

## DEVELOPMENT OF THE DIGITAL ECONOMY IN UZBEKISTAN AND ITS MAIN DIRECTIONS

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### Abstract:

This article analyzes the development of the digital economy. The essence of the scenario of digital transformation of the economy has been studied. With the help of the rating system for the development of the digital economy and e-government, as well as the interdepartmental mechanism for its implementation, an analysis of the current state of the digital transformation of the republic's industries was carried out. A comparative analysis of digitization with foreign countries was carried out.

**Keywords:** digital economy, digital transformation, e-government, risk of cyber threats, digital literacy, digital slavery.

### INTRODUCTION

Today, Uzbekistan seeks to take a strong place among the advanced, developed countries. The reforms carried out in this regard in all spheres of the economy are the creation of decent living conditions for our people. In recent years, the successes of Uzbekistan have been recognized by the world community.

In his 2020 Address to the Oliy Majlis, the head of state said: "In order to achieve development, it is necessary and necessary to master digital knowledge and modern information technologies. This gives us the opportunity to take the shortest path to growth,"<sup>1</sup> he said, setting a firm goal for the transition to a digital economy over the next five years. In particular, the Decree of the President of the Republic of Uzbekistan dated February 7,

<sup>1</sup> <https://president.uz/uz/lists/view/4057>

2017 No. PF-4947 “On the Action Strategy for the Further Development of the Republic of Uzbekistan” provides for the development of the digital economy, the reduction of public administration in the economy, modern forms of mutually beneficial cooperation between the public and private sectors, the system “Electronic government » the implementation of development measures has been identified as a priority. The development of the digital economy of any country will lead to an increase in gross domestic product.

First of all, digitalization allows developing the economy, increasing the efficiency of large industrial enterprises, increasing production, ensuring transparency of activities, and reducing production costs. By developing the digital economy, we will first of all achieve an increase in the size of the gross domestic product (GDP).

The digital economy is not some other economy that needs to be created from scratch. This means transferring the existing economy to a new system by developing new technologies, platforms and business models and implementing them into everyday life. That is a high level of automation; exchange of electronic documents; electronic integration of accounting and management systems; electronic databases; Availability of CRM (system of interaction with clients); corporate networks.

Thanks to the digital economy, payment costs are reduced (for example, trips to the bank and other resources are saved), information about goods and services is obtained more and faster, opportunities for entering the global market for goods and services in the digital world are greater due to the fact that feedback ( consumer opinion) arrives quickly, goods and services improve rapidly.

In our country, in accordance with the strategy "Digital Uzbekistan - 2030", the digitalization of industries and regions of the economy, the introduction of state information systems and electronic services, as well as comprehensive measures in the field of public education, public services, courts, finance, banking and transport systems are being carried out to ensure widespread use of digital technologies. The development and implementation of this program, first of all, the formation of well-thought-out and perfect organizational and legal mechanisms, in addition, ensuring well-coordinated interaction between state bodies and business entities in the implementation of innovative ideas, technologies and developments, production and services. provision in all sectors and industries covered by digital technologies, training of intellectual potential personnel with in-depth knowledge of modern knowledge in this area, thereby contributing to the creation of an “informed society” environment in the country.

At the same time, the lack of an effective rating system for the development of the digital economy and e-government, as well as an interdepartmental mechanism for its implementation, does not allow for a deep analysis of the current state of digital transformation of industries and regions of the economy. In connection with this Decree of the Cabinet of Ministers dated June 15, 2021 No. 373 “On measures to further improve the rating system of the state of development of the digital economy and e-government”, a unified rating system for assessing the state of development of the digital economy and e-government in sectors of the economy, social spheres was established . The regions have

identified priority areas for implementing an effective system of interdepartmental coordination of assessment processes to develop network and regional digital development programs for the future. Based on this decision, the interdepartmental information system NIS.UZ was launched to automate the processes of rating and assess the state of digital transformation of organizations and regions.

### Literature Review

We are aware of a number of publications by foreign scientists, economists and experts who have been studying the digital economy and methodological aspects of the digital transformation of business processes for many years. Of interest are the works of N. Hanna <sup>2</sup>, M. Pratt <sup>3</sup>, D. Sparapani, N. Fenwick <sup>4</sup>, R. Kinzyabulatov <sup>5</sup> and others. They outline the theoretical foundations and practical experience in the field of the digital economy, as well as the digital transformation of business processes of enterprises and organizations in Europe, Asia and Russia.

Issues regarding the digital transformation of business processes of enterprises and organizations are described in detail in the joint research work of S. Kraus, P. Jones, N. Cuyler, A. Weinmann, N. Chaparro-Banegas, N. Roig-Tierno.

Also, the research of domestic scientists is devoted to increasing the competitiveness of the national economy of the Republic of Uzbekistan in the digital economy, improving the theoretical and practical aspects of the digital economy, as well as the introduction of digital technologies in public administration. Research related to the use of information technology in the economy of Uzbekistan was carried out by such scientists as S.S. Gulyamov, T.S. Kuchkarov, A.T. Kenzhabaev, A.T. Shermukhamedov, V.K. Kabulov, R.Kh. Ayupov, A.M. Abduvokhidov, A.B. Bobozhonov, N.M. Makhmudov, Sh.G. Odilov, D.M. Rasulev, R.A. Dadabaeva, I.E. Zhukovskaya, T.Sh. Shadiev and others.

These studies of domestic scientists have made a huge contribution to the development of the digital economy.

### Methods and Analysis

In recent years, the countries of the East have shown good results in many areas of socio-economic development. In particular, if the whole world recognizes Japan and South Korea as examples of the introduction of digital technologies and their effective use, then the

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<sup>2</sup>Hanna N. A role for the state in the digital age. Journal of Innovation and Entrepreneurship 7, 5 (2018). URL: <https://innovation-entrepreneurship.springeropen.com/articles/10.1186/s13731-018-0086-3/> ( date circulation : 22.04.2022).

<sup>3</sup> Pratt M., Sparapani J. [DEFINITION] What is digital transformation? URL: <https://www.techtarget.com/searchcio/definition/digital-transformation/> ( date circulation : 22.04.2022).

<sup>4</sup> Fenwick N (Forrester) . Digital business: transformation, disruption, optimization, integration and humanization. URL: <https://www.i-scoop.eu/digital-transformation/digital-business/> (accessed 22.04.2022).

<sup>5</sup> Kinzyabulatov R. What is a business process and a description of a business process. [Electronic resource]. URL : <https://habr.com/ru/post/342448/> (date of access: 04/22/2022).

People's Republic of China and India are among the world's leading countries in terms of the volume and pace of production of high-tech goods and services. The countries of the Middle East, in particular Saudi Arabia, the United Arab Emirates and Qatar, are making significant progress in the production of alternative energy, the introduction of information technology, and space research.

A number of countries in Southeast Asia are leading countries in the world in the implementation of the digital economy.

Of course, the study of the mechanism, causes, conditions and factors for achieving these results, the preparation of conclusions on the application of its positive and successful aspects in our country is of great importance today.

The phased reforms of recent years on the introduction of information, communication and Internet technologies (hereinafter referred to as ICIT) in all areas of public administration and public services are aimed at promoting information services, developing and implementing an "electronic government" system, communications have made it possible to create effective mechanisms for the timely resolution of everyday problems of the population of the republic. As a result, the Decree of the President of the Republic of Uzbekistan dated June 30, 2017 No. PF-5099 "On measures to radically improve the conditions for the development of the information technology sector in the Republic" clearly defines promising directions for the development of the ICIT sector and measures and activities for its implementation in the economy are clearly defined. However, until 2020, the ICIT sector developed slowly. As the main reason for this, the results of the analysis of the consulting service "ERGO Research & Advisory" showed that the main problem is the underdeveloped telecommunications infrastructure and communications <sup>6</sup>. As a result of insufficient investment in the development of this sector, Internet and mobile services did not work properly, which led to a slowdown in the growth of the digital economy and digital breakthroughs. However, this year the figure in this regard has increased significantly.

According to the information provided by the Ministry of Digital Technology of the Republic of Uzbekistan, a number of works are being carried out in the direction of developing the telecommunications infrastructure. The Internet speed is 1200 Gb/s, access to the Internet at a speed of 750 Gb/s was created through the switching center, the network load level is 78.5 percent. From January 1, 2022, the tariff for Internet services for operators and providers has been reduced by 37% compared to the same period last year and amounted to 48,000 soums per 1 Mbps. The number of Internet service users increased from 24 million, of which 19 million were mobile Internet users. Backbone telecommunications networks have been expanded at 280 facilities across the country, telecommunications equipment has been modernized, and the bandwidth of backbone telecommunications networks has been increased to 200 Gbps at the interregional level and 40 Gbps at the interdistrict level. level. The progress made is significant, but not enough.

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<sup>6</sup><https://yuz.uz/news/diqamli-iktisodiyot-taraqqiyot-sari-kisqa-yol>

Today, digitization continues to accumulate vast amounts of digital data. Global IP traffic is expected to reach 150,700 Gbps this year (up from 45,000 Gbps in 2017).

The digital economy is an economy based on new methods of production, processing, storage, transmission of data and digital computer technologies.

Within the framework of this economic model, existing market models of work will radically change, the value added model will significantly decrease, the importance of intermediaries at all levels of the economy will sharply decrease, because now we can model anything <sup>7</sup>.

If you think about the positive aspects of the "digital economy", then as a result of its

- increases labor productivity;
- increases the competitiveness of companies;
- production costs are reduced;
- new jobs are created in a new area;
- Poverty and social inequality will be eliminated.

There are many positive effects of the digital economy on our lives. This type of economy gives many opportunities to the consumer, which in turn expands the market opportunities. A number of scientists and experts expressed many opinions about its positive aspects.

Today, the leading "digital" countries are Norway, Sweden and Switzerland. The top 10 groups include the US, UK, Denmark, Finland, Singapore, South Korea and Hong Kong. At the same time, together with China, India, Malaysia and the Philippines, it took 39th place in the ranking of the digital economies of the world.

Many entrepreneurs are interested in what the digital economy can do for new businesses. The development of the digital economy can affect the internal and external environment of international business. In the field of information and communication technologies, it is impossible to affect different areas of the company, but these changes fundamentally change. Even new companies and even small businesses can sell their products all over the world via the Internet. With small investments, companies appear and grow rapidly.

With the help of information technology, it becomes possible to reduce costs and increase productivity and labor efficiency in many sectors of the economy. At the same time, taking into account the digital economy, the positions of companies in the market are growing. Risks and uncertainties increase when making strategic decisions. This situation is very unstable due to dynamic changes in the technological level, increased competition and the impact of state influence on the economy.

Technological changes inherent in the digital economy can create new market rules for the business of producers and buyers. In such an environment, companies need to look for new competitive strategies and improve their competitiveness. To survive and at the same time develop in the new environment, companies need to increase their competence in the field of digital information technology.

What is the danger of the "digital economy" now?

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<sup>7</sup>The experience of the countries of the East in the transition to a digital economy: opportunities and challenges. Republican Scientific and Practical Agreement Materials Collection. - T.: 2021. - 245 p.

The introduction of "Numbers" and e-commerce will eliminate a number of shortcomings for humanity, among them

- the risk of cyber threats associated with the problem of protecting personal data (partly the problem of fraud can be solved by the so-called digital literacy);
- "digital slavery" (using data to control the behavior of millions of people);
- an increase in unemployment in the labor market, as the risk of the disappearance of certain professions and industries increases (for example, many experts seriously believe that the banking system will disappear in the next decade).

This can be done by further expanding information technologies and their products:

- electronic cash desks, customer service bots, unmanned vehicles and much more);
- "digital connectivity" (access to digital services and products in digital education, leading to a gap in the literacy of people in the same country or in different countries).

What are the risks of transition to a digital economy?

Every modern beginner and experienced entrepreneur sees the effectiveness of the digital economy. There are those who believe that this is a threat to the population.

## Conclusion

Thus, the most important demonstration of the digital economy is the massive introduction of robots for production and service.

Recently, even international organizations have realized the danger that robots can bring to the robotization of the economy, because robots are actually the concern of people.

In the coming decades, two-thirds of the people in the Third World are projected to be out of work. It is no coincidence that the problems here affect precisely these countries, because robotic material production prevails here.

In Western countries, robotization is entering a new stage. Currently, following the robotization of material production, the robotization of the service sector begins. Everyone knows that most of the population here is employed in the service sector. This process is manifested in banking, transport and trade. Over time, humans will be replaced by electronically controlled machines and robots.

The development of the digital economy also affects the employment sector. Thus, the following professions may appear in the future:

- personal brand manager;
- virtual lawyer;
- moderator of the communication platform with representatives of the authorities;
- infostylist;
- digital linguist;
- term broker;
- interface designer.

The digital economy is an economy that is developing on the basis of new methods of generating, processing, storing and transmitting information, as well as digital computer technologies. The main technologies of the digital economy are big data (specific data and

methods of working with them), artificial intelligence, blockchain technology, cloud reporting, quantum technologies, robotics, virtual reality, etc.

An important result of the development of the digital economy is a change in existing business models, a decrease in the role of intermediaries in the creation of products, the sale and provision of services. Digital technologies make it possible to directly connect suppliers and customers, which helps to develop an individual approach to the formation of products and services.

Today, the policy of digitalization is the main issue on the agenda in our country, and in this regard, Uzbekistan is leading the way with bold steps.

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