

## IMPROVING THE SERVICE SECTOR IN THE CONTEXT OF THE DEVELOPMENT OF THE DIGITAL ECONOMY

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### ANNOTATION:

Today, the most important issue in Uzbekistan is to increase the volume of foreign investment in the country's economy through the development of the digital economy and the creation of a favorable investment climate. Therefore, this article analyzes the development of the digital economy in Uzbekistan and the prospects for creating a favorable investment climate based on the development of the digital economy. In addition, the volume of foreign investment in Uzbekistan has been analyzed and proposals have been made to create a favorable investment climate based on the development of the digital economy.

**Keywords:** Digital economy, foreign investment, e-government, digital technologies, financial technologies, e-commerce.

### INTRODUCTION:

The digital economy is rapidly entering the economies of many countries around the world. The rapid development of digital technologies has accelerated the process of globalization of the economy. Their effective use in all spheres of the economy is becoming a requirement of today.

Digital transformation is a key tool in today's rapidly changing world. In addition, rapid development of the country's economy can be achieved through the development of the digital economy. The development of the digital economy will create additional opportunities and benefits for both the state and the population, and most importantly for entrepreneurs.

### MAIN PART:

As a result, a favorable business and investment climate will be created in the country. The creation of a favorable investment climate indicates an increase in the inflow of foreign investment into the country's economy. The digital economy is an economic activity that is a virtual environment that creates products and services that provide convenience to people, uses digital technology, and connects millions of people, businesses, devices, data, and processes online every day. is a system that implements.

A wide variety of economic activities uses digital data and knowledge as key drivers. The Internet, cloud computing, big data, financial technology, and other digital technologies are used to collect, store, and distribute data in digital form, and they are also used in social interactions.

### The advantages of the digital economy are as follows:

- ✚ In the digital economy, the cost of searching for products is sharply reduced, because it is easier to receive any information online than to receive it offline;
- ✚ The cost of transporting products and disseminating information about them in the digital economy is zero;
- ✚ The nature of the consumer can be easily studied using digital technologies. This, in turn, creates one-to-one markets;
- ✚ Digital technologies also make it easier to build product brands and reputations;

The development of the digital economy can also have an impact on international business. There are great developments in the field of

information and communication technologies, which can be reflected in various areas of activity of companies. It allows them to market their products online and sell online.

Companies with small investments can emerge and grow rapidly. In today's digital information economy, modern information technologies play an important role in increasing labor productivity and efficiency in many sectors of the economy and reducing costs. Changes in the digital economy will create new market rules for producers and consumers. As a result, it requires companies to look for new competitive strategies and increase competitive efficiency.

Over the past two years, Uzbekistan has taken consistent measures to develop the digital economy, gradually introducing e-commerce systems in government agencies and other organizations for the exchange of electronic documents and services for individuals and legal entities.

Modernization of all sectors of the economy on the basis of digital technologies The development of the National Concept of the Digital Economy and the implementation of the Digital Uzbekistan-2030 program testify to the rapid development of the digital economy in Uzbekistan.

"The digital economy will allow GDP to grow by at least 30 percent and corruption to fall sharply," he said. The analysis of leading international organizations confirms this. Therefore, it is necessary to carry out digital transformation in the economy, to develop national information technologies and to attract investments in this area."

Digitalization is being used effectively not only in the economy but also in the public administration system. The Action Strategy for the Development of the Republic of Uzbekistan also identifies priorities for the development of the digital economy.

Introduction of modern mechanisms of public-private partnership aimed at increasing the effectiveness of mutually beneficial cooperation in the implementation of tasks on socio-political and socio-economic development of the country and improving the system of "e-government", improving the efficiency and quality of public services.

These include areas such as increasing access to services for the population and businesses. As a result of reforms such as the creation of conditions for the rapid development of the digital economy, further improvement of public administration, expansion of access to it and the use of modern infrastructure, Uzbekistan is creating a favorable business and investment climate. As a result, the inflow of foreign investment into the Uzbek economy is growing (Figure 1).



Fig 1. Figure 1. Development of foreign investments and loans in 2018-2021

In its flagship annual economic publication, Asian Development Outlook (ADO) 2020, ADB projects gross domestic product (GDP) growth for Uzbekistan to be 4.7% in 2020, slower than last year's 5.6% growth.

ADB forecasts GDP growth to bounce back to 5.8% in 2021, with reforms boosting growth in agriculture, industry, and services.

"While we don't yet know the full scale of the pandemic's impact, the Government of Uzbekistan is taking significant and appropriate measures to sustain its reform agenda and

reduce the time required for the economy to recover from the slowdown,” said ADB Country Director for Uzbekistan Cindy Malvicini.

Investments are expected to remain a major growth driver for 2020 and 2021, reflecting further improvement of government-led investments in developing urban infrastructure and manufacturing facilities. Private consumption is expected to benefit from periodic wage growth and slowing inflation despite the adverse effect on remittances of currency depreciation in the Russian Federation.

According to statistics, the volume of foreign investment in the Uzbek economy is growing. However, the development of the Uzbek economy requires more foreign investment, and Uzbekistan has enough potential in this area. The investment climate in the country is the main factor influencing the growth of foreign investment in the economy.

Today, the level of the digital economy in the country influences the formation of a favorable investment climate. The level of development of the digital economy in Uzbekistan is higher than the current level. Therefore, the development of the digital economy in the country and the formation of a favorable investment climate on this basis is the most important issue.

It is expedient to implement the following proposals aimed at developing the digital economy in Uzbekistan and creating a favorable investment climate on this basis:

- ✚ Improving the system of creating favorable conditions;
- ✚ Installation of high-tech, modern equipment that saves energy and does little harm to the environment; introduction of advanced foreign technologies in line with local conditions, promotion of domestic inventions and investment in the knowledge economy;

- ✚ New, modern directions in the field of information technology for the development of the digital economy (on digital technologies, to establish a system of card training in distance learning, financial technology, cloud technology, etc.).

Currently, in the regions of the country there are more than 80 large industrial and technical clusters in the structure of which hundreds of small enterprises are successfully operating. An example is the Innovative Research and Production Pharmaceutical Cluster in the Zangiata district of the Tashkent region. In the near future, it is planned to open an Uzbek-Korean pharmaceutical technical university for a modern multifunctional high-tech production of medicines.

It should be noted that in various regions of the republic there are 156 small industrial zones that are interested in establishing close cooperation ties with small businesses in matters of creation of high-tech technical products for the needs of the subjects of the regional economy.

To raise the technological level of small businesses, large-scale opportunities are opening up in collaboration with technical parks, business accelerators and testing grounds. Soon it is planned to open incubation centers in various technoparks in all regions of the republic to support startups operating in higher educational institutions of Uzbekistan.

However, the decisive advantage of cooperation with centers of innovative growth of regions for small businesses is the fact that most of them, due to their knowledge of modern technologies and highly qualified personnel, are owners of know-how, owners of licenses for innovative products or practical experience in organizing the production of exclusive products.

Thus, a timely formed and effectively working mechanism for involving small businesses into the orbit of centers of innovative

growth in the context of post-crisis development in itself acquires special significance for the sustainable socio-economic development of the regions of Uzbekistan, since it organically links the great technical capabilities of business and the growing needs of regional authorities in the innovative development of the productive forces of the territories.

The most beneficial advantage of innovation growth centers is the expansion of the scale and quality of cooperation with small businesses, because it allows using the entrepreneurial potential of private entrepreneurs to solve narrow production issues, implement complex commercial problems, additionally promote their products to domestic and foreign markets.

In conclusion, the development of the digital economy, which is a factor of an innovative economy in our country, requires, first of all, the improvement of the system of increasing the speed of the Internet and cost optimization in our country. In addition, increasing the knowledge and skills of the population to work with computers and computer programs is one of the important factors in the development of the digital economy. To do this, you need to set a number of practical tasks.

In particular, the organization of free computer courses, the development of electronic trading platforms, the improvement of electronic document exchange, the provision of more and more information about innovative digital technologies (cryptocurrencies, innovative types of public services, ie "e-government"), It would be expedient to put into practice the work of attracting future staff of higher education institutions studying in the field of economics to the "digital economy".

The implementation of the above will play an important role in enhancing the role of the digital economy in our country, accelerating the system of information exchange. In addition, the

widespread use of the Internet by households will play an important role in increasing the efficiency of networks and industries, reducing unnecessary costs and time, and increasing the share of innovative technologies in the economy.

#### **CONCLUSION:**

The development of the digital economy on the basis of such reforms will allow our country to take a place in the ranking of the world's most developed countries. Ultimately, the development of the digital economy will create an enabling investment climate in the country. The formation of a favorable investment climate indicates an increase in foreign investment in the country's economy. As a result, the country's economy can grow rapidly.

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