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REGIONAL AND SECTORAL ANALYSIS OF SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP (SBPE) SECTORS IN THE CONSTRUCTION FIELD IN THE SOCIO-ECONOMIC DEVELOPMENT OF KHOREZM REGION

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ABSTRACT

This article discusses issues of sectoral and regional analysis of small businesses and private entrepreneurship in the construction sector in the socio-economic development of the Khorezm region.

KEY WORDS: *construction, small business, gross regional product, housing construction, non-state and public sectors, small business activity indicators, small business demography.*

The construction and SBPE sector is a significant contributor to the country's economy, creating jobs and improving the living standards of the people. In this article, we will analyze the regional and sectoral development of SBPE in the construction industry.

According to our analysis conducted during our research, the volume of gross national product (GNP) produced in the region in 2022 was 31,963.1 billion UZS and the growth rate compared to 2021 was equal to 105.7% . In 2022, the GNP deflator index was 114.3 percent. The observed growth rates in the main sectors of the economy served as the main factor in the growth of GNP. For example, agriculture, forestry and fisheries - 103.3 percent (46.0 percent of the total share), services - 105.4 percent (32.7 percent of the total share), industry - 115.1 percent (14.4 percent of the total share) (see Table 1).

Table 1
Composition of GNP in Khorezm region in 2021-2022 by types of Economic Activity¹

	Billion Soums		Compared to 2021, in percentage
	In 2021	In 2022	
I. Gross national product, total	26 464,3	31 963,1	105,7
<i>Including:</i>			
Gross added value of industries	25 575,3	30 895,7	105,5
Net taxes on products	889,0	1 067,4	111,3
II. Gross value added of networks	25 575,3	30 895,7	105,7
Agriculture, forestry and fisheries	11 789,7	14 212,1	103,3
Industry (without construction)	5 150,7	6 553,8	110,5
Industry	3 325,8	4 436,7	115,1
Construction	1 824,9	2 117,1	102,1
Services	8 634,9	10 129,8	105,4
Shopping, living and dining services	1 359,5	1 636,2	106,6
Transportation and storage, information and communication	1 427,0	1 703,6	113,3
Other service industries	5 848,4	6 790,0	103,2

In 2022, the main influence on the growth rate of the GNP of the region is due to the contribution of industry (production index 115.1 percent) and services (growth rate 105.4 percent). SBPE accounted for 71.6 percent of the total volume of GNP production, and this indicator was 73.7 percent in 2021.

¹ Calculations were conducted by the author



The Khorezm region contributed 3.6% to the GDP of Uzbekistan in 2022, which remained the same as in 2021. The GNP per capita increased by 103.9% compared to 2021, reaching a value of 16,465,700 soums.

In 2022, the GNP of the Khorezm region amounted to 31,963.1 billion soums, its share in the GNP of the republic was 3.6 percent, and the growth rate compared to 2021 was 105.7 percent. In 2022, the production volume of industrial products amounted to 18,325.8 billion soums (3.3% of the total industrial product), and the growth rate compared to 2021 was 115.1%. In 2022, 11,466.1 billion soums worth of consumer goods (5.8 percent of the total consumer product) were produced in the region, and the growth rate compared to 2021 was 125.5 percent.

In 2022, the total amount of agricultural, forestry and fishery products produced was 24,610.4 billion soums (its share in the republic is 6.7 percent), and the growth rate compared to the same period of 2021 was 103.4 percentage.

In 2022, 8,806.6 billion soums will be invested in fixed capital from the total sources of financing for the development of the economic and social sphere of the region, and the growth rate was 94.5 percent compared to the same period of 2021 (the share in the republic is 3.3 percent).

Table 2
Main Macroeconomic Indicators of the Republic of Uzbekistan and Khorezm Region in 2022²

	Republic of Uzbekistan		Khorezm region		The share of Khorezm region in the republic, in %	
	Billion Soums	Growth Rate In %	Billion Soum	Growth Rate In %	In 2021	In 2022
GNP	888 341,7	105,7	31 963,1	105,7	3,6	3,6
Industry	551 050,9	105,2	18 325,8	115,1	3,0	3,3
Consumer products	197 892,7	119,4	11 466,1	125,5	5,5	5,8
Agriculture	364 522,8	103,6	24 610,4	103,4	6,4	6,7
Investments	269 857,5	100,9	8 806,6	94,5	3,5	3,3
Construction works	130 767,1	106,6	4 891,7	102,1	3,9	3,7
Retail turnover	319 288,2	112,3	13 414,8	112,6	4,2	4,2
Services, total	357 554,5	115,9	10 303,2	114,6	2,9	2,9
Export (million USD)	19 309,1	115,9	245,2	106,0	1,4	1,3
Import (million USD)	30 699,3	120,4	540,3	188,9	1,1	1,8

In 2022, construction works worth 4,891.7 billion soums (3.7 percent in the republic's share) were completed, and the growth rate was 102.1 percent compared to the same period last year. Retail trade turnover was 13,414.8 billion soums (4.2 percent in the republic's share), the growth rate was 112.6% compared to the same period of 2021. The volume of production of market services by types of economic activity was 10,303.2 billion soums (2.9 percent in the republic's share), and compared to 2021, the increase was 114.6 percent.

Foreign trade turnover in 2022 was 785.5 million US dollars (1.6 percent in the republic's share), the growth rate was 151.9%, including: export - 245.2 million US dollars (1.3 percent in the republic's share), the growth rate was 106.0 percent, import was 540.3 million US dollars (1.8 percent in the republic's share), the growth rate was 188.9 percent.

²Calculations were conducted by the author



As a result of measures implemented within the framework of state programs, the share of SBPE subjects in industrial production is increasing year by year. In particular, in 2022, the volume of production of industrial products by them in the region increased by 116.1% compared to 2021, and the volume of production increased by 2,956.0 billion soums while the share of SBPE in the total industrial production was 16.1%.

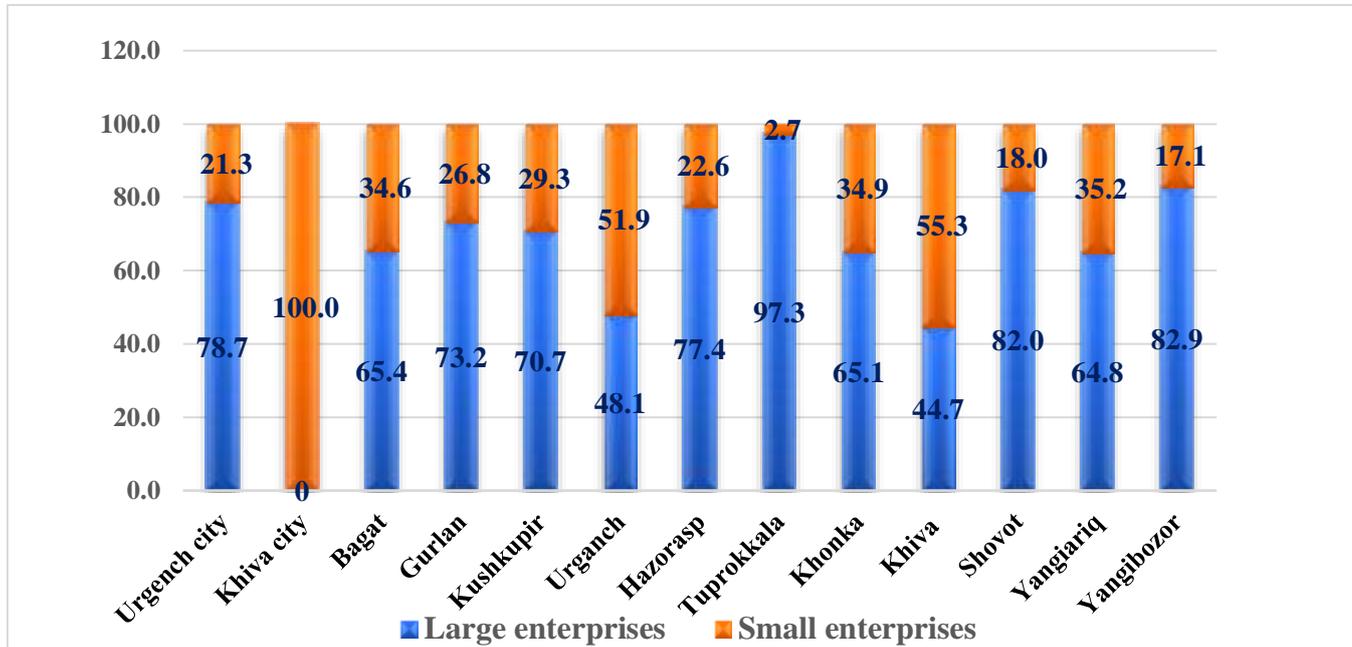


Figure 1. The share of large and small businesses in the production of industrial products by regions of Khorezm region in 2022³, in %

In terms of regions, the highest share of SBPE in the production of industrial products is the city of Khiva (100.0 %), Urgench (51.9 %), Khiva (55.3 %), Bagat (34.6 %), Khonka (34.9 %), Yangiariq (35.2 %) districts, and the smallest share fell to Tuprokkala (2.7 %) district.

In 2022, 3935 houses (104.7% compared to 2021) were built, totaling 1069.0 thousand sq.m., with 948.1 (111,4 %) thousand sq.m. in rural areas. Investments in housing construction amounted to 1,274.3 billion soums, which represents 14.5% of the total investments. In 2022, 198.9 billion soums were allocated for the construction of drinking water networks.

Although soums of investment were utilized, the investment in the construction of gas networks was not utilized in 2022. Moreover, the construction works worth 4,891.7 billion soums were completed in 2022, which is 102.1% higher than in 2021. The districts of Hazorasp and Tuprokkala showed the highest growth rates of construction works, with 138.3% and 111.6%, respectively.

Non-state ownership organizations carried out construction works worth 4,624.3 billion soums, accounting for 94.5% of the total construction works. Of the total construction works, 72.2% was attributed to the construction of buildings and structures, 23.2% to the construction of civil engineering objects, and 4.2% to specialized construction works.

³ Muallif hisob kitoblari



Table 3
Residences launched in Khorezm region in 2021-2022⁴

	All from the Financing			
	Launched		Among them are individual residences	
	Thousand Square Meters	Compared to 2021, in %	Thousand Square Meters	Compared to 2021, in %
Khorezm region	1069,0	104,7	1057,2	109,5
Urgench city	106,1	106,1	106,1	106,1
Khiva city	111,5	111,5	111,5	111,5
Bagat	86,8	86,8	86,8	86,8
Gurlan	124,4	124,4	124,4	124,4
Kushkupir	105,1	105,1	105,1	105,1
Urgench	106,1	106,1	106,1	106,1
Hazorasp	111,5	111,5	111,5	111,5
Tuprokkala	86,8	86,8	86,8	86,8
Khonka	124,4	124,4	124,4	124,4
Khiva	105,1	105,1	105,1	105,1
Shovot	106,1	106,1	106,1	106,1
Yangiariq	111,5	111,5	111,5	111,5
Yangibazar	86,8	86,8	86,8	86,8

Table 4
Commissioning of residences and social facilities at the expense of new construction and reconstruction in Khorezm region in 2021-2022⁵

	All from the Financing			
	Launched		Compared to 2021, in %	
	Total	Including: in Rural Areas	Total	Including: in Rural Areas
Total area of residences, thousand square meters	1069,0	948,1	104,7	111,4
Of this:				
Individual residential buildings	1057,2	945,3	109,5	116,2
General education and specialized schools, student places	8158	7728	x	x
Water network, km	524,1	484,4	97,7	99,4

⁴ The Data of Khorezm Region Statistics Department

⁵ The Data of Khorezm Region Statistics Department

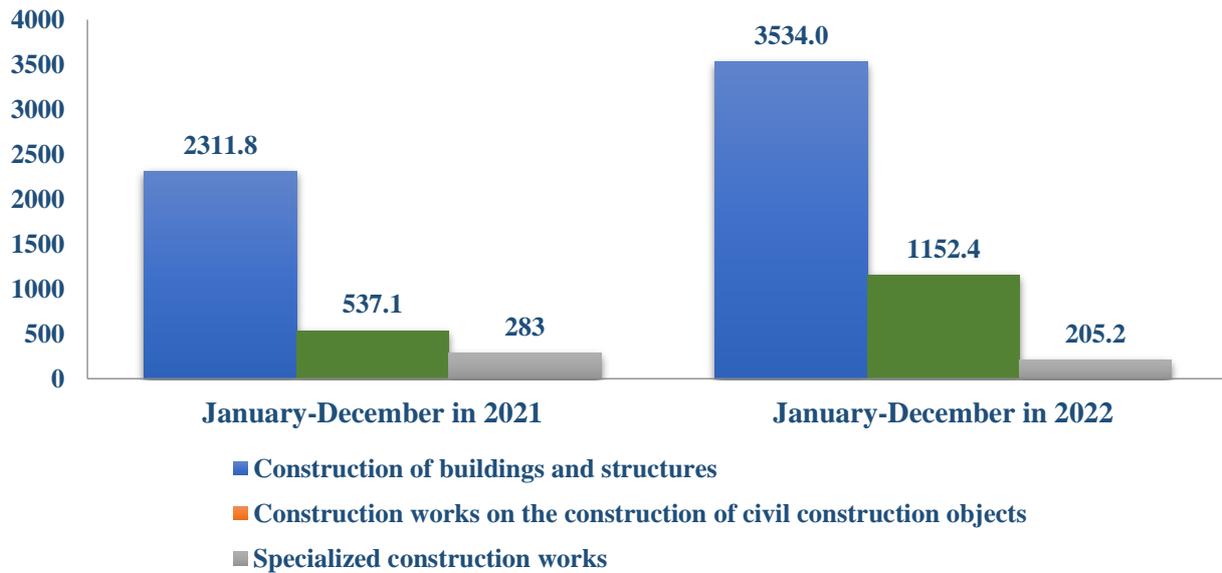


Figure 2. Dynamics of types and volume of construction works in Khorezm region in 2021-2022 (in billion soums)⁶

Among them, 79.7% of the total volume corresponded to the volume of new construction, reconstruction, expansion, and technical rearmament. The main part of the construction works performed in the region in terms of types of economic activity corresponded to the construction of buildings and structures (3534.0 billion soums), which made up 72.2% of the total volume of the region. At the same time, construction works performed on civil construction objects (1152.4 billion soums) accounted for 23.6% of the total volume of the region, and specialized construction works (205.2 billion soums) accounted for 4.2 % (see Figure 2).

In 2022, the total number of registered SBPE subjects was 27,507, and the largest number of SBPE subjects was in Urgench city (5,309) and Khiva city (2,312), as well as the districts Khiva (2,076), Urgench (3,137), Kushkupir (2188), Khonka (2052). The number of SBPE subjects corresponds to the relatively average share of regions Yangiariq (1545), Hazorasp (1601), Gurlan (1857), Bagat (1796), Shovot districts (1620), and relatively few SBPE subjects corresponds to the share of Tuprokkala (654) and Yangibazar districts (1360).

The largest number of SBPE entities are in the trade sector (37.5 percent of total entities), in the industrial sector (21.0 percent), in agriculture, forestry and fisheries (16.1 percent), transportation and storage organized in services (5.0 percent) (see Figure 3).

In 2022, the number of SBPE sectors (units per 1,000 inhabitants) was the highest by region in the cities of Urgench and (33.1 units) and Khiva (22.2 units), compared to the average Urgench (13.8 units), Yangibazar (13.7 units), Khiva (12.6 units), Yangiariq (11.5 units), Gurlan (10.8 units) and Tuprokkala districts (10.5 units). The regions with the least number of SBPE entities are Kushkupir (10.5 units), Khonka (10.0 units). Shovot, Bogot, Hazorasp districts have the lowest share in the regional average (9.7 units) (see Figure 4).

⁶Calculations were conducted by the author

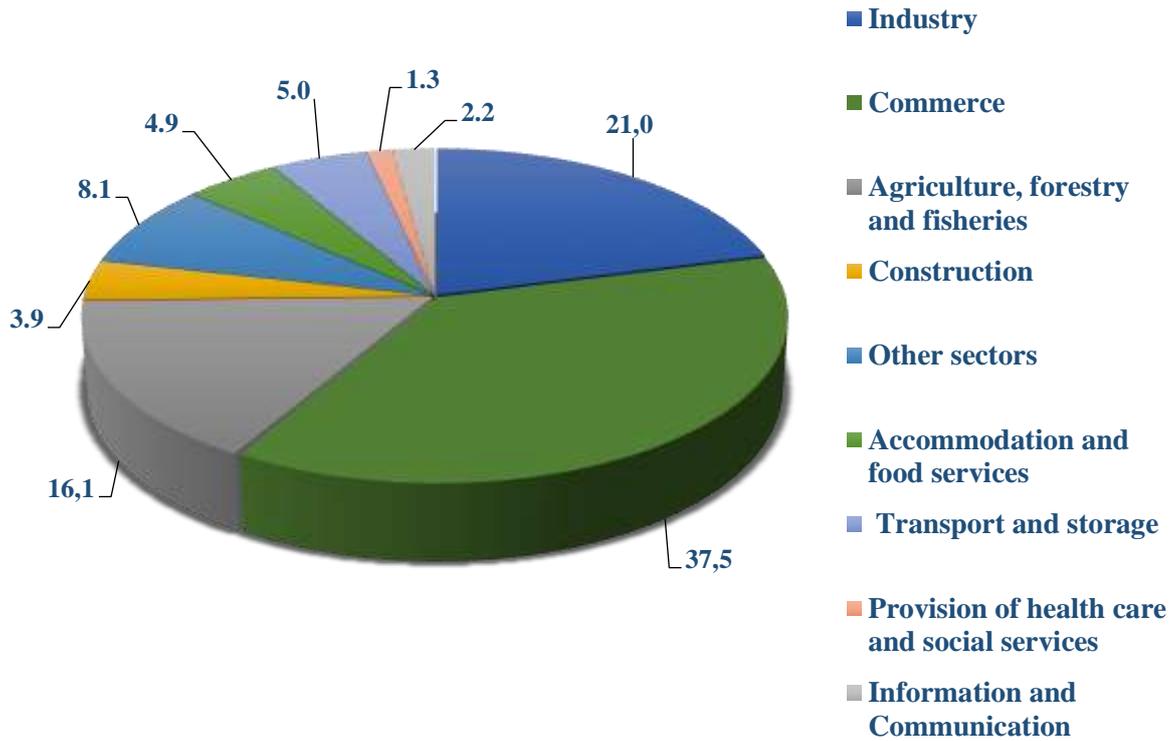


Figure 3. Distribution of the number of newly established SBPE subjects in Khorezm region in 2022 by sectors of economic activity⁷

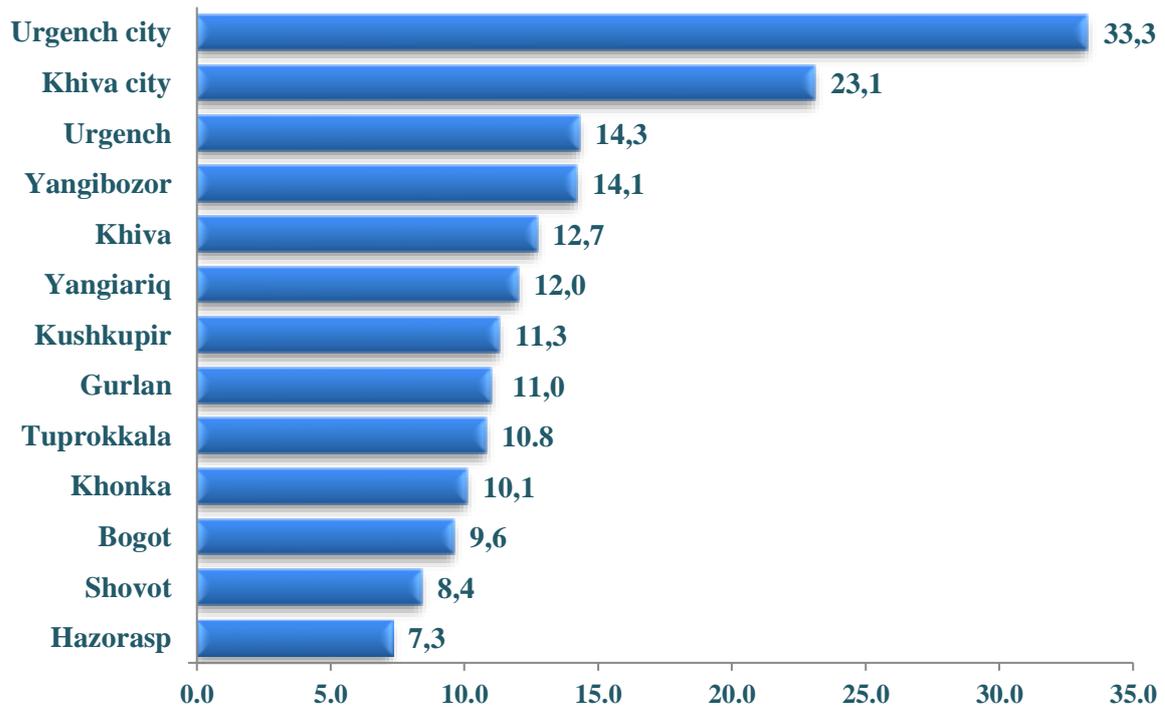


Figure 4. The number of SBPE sectors per 1000 people in Khorezm region in 2022⁸

⁷The author's account books based on the data of the Khorezm Region Statistics Department

⁸ The data of the Khorezm Region Statistics Department



In 2022, the number of new SBPE entities registered in the region was 5,655, this indicator was 750 in Urgench city, 585 in Urgench district, 334 in Khiva city, 347 in Khonka, 548 in Kushkupir, 446 in Hazorasp, 367 in Khiva, 480 in Shovot, 397 in Yangiarik, 436 in Gurlan, 506 in Bogot, 311 in Yangibazar, and 148 in Tuprokkala.

Table 5
Number of regional SBPE Subjects in Khorezm Region in 2022 (per 1000 inhabitants)

	Registered as of January 1, 2023	In 2022	
		Established	Finished
By region:	27 507	5 655	1 465
Urgench	5309	750	280
Khiva	2312	334	64
Bogot	1796	506	87
Gurlan	1857	436	123
Kushkupir	2188	548	106
Urgench	3137	585	153
Hazorasp	1601	446	162
Tuprokkala	654	148	36
Khonka	2052	347	87
Khiva	2076	367	82
Shovot	1620	480	71
Yangiarik	1545	397	128
Yangibazar	1360	311	86

In 2022, 71.6 percent of GNP (73.7 percent in 2021) was produced by SBPE entities. In 2022, SBPE entities produced 2,956.0 billion soums of industrial products (16.1% of total industrial production), agricultural, forestry and fishery products worth 23,723.5 billion soums (provided services), the growth rate was 103.3 percent (96.4 percent of the gross product of agriculture, forestry and fisheries), investments of 4681.3 billion soums (total investments 53.2 percent of the total) was used and compared to 2021 it was 90.2 percent. Also, construction works worth 4373.8 billion soums (89.4 percent of the total volume of construction works) were completed and it was 99.4 percent compared to 2021, 104.8 percent of the road transport cargo turnover (83, 5 percent), and 103.9 percent of the passenger turnover (96.2 percent of the total passenger turnover), 82.6 percent of the total volume of retail goods turnover or 11075.3 billion soums (an increase of 106.7 percent) and services accounted for 62.1 percent or 6396.5 billion soums (an increase of 110.2 percent), respectively. In 2022, goods and services were exported in the amount of 142.4 million US dollars (58.1% of the total export volume), and goods and services were imported in the amount of 189.1 million US dollars (35.0% of the total import volume).

In short, the share of the construction industry and small business entities in the main macroeconomic indicators of Khorezm region's socio-economic development is steadily increasing. However, the analysis of small business demography, which represents the activity of SBPE subjects, shows disparities and significant differences in the establishment, liquidation, and non-registration of SBPE enterprises within the regions and cities of the region. For this reason, it is advisable to work directly with relevant officials at the level of districts and cities, LCGs, assistant governors, tax officials, the chamber of commerce and, if necessary, representatives of the business ombudsman at the level of SBPE subjects.

We believe that the implementation of the above measures will lead to the rapid and stable development of SBPE entities not only in the construction sector, but also in all sectors of the economy.

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