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## Developing the digital economy impact on the country's economic growth

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**Abstract:** This article discusses the interdependence of the traditional and digital economy, the importance of digital technologies in the economy, conceptual models of the economic system through the participation of the state in its development. Its advantages are considered in detail in the analysis of economic efficiency.

**Key words:** *Traditional economy, digital economy, digital technologies, conceptual model, online and offline systems, digital platform, 3D printing, digital medicine, smart city*

### INTRODUCTION

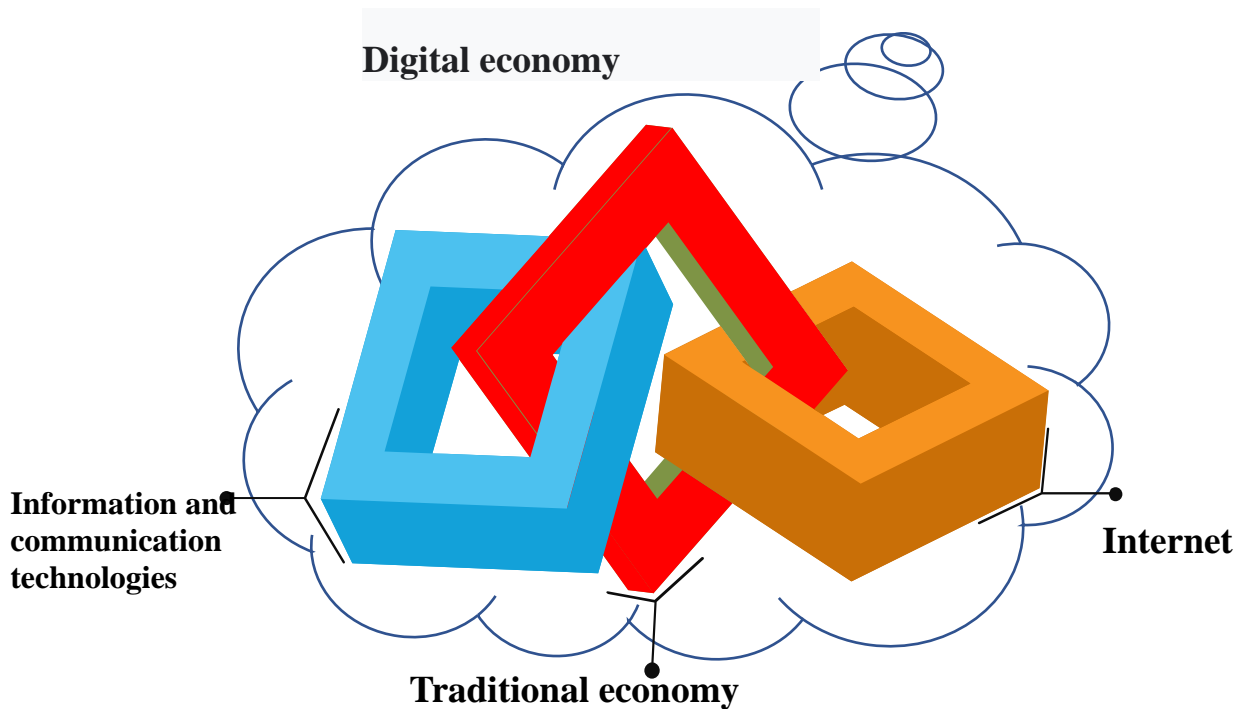
The rapidly developing digital technologies in the world are leading to qualitative and technological changes in the socio-economic activities, economic policy and governance of countries. In particular, the introduction of digital technologies and the wide range of rates of their application in economic and social life have led to the widening of development gaps between countries. The growth rate of the "digital economy" in the world is almost 20 percent. In developed countries, the share of the "digital economy" in GDP has reached 7%. They are already benefiting greatly from the introduction of the 'digital economy'. In particular, the United States exports more than \$ 400 billion a year in "digital services." Today, 5% of the country's GDP falls on the Internet and information and telecommunications technologies. By 2025, the U.S. industry will receive an additional \$ 20 trillion from "digitalization". The US dollar is expected to earn <sup>1</sup>. The Canadian scientist Don Tapscott's 1994 Digital Economy model changed our lives dramatically. At the heart of the development of digital innovations, including cloud, mobile and artificial intelligence, is increasing the well-being of the population <sup>2</sup>.

The role of the digital economy in determining the competitiveness of countries in the process of globalization is important.

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<sup>1</sup>Digital dividends. ObzorDoklada o mirovomrazvitii. 2016. Vsemirnyy bank, 2016. p.22.

<sup>2</sup>Chihiro Watanabeab, KashifNaveeda Yuji Touc, Pekka Neittaanmäkia. Measuring GDP in the digital economy: Increasing dependence on uncaptured GDP. Technological Forecasting and Social Change, Volume 137, December 2018, Pages 226-240.



**Figure 1. The relationship between economics and the digital economy**

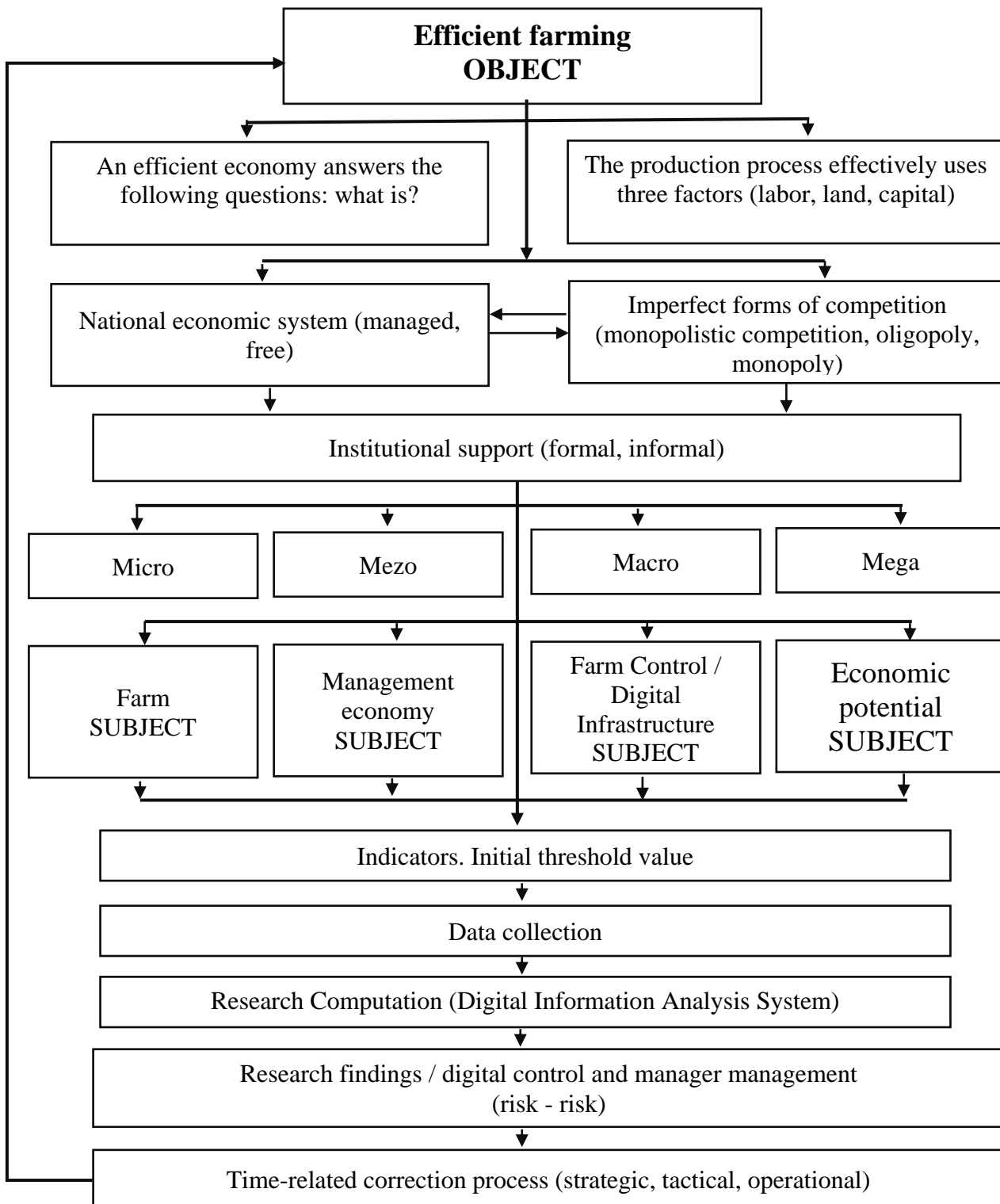
No matter what sector or sector of the economy we look at, digital technologies are taking their place in all of them. We can observe an increase in the share of innovative digital technologies in the banking system of the country, as well as in the level of public services.

The digital economy is an economy based on computer technology. Unlike informatization, the digital economy is not limited to the introduction of information technologies, but also covers areas and business processes based on the Internet and new digital technologies (Figure 1).

#### **LITERATURE REVIEW**

The literature at the end of the article {1,2,3,4,5,6,7,8,9} is analyzed in depth to reveal the study.

In fact, the first appearances of the digital economy go back to the first appearances of telecommunications created by D. Bell. Then in the 50s of the last century, the creation of the SABRE program by IBM and its use in the process of booking and purchasing air tickets by American Airlines marked a new turning point in the creation of digital systems. As a result of the use of the Internet as a global network since the 1990s, the level of digitization of industries and sectors of the economy has gradually increased. Through the widespread introduction of the digital economy, there is an opportunity to create and develop an efficient economic system. An effective economy, in turn, ensures the development of society, the full functioning of market laws and regulations. It helps to answer the fundamental questions facing the economy rationally and solve the problem of efficient use of resources (Figure 2).



**Figure 2. A conceptual model of an efficient farming system with a view to the digital economy**

As can be seen from Figure 2, the relationship between the object under study and the controlled entity is harmonized through the conceptual model of an efficient economic system. The

introduction of elements of the digital economy, regardless of the economic system in society, the level of competition, different market views (perfectly competitive, imperfect) and institutional support, leads to the effective functioning of business entities and economic agents.

One of the priorities of the state as a long-term strategy for the development of the digital economy is the training of personnel, attention to the development of infrastructure and social sphere, investment in strategic areas.

Reducing the costs of infrastructure development, data processing, storage and transmission will take humanity to a new stage of the digital revolution, as well as pave the way for the expansion of online and offline industries.

The digital economy is driven by several key factors: universal Internet connectivity, the rapid proliferation of touch devices, and data handling. In 1995, about 45 million people had access to the Internet, and today, half of the world's population (more than 3.5 billion people) use it. According to the data, 99 percent of the world's data is already digitized, and more than 50 percent have an IP address.

The digital economy operates effectively in markets with many participants and in markets with a high level of service in the field of information and communication technologies. First of all, it depends on the Internet: transport, trade, logistics and so on. The share of the electronic segment is about 10 percent of GDP, more than 4 percent of employment, and these figures are on the rise. The digital economy is radically changing the components of the global economic system - consumer opportunities, industrial structure, the role of states. The widespread introduction of the digital economy is important in increasing production efficiency, developing new industries and sectors, optimizing the quality of services and their provision, the economy to serve the interests of man and thereby improve the quality of life (Figure 3).

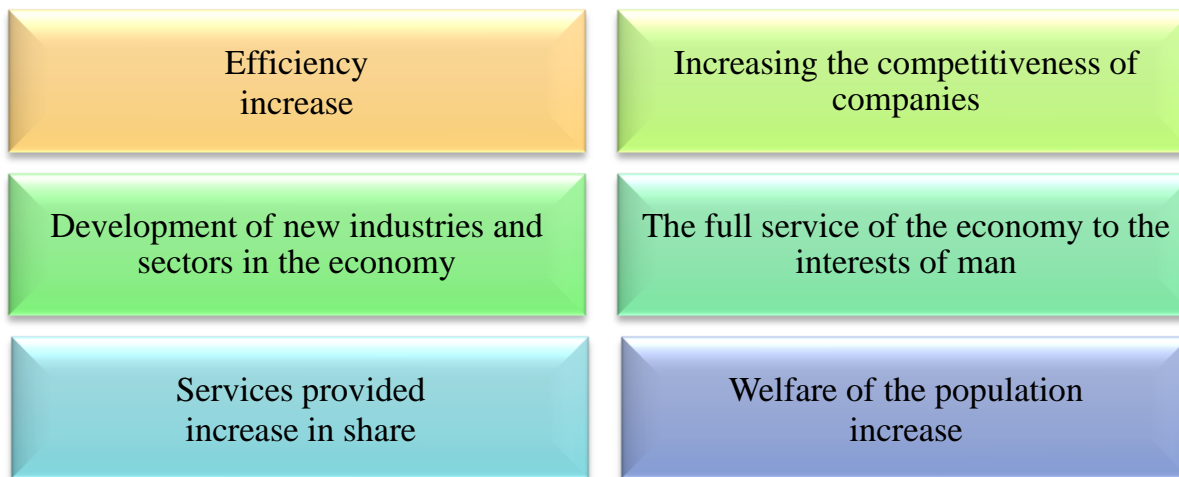


Figure 3. Advantages of the digital economy

### **METHODS AND ANALYSIS**

While a dynamic increase in digitalization will enable developed countries to become more powerful and develop faster at the expense of digital technologies, developing countries, on the other hand, will not experience sharp jumps in development due to the high cost of creating or purchasing digital technologies. The digital economy is a system of economic relations based on the use of digital information and communication technologies.

The digital economy has many advantages. This lowers the cost of payments and opens up



new sources of revenue. The cost of online services is lower than in a traditional economy (primarily due to cost reduction) and the services themselves are much cheaper, both socially and commercially. In addition, in the digital world, goods and services will be able to quickly enter the global market and access anywhere in the world. The product offered can be changed immediately to meet the new wishes or needs of the consumer. The digital economy provides a variety of information, educational, scientific and entertainment content faster, better and more convenient.

The current level of digitization of the economy allows to achieve high economic efficiency with low labor, financial and material resources. Possession of the necessary information by economic entities plays an important role in ensuring a competitive advantage. This will enable them to accurately predict their activities and ultimately improve their financial literacy.

The digital economy offers great opportunities for the reorganization of the market of financial assets, payment systems, labor, goods and services, their development on an innovative basis.

Reduces document flow and associated costs in organizations and enterprises.

The national economy will ensure the growth of labor productivity in industries and sectors, improve the quality of products and services, in short, create the basis for the rapid development of the Uzbek economy.

For the growth of the digital economy, it is necessary to develop the national IT sector, encourage the creation of innovative technologies and cooperate to develop them at the international level. It is necessary to create conditions for young talented professionals not only to stop leaving the country, but also to return. It is necessary to encourage investment and entrepreneurship in this area. All segments of society - the public, the private sector, civil society and the IT community - must participate in digital economic activity. In addition, information security is an important component of information and innovative technologies that provide confidence in the digital economy.

One of the most advanced countries in terms of the digital economy, I think, is France. Firstly, it is due to the involvement of the government in the digitization of the economy, and secondly, the positive attitude of the population towards the transition to a digital economy. Information technology is being actively introduced in all areas, all public services have been converted to electronic format, the French education system provides widespread use of online education.

Another bright example of a developed digital economy is Russia, which is highly developed in terms of a favorable business and innovative environment, where the IT sector is one of the fastest growing.

In our view, digital business can be called a company that seeks to conduct most business processes online. This management monitors and analyzes the company's core business processes, accounting, logistics processes, transaction registration, procurement preparation, staff development, partner and customer relationship control, technical support, and many other business processes. In addition to information systems, the company also needs to introduce an appropriate culture. The most important thing is to understand that the transition to new technologies is inevitable. The speed and success of this restructuring depends on how quickly we understand the need to integrate modern technologies into daily work and business processes.

Companies need to recognize this as a reality, change the format, start working with new digital services, train employees to work with new technologies, and encourage employees to master new technologies needed to grow their business.





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The system is not fully protected from cyber threats. With the development of the digital economy in the 21st century, the types of viruses that threaten them are also increasing. To this end, in order to stimulate the production of anti-virus programs in our country, businesses that develop these programs should be fully exempt from income tax for the first 5 years of operation.

The amount of time it takes to troubleshoot a system. There are still problems with plastic cards, ATMs, electronic conversion in the banking and financial system of the country. Our scientific research has shown that solving such problems takes an average of 2-72 hours. The main reason for this was the lack of specialists in the field or their low level of qualification.

As a solution to this problem, we offer the training of programmers in the banking and financial system. In particular, it is necessary to train personnel in software engineering and software, software audit.

The number of programs running in the off-line system. The number of offshore banking and financial programs in the country is limited. Most of the software is on-line software. Because online applications consume a lot of internet, the majority of customers use these programs in limited quantities.

We propose to expand wi-fi zones in order to encourage more use of applications in the online system.

Low competitiveness. There are few Internet providers and software companies in our country. The services they provide and their prices are also very close to each other. Since the number of users is not large, the products of the bidders will not be different either.

In order to develop a digital economic system, it is necessary to increase competition. This requires organizational, financial and legal support from the state for the infrastructure of the digital economy.

Underdeveloped infrastructure of the digital economy

Incomplete communication standards. It turned out that most of the communication system programs and tools do not meet the standards. Of course, the main reason for this is that the standards of the Republic of Uzbekistan for communication programs and tools are not fully formed. To overcome this problem, we propose to develop state standards in the field of software.

The development of the digital economy is one of the strategically important issues for Uzbekistan, as well as for other countries, which determines its global competitiveness. It should be noted that the most acceptable measure for Uzbekistan today is to get rid of technological backwardness in the short term. At present, due to the lack of the required number of full-fledged economic entities in the country, there are no conditions for the self-formation of a mature and full-fledged digital economy. This means that our country needs to create conditions for the development of the digital economy, direct it to the most needed areas and stimulate this process as much as possible.

Another important distinguishing feature of our national economy is that the bulk of GDP is generated by state corporations (or companies with a large share of state participation). In many industries, state-owned players can account for up to 80% of the market. In such circumstances, the creation of industrial digital platforms under the guidance of specialized ministries or state corporations is the most sensible step. Such platforms create the necessary infrastructure base for the rapid development of the digital economy and the proliferation of compatible technologies.

When creating platforms for the digital economy, it is necessary to focus on the following areas: telecommunications, energy, transport, health, taxes and taxation, banking and finance, drug logistics, data processing, tourism, foreign economic activity, real estate and manufacturing. . It is the development of these areas that will create the infrastructure and technological base. Then, by

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relocating them to other areas, Uzbekistan will be able to develop a mature digital economy as quickly as possible. Such an approach seems to be the most appropriate for our republic today, but it is also not without its shortcomings.

### **CONCLUSION**

I would like to emphasize that many programs of the digital economy of developed countries (USA, Austria, Australia, UK, Korea, etc.) have focused on the social areas of "digital medicine" and "smart city". The direction of development of such projects does not have significant economic benefits, but this situation can be justified by a number of facts:

first, any large-scale development program must be publicly approved and supported in a western-type open society. Therefore, the development of the digital economy goes under the sign of such social projects;

second, the introduction of digital technologies in large-scale industries will sooner or later happen due to self-economic expediency. Social projects, on the other hand, need support from the state (i.e., things that make sense make sense, and things that make sense make sense);

third, most developed countries will have significant technological foundations that will enable them to implement the digital economy in a certain way. As a result of the implementation of large-scale social projects, a large number of non-specialist users are separated from feedback, which allows to improve technologies from the user's point of view and make them open to a wide range of the population;

fourth, the introduction of digital technologies in industry (for example, the Internet of Things in production, the widespread introduction of 3D printers in production, etc.) is expected to solve a much narrower range of tasks. The implementation of social projects "Digital Medicine" and "Smart City" requires more complexity and diversity, and such projects are rewarded by the general public.

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