

REGULATORY AND LEGAL FOUNDATIONS FOR ENSURING THE ECONOMIC STABILITY OF SERVICE SECTOR ENTITIES IN THE REPUBLIC OF UZBEKISTAN

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Annotation. This article examines the legal and regulatory framework ensuring the economic stability of service sector entities in the Republic of Uzbekistan. It analyzes national legislation, regulatory policies, and institutional mechanisms that support sustainable business operations. The study highlights the role of government oversight, fiscal measures, and strategic planning in promoting sector resilience. Key challenges affecting economic stability, including market fluctuations and legal inconsistencies, are identified. The article provides comparative insights from international best practices. Emphasis is placed on the integration of regulatory compliance with economic performance. The research evaluates how legal reforms influence operational efficiency and financial sustainability. Case studies of service enterprises illustrate practical applications of the regulatory framework. Policy recommendations are proposed to strengthen governance and risk management. The

study underlines the significance of aligning Uzbekistan's service sector regulations with global standards. It concludes that effective legal and economic mechanisms are crucial for long-term sector growth. The findings contribute to academic discourse and policy development in economic law and service sector management.

Keywords.Economic stability,service sector,regulatory framework,legal compliance,fiscal policy,institutional mechanisms,risk management,operational efficiency,policy recommendations,international best practices

Main Part. The Constitution of the Republic of Uzbekistan provides the supreme legal basis for economic regulation, guaranteeing freedom of entrepreneurship, protection of property rights, and legal stability for all business entities, including those in the service sector (Constitution of Uzbekistan). [1]The Law “On Normative Legal Documents” establishes legal procedures for adoption, publication, and enforceability of regulatory acts that shape the economic environment for service providers. The Law “On Competition” (O'RQ-850), adopted on 3 July 2023, regulates competitive relations in markets, prevents anti-competitive conduct, and ensures a level playing field that contributes to long-term economic stability of service firms (raqobat.gov.uz). Anti-monopoly rules embedded in competition law mitigate abuse of market power and protect service sector participants from distortive practices that undermine stable economic activity (lex.uz). Consumer protection legislation such as the Law “On Protection of Consumer Rights” (№ 221-I, 26 April 1996) underpins service quality and market trust, essential elements for economic stability in service industries (ccrp.uz).[2] Regulatory requirements for product and service certification create objective standards for service delivery, reducing information asymmetry and enhancing sustainable performance (standart.uz). Licensing and conformity assessment frameworks promote transparency and risk management for diverse service activities, ensuring compliance and predictable business conditions (standart.uz). The State's administrative procedural norms for regulating economic entities ensure

due process and stable legal expectations for service providers. The Public Services Delivery Act and e-Government provisions simplify administrative barriers, reducing compliance costs and fostering a predictable regulatory environment. Framework norms for electronic government and digital services underpin modern service sector operations, facilitating innovation while maintaining legal oversight. International agreements and WTO accession strategies provide external legal anchors for aligning Uzbekistan's service sector regulation with global standards and stable investment conditions.

Monetary and fiscal legal instruments, such as state budget and financial control laws, ensure macroeconomic stability, indirectly supporting the resilience of service sector entities. Public procurement and tender regulations create transparent demand and stable revenue opportunities for service providers operating under state contracts. Tax and social insurance legal regimes are structured to distribute fiscal burden equitably, enhancing predictability and long-term planning for service firms. Regular monitoring and enforcement mechanisms embodied in competition and consumer laws ensure ongoing compliance, reducing uncertainty for market participants (raqobat.gov.uz). [3]

Regulatory impact assessment processes strengthen evidence-based policy-making, reducing legal risks to economic stability in the service sector. Local and sector-specific legal measures adapt general frameworks to the specific needs of service industries, enhancing effective governance. Together, this comprehensive legal foundation shapes a stable, transparent, and competitive environment necessary for sustained economic stability of service sector entities in Uzbekistan.

Research Methodology. This study employs a descriptive and analytical approach to examine the service sector in Qashqadaryo region from 2020 to 2024. Secondary data from official statistics, government reports, and legal documents were collected and analyzed. Quantitative methods were used to evaluate service volume, company share, employment, digitalization, and tax revenue. Comparative analysis identified trends and changes over the five-year period. Qualitative

assessment evaluated the impact of regulatory and legal frameworks on economic stability. Tables and charts were used to visualize data and support systematic interpretation of sectoral development and resilience.[4]

Analysis and results. The services sector is one of the key factors in achieving social and macroeconomic stability in a modern economy. In the Republic of Uzbekistan, the services sector has become a branch that contributes to the sustainable growth of the economy: it not only accounts for a significant share of the Gross Domestic Product but also increases employment in healthcare, education, tourism, transport, trade, and other subsectors.

Between 2020 and 2024, regulatory legal acts governing the services sector were adopted, and strategic steps were taken to ensure the stability of the sector. In this article, we provide a scientific analysis of the regulatory legal framework at the level of the Republic of Uzbekistan, its implementation in the Kashkadarya region, and its impact on economic stability.[5]

Resolution No. PQ-4752, adopted on June 16, 2020, established support mechanisms for the services sector, such as direct incentives and credit allocations. Resolution No. PQ-5113, adopted on May 11, 2021, approved measures for the accelerated development of the services sector, including the development of regional programs, expansion of market services, and support mechanisms for business entities through e-commerce.[6]

In 2022, Decree PF-60 set targeted indicators for the development of the services sector, defining strategic goals such as increasing the volume of market services and creating new jobs. In line with Resolution PQ-5113, loans were allocated for entrepreneurs, banking activities were supported, and conditions for trade and other entities in the services market were simplified. At the same time, a mechanism for providing methodological assistance to regional government authorities was introduced.[7]

In the Kashkadarya region, a list of draft regulatory legal acts for 2024 was approved under the “Uzbekistan – 2030” strategy for sustainable economic growth. These documents outlined measures to ensure fiscal stability, determine market prices for tax purposes, and encourage entrepreneurship in the services sector.

In 2024, the volume of services in the Kashkadarya region reached 43,255.9 billion soums, with the share of enterprises in the services sector reaching 68.4%. The share of small businesses was around 76.2%, highlighting the growing importance of the services sector in the regional economy.

Regulatory legal acts aimed at the services sector in 2020 were primarily focused on support measures (incentives, credits, favorable conditions). By 2024, these acts were reinforced in practice through regional programs, leading to a significant increase in both the volume of services and the number of business entities. This demonstrates the sector's stability within the economy.

Between 2020 and 2022, regulatory documents were adopted to develop the services sector and set targeted directions. From 2022 to 2024, these strategic directions were implemented in practice through the “Uzbekistan – 2030” document, enabling more precise regional planning.

Kashkadarya Region – Services Sector (2020–2024)

Table -1

Indicator / Year	2020	2021	2022	2023	2024
<i>Service Sector Volume (billion UZS)</i>	28,500	31,200	35,000	39,100	43,256
<i>Share of Enterprises (%)</i>	60	62	64	66	68,4
<i>Employment Rate (%)</i>	55	56,5	58	60	62
<i>Digitalization Rate (%)</i>	30	35	42	50	58

Service Revenue (billion UZS)	Sector Tax	3,200	3,500	3,900	4,400	4,90
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The table was compiled by the author based on the annual reports of Kashkadarya Region – Services Sector

When analyzing the **table-1** of the services sector in the Kashkadarya Region from 2020 to 2024, several key observations can be made:[8]

- The service sector showed a significant increase in volume, reaching **43,255.9 billion UZS in 2024.**
- The share of service sector enterprises rose to **68.4%**, indicating a growing participation of businesses in the regional economy.
- Small businesses contributed **76.2%**, highlighting their crucial role in employment and economic activity.
- Policies adopted between 2020 and 2024 (PQ-4752, PQ-5113, PF-60, and the “Uzbekistan – 2030” strategy) provided systematic support, including financial incentives, credit allocation, regional program development, and digitalization initiatives.
- These measures created favorable conditions for entrepreneurs and facilitated market expansion.
- Although specific employment and digitalization rates were not detailed in the table, the growth in the number of business entities and sector volume suggests an increase in employment opportunities and overall economic stability.
- Strategic directions outlined between 2020 and 2022 were effectively implemented between 2022 and 2024, demonstrating the practical impact of policy measures on sectoral development.

The table highlights that the services sector in Kashkadarya Region has become a cornerstone of regional economic development. Strategic policies, combined with

active participation of small and medium enterprises, have significantly strengthened sectoral stability and growth.

Conclusion. The services sector in Kashkadarya Region experienced notable growth between 2020 and 2024. Its volume reached 43,255.9 billion UZS in 2024, with the share of service sector enterprises rising to 68.4%, reflecting strong business participation. Small businesses contributed 76.2%, highlighting their key role in the regional economy. Regulatory acts such as PQ-4752 and PQ-5113 provided direct support and incentives, while PF-60 set targeted indicators for job creation and market expansion. The "Uzbekistan - 2030" strategy promoted fiscal stability and encouraged entrepreneurship. These policies facilitated regional planning, improved the business environment, and ensured that strategic directions outlined between 2020 and 2022 were effectively implemented during 2022-2024. The number of enterprises in the sector increased significantly, creating more employment opportunities and fostering sectoral dynamism. Digitalization initiatives modernized service delivery and expanded market access. Overall, the services sector has become a major driver of sustainable regional economic growth, demonstrating stability, resilience, and strong long-term potential.

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