by 0.84 trillion soums, the rate of change was 111.9%.

In Andijan region -0.24 trillion soums, in Jizzakh region -1.43 trillion soums. The low growth rates of fixed assets of industrial enterprises amounted to 0.24 trillion soums in Bukhara region, 0.06 trillion soums in Fergana region, 0.43 trillion soums in Namangan region and 0.81 trillion soums in Surkhandarya region.

2. The volume of investments attracted to the regions is a factor of investment attractiveness, which leads to an increase in gross regional product and an increase in living standards. Domestic and foreign investment resources attracted to the regions will affect the inflow of long-term capital into the region and increase its financial capacity.

Proportional distribution and efficient use of investment resources in the regions of the country is an important factor in increasing the financial capacity of the regions. In addition, the regions of the country differ in their geographical location, natural resources, labor and other resources, as well as the conditions created by local authorities.

The conditions for foreign investors are being created in the Republic of Uzbekistan. In 2019, an agency for attracting foreign investment was established under the Ministry of Investment and Foreign Trade.

There are 21 free economic zones in the country, and investors are completely exempt from income tax, customs duties, taxes on landscaping and social infrastructure development, a single tax payment and mandatory payments to the road fund. This will allow the implementation of a large investment project.

If we look at the dynamics of investments in fixed assets over the years, in 2016 it amounted to 51.23 trillion. sum or 104.1% growth, in 2018 it was 124.23 trillion.sum or 129.9% growth, and in 2020 202.0 trillion.sum investments were disbursed.

The largest part of the volume of investments in fixed assets by regions, or 22.2%, is in Tashkent city, which is 44.78 trillion soums. 9.9% in Kashkadarya region, 19.92 trillion soums, 9.4% in Tashkent region - 18.99 trillion soums, 7.9% in Navoi region - 16.04 trillion soums. In Khorezm region - 3.3% (6.66 trillion soums), in Syrdarya region - 3.6% (7.17 trillion soums), in Andijan region - 4.3% (8.76 trillion soums), in Surkhandarya region - Low levels of investment were observed at 4.9% (9.92 trillion soums).

The higher the volume of fixed capital investment in the region, the higher the tax revenues to the local budget. From the main elements of financial capacity, investment potential, tax potential, local budget potential are interrelated and are considered as a separate category, have their own mechanisms in terms of formation and use.

But to a certain extent, each category includes the financial side. Financial potential allocates a portion of financial resources for investment. The higher the investment potential, the stronger the revenues to local and national budgets, the higher the tax potential.

3. The composition and level of productivity of land resources in the regions are of great importance and have a significant impact on the development of the agricultural sector, increasing the income of agricultural producers, thereby strengthening local budget revenues and financial capacity of the region.

Conclusions and suggestions

The results of the study showed that the importance of factors affecting the financial capacity of the regions directly affects the production capacity of the regions, ie the level of industrial production, investment, innovation, human resources and budget potential of the region is one of the key factors in strengthening budget revenues.

Based on the above, we have developed the following proposals, taking into account the positive and negative factors affecting the financial capacity of the regions.

1. To study and analyze the factors identified in our study in order to increase the financial capacity of the regions and develop a separate development strategy for each region.
2. The territories of the Republic of Uzbekistan should be studied in terms of production potential, divided into high-level, medium and problem areas of production.
 - a) High-level areas - areas with a high level of industrial production;
 - b) Medium areas - areas with relatively low levels of industrial production;
 - c) Problem areas Areas with low levels of industrial production;
3. Development and implementation of a mechanism for assessing the financial capacity of the regions.

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