

## Importance of Financial Support for Tourism Enterprises in Uzbekistan

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**Abstract:** This article examines the activities of the tourism sector as one of the most important activities that contribute to an additional source of replenishment of the country's budget and the creation of additional jobs. Despite the creation of such favorable conditions on the part of the state, there are many problems in the sphere. The article presents the proposals, the implementation of which contributed to the increase of investment and development of this industry.

**Keywords:** tourism, tourism sector, financing, tourism product, financial resources, tourism entity, investor, investment

### Introduction

In modern conditions of development, the level of favorability of state policies in relation to tourism are the most important factors that have a huge impact on the profitability of the tourism sector.

Currently, tourism has become one of the leading sectors of the economy, but its potential is still not fully used. Accordingly, in this regard, opportunities to replenish the country's budget revenues are loaned. Problems that are obstacles to the development of the sphere can be avoided if there is an effective working mechanism of financial and credit support for the tourism industry.

The development of the economy of Uzbekistan is certainly connected with the development of the tourism industry, which is a social and priority area, the innovative development of which affects the economy of both the state and the global economy. Today, more than 10 percent of the world's gross domestic product is provided by the tourism industry, and about 75-80 percent is generated by the service sector.

**The main part.** Today, the government of the country pays great attention to the development of the tourism sector. The expansion of the service sector, including the tourism sector, is identified as one of the most important priorities for the country's socio-economic development. The country has created all conditions for the tourism sector to become one of the most important components of the country's socio-economic complex.

It should be noted that the great potential of our country in the field of tourism has not been used effectively and fully for many years. Favorable economic, organizational and legal conditions for the development of tourism were not created, and work in the field was left to its own devices, President of the Republic of Uzbekistan Shavkat Mirziyoyev noted.

Our Republic has a huge resource potential for the development of the sphere. First of all, the presence of over 7.4 thousand objects of tangible cultural heritage of different eras and civilizations, including the historical centers of Samarkand, Bukhara, Khiva and Shakhrisabz included in the UNESCO World Heritage List, testifies to the capabilities of our country. The country is rich in 11 national nature parks, state reserves, 37 theaters, 106 museums, 187 recreation and cultural parks, as well as many other tourism facilities.

The online travel service Wego place has published the Solo Travel Safety Report 2019, which identifies the countries that are the safest for solo tourists. Uzbekistan ranks 5th in the rating of the safest countries for tourists, the press service of the State Committee for Tourism<sup>1</sup> reports. The report was based on a survey of residents of 142 countries on several criteria, including the issue of security. Singapore currently has the highest safety index of 97 units, followed by Norway, Iceland and Finland, each of which has a safety index of 93 units. Uzbekistan ranked fifth (91 units), followed by Hong Kong (91 units), Switzerland (91 units), Canada (90 units), Indonesia (89 units) and Denmark (88 units).

Currently, the tourism sector is one of the most profitable activities. According to the statistical analysis of the indicators of the number of companies and organizations engaged in tourist activities, an increase in the number of hotels and the number of visitors served is revealed (see: Table 1).

**Table 1 Organizations that carried out tourist activities and persons to whom services were rendered (2013-2019)<sup>2</sup> (compiled by the author)**

Period	Number of companies and organizations engaged in tourist activities	Number of hotels	Served by visitor's total. thousand people
2014	336	541	505.4
2015	343	613	514.1
2016	398	661	560.4
2017	433	433750	465.4
2018	449	676	493.1
2019	1000	869	658.1
2020 (for 9 months)	1381	1102	1120

This analysis shows that as of October 1, 2019, 1,381 travel companies are successfully operating in the country. Statistics on the export of tourist services since the beginning of 2017 amounted to more than 694 million US dollars, these figures increased to 1,557 million US dollars by the end of 2017.<sup>3</sup> In 2018, it grew to \$ 1.4 billion. The export of tourist services in 2019 amounted to \$ 854.5 million. Compared to the same period last year (\$666.8 million), the export of tourist services increased by 28 percent<sup>4</sup>.

The increase in tourists arriving in our beautiful region, as well as the growth of firms and organizations engaged in tourist activities, is the result of measures taken in this direction.

Everyone knows that small tourist enterprises now occupy an important place in the country's economy, which contribute not only to the additional flow of funds to budget revenues, but also create additional jobs. After all, the development of small tourist enterprises is promoted by:

1. additional funds received in the country's budget revenues;
2. ensuring employment of the population;
3. creating new jobs;
4. small tourist enterprises do not require large start-up investments for high-quality tourist service;
5. promotes the formation of a competitive environment, and establish market equilibrium.

<sup>1</sup> пресс-служба Госкомтуризма. <https://podrobno.uz/cat/podrobno/uzbekistan-zanyal-5-mes/>

<sup>2</sup> compiled by the author

<sup>3</sup> <https://titf.uz/>

<sup>4</sup> <https://titf.uz/>

The conducted research shows that, despite the adoption of a number of regulatory acts, as well as the creation of favorable conditions for the development of this sphere, today there are a number of problems in the country that are an obstacle to the development of the tourism sector. These include:

- low efficiency of using the existing financial potential of the territory and state property;
- a high share of the shadow economy and non-transparency of financial flows from market-developed countries;
- lack of established interaction between the state and private business;
- lack of state regulation and support for the activities of organizations in the tourism sector;
- the lack of an industry management system that meets modern requirements in this area.

The solution of these problems based on the development of state regulation and support for the activities of the tourism sector will make it possible to make the most effective use of the existing tourist potential of the country.

*Today, one of the most important sources of financing tourism activities is foreign investment. Unfortunately, most investors today face many problems that they encounter in the course of their activities:*

- illegal alienation and confiscation of property and the results of their activities;
- unpredictable and unfavorable actions of certain public administration bodies;
- practices of revising and cancelling the results of privatization.
- *The investment climate is unpredictable and unattractive for foreign investors due to the too flexible system of making changes and additions to bylaws.*

The tourism industry produces a tourist product that is in demand both in the foreign and domestic markets. The main task of the tourism industry is to create a high-quality and popular tourist product. And to ensure effective tourism activities, financial resources are needed. Efficient use of financial resources could contribute to:

- increase in the number of subjects of tourist activity - i.e. hotels, boarding houses, motels, public catering enterprises, transport, cultural institutions, sports, etc.;
- increase in the provision of tourist services - services of subjects of tourist activity in accommodation, catering, information and advertising, transport, as well as other services that are aimed specifically at meeting the needs of tourists.

**Conclusion and suggestions.** Based on the results of our research, we offer the following suggestions and recommendations aimed at increasing investment and developing this industry:

1. adoption of a regulatory legal act, ensuring financing of investment needs and establishing a tax system for all subjects of tourism activity (provision of services, handicrafts, consumer demand, etc.);
2. establish additional benefits for foreign investors who raise their funds in this industry;
3. increase the share of state budget funds in the formation of monetary resources of tourist entities;
4. reduce the interest rate on loans issued for the purchase of transport for travel agencies and travel agencies, purchase of tour vouchers, purchase of vouchers for treatment in sanatoriums, resorts, etc.;

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5. notifications in the mass media about the possibility of creating and operating out of the budget Fund for tourism support;
6. develop indicators of economic and social efficiency of attracted investments in the tourism sector;
7. formation of a fund for investment development of the tourism sector, i.e. funds are formed at the expense of deposits of legal entities and individuals, such as deposit operations of commercial banks;
8. creation of a bank whose activities are aimed specifically at the development and support of tourism, as well as tourist activities.

In conclusion, we can say that the activity of the tourism sector plays a crucial role in the development of the country's economy. Consequently, a well-developed system of financing the activities of the tourism sector will lead, on the one hand, to an additional flow of funds to the country's budget revenues, and on the other, it will create additional jobs and provide employment for the population.

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