



The Role of E-Commerce and Development in The Modern Market Economy of Central Asia

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ABSTRACT

The article examines the role of e-commerce in the modern economy. The role of modern electronic commerce is becoming one of the most important for the future prosperity of the entire economy in an ever-evolving world. The article discusses the essence of e-commerce, an analysis of the dynamics of the global online trading market, and also provides key trends in the development of e-commerce. However, the largest contributors to the global e-commerce market are still predominantly made by American and Chinese companies. The article examines the current state of the global e-commerce market, as well as the main strategies of global companies, the role of e-commerce and the prospects for the economy of Central Asia. Based on the research conducted, appropriate conclusions were drawn reflecting the essence of the article.

Keywords:

An electronic trading platform is a piece of computer software that allows users to place orders for financial products through a network with a financial intermediary. These products include products such as stocks, bonds, currencies, commodities and derivatives.

The COVID-19 pandemic has brought a large number of small and medium-sized businesses online and has become an impetus for the development of electronic trading platforms. Today in Central Asia, almost every store on the market has its own channel, group, and some have bots in Telegram, through which the store notifies customers about new arrivals of goods, communicates with consumers, accepts orders, reports about delivery, in a word - trades.

In the context of the rapid growth of the Internet commerce market, the advantages are:

Reduced costs. E-commerce simplifies business processes in many industries. For example, to open an online store you do not need to rent physical space or hire sales staff

and delivery staff. All actions can be automated, and, if the product is electronic, then the delivery service can be simplified several times. As a result, transaction costs are lower, which affects the cost of products or services.

Expanding the target audience. Through the Internet you can sell all over the world without much expense. Of course, if the business is related to physical goods, then you will have to rack your brains with delivery. A simple solution is cooperation with transport companies. But if you sell electronic goods, services - e-books, programs, services, etc., then the market is unlimited.

Fewer intermediaries. E-commerce allows you to work directly with the manufacturer, eliminating the chain of intermediaries. This creates a direct channel between the seller and the buyer, which affects the cost of goods and the quality of service.

The ability to analyze sales, promotion, and business development online with 100% accuracy. Analytics and call tracking systems

allow you to monitor the situation and take timely measures.

There are also disadvantages of e-commerce:

1. Dependence on information and communication technologies. Not all regions have free access to the Internet at high speed; this factor greatly hinders the development of e-business.
2. Features of legislation, taxes. The lack of legal regulation of online commerce often serves as an obstacle to the conclusion of certain transactions.
3. Information security. Online trading and business on the network requires a high guarantee of confidentiality of data of users, buyers, and participants in commercial activities. Certification, authorization, captcha and other anti-fraud options are being actively implemented.
4. Copyright. Protecting property rights is not a new problem for the Internet. Pirated copies of software, master classes, books and other intellectual products "leaked" into free access - all this is becoming a problem for e-commerce all over the world.

Today, e-commerce includes the electronic purchase or sale of goods through online services or over the Internet, mobile commerce, electronic funds transfers, supply chain management, online marketing, online transaction processing, electronic data interchange (EDI), inventory management systems and automated data collection systems.

According to the research agency Global Data, over the past 10 years the global e-commerce market has grown 5 times and in 2022 reached a volume of more than \$6 trillion. More than 2 billion people are involved in e-commerce worldwide. Global e-commerce is expected to reach \$27.1 trillion by the end of 2027.¹

Alibaba estimates that its e-commerce platform has created more than 30 million jobs in China. Amazon tripled the number of grocery pickup locations in the United States and saw a 200% increase in online sales.

E-commerce has become a unique tool that contributes to the economic development of countries. In developed countries, up to 5% of GDP is generated by B2B and B2C (business-to-consumer) e-commerce.

Asia tops the ranking of the largest e-commerce markets in the world. Total online retail revenue in Asia was nearly \$1.7 trillion in 2022. This is approximately US\$700 million higher than the e-commerce revenue achieved in America. Australia, Oceania and Africa achieved much lower e-commerce revenues in 2022, less than US\$50 billion. Asia's leadership position can largely be attributed to China, whose revenue exceeded US\$1.2 trillion in 2022.²

Today in Uzbekistan, a number of electronic platforms and systems act as an information intermediary - a trading platform for business.

The electronic trading platform for agricultural producers of the republic, Agrosale.uz, allows agribusiness participants to view offers from potential partners, publish information about their own goods and services, and expand trade partnerships. Today, more than 1,400 sellers and 100 buyers are registered on this trading platform, and more than 3,600 different goods and services are offered.

The textile electronic trading platform Textile.uz informs participants about the products manufactured by enterprises in the textile, clothing, knitting and silk industries; about global manufacturers and suppliers of technological equipment, fittings, accessories and dyes; about service providers.

On the business trading platform Prom.uz, enterprises and individual entrepreneurs offer potential clients industrial, construction, wholesale goods, raw materials, equipment and special equipment, goods and services for doing business. The trading platform offers a huge list of various goods and services. To date, almost 20,000 enterprises are registered on the trading platform and about 80,000 goods and services are offered.

The Trade Uzbekistan electronic trading platform allows domestic

¹ <https://www.globaldata.com/store/report/ecommerce-theme-analysis/>

² <https://www.statista.com/forecasts/1117851/worldwide-e-commerce-revenue-by-region>

manufacturers-exporters of products to interact with foreign trade companies and buyers, provides opportunities for negotiations and conclusion of transactions. On this electronic trading platform, domestic manufacturers-exporters offer various types of goods and services.

Trading on the exchange is carried out on 4 trading platforms - an exchange electronic trading system, an electronic trading system for exhibition and fair trading, an electronic trading system for the sale of license plates and electronic government procurement. Since 2004, the most important types of material and technical resources from domestic producers have been sold on the exchange through electronic trading. In 2015, a trading system for public procurement ("electronic catalog" <http://catalog.uzex.uz/>) was launched, which simplified the procedure for budgetary organizations to purchase essential goods. After the launch of this trading system, the volume of government procurement transactions increased almost 4 times.

At the same time, Central Asia, due to its important geopolitical location between Asia, Europe and the Middle East, is increasingly seen as a market with high growth potential for e-commerce.

According to analysts, regional retail turnover in 2022 reached \$60 billion, of which e-commerce accounts for more than 15%.

Uzbekistan, in turn, is the fastest growing e-commerce market, which has huge potential for expansion. According to expert forecasts, the cumulative average annual growth rate of this sector in 2023-2027 will be more than 40%.

Revenue in the e-commerce market is expected to reach \$1.6 billion by the end of 2023. The number of active online users in the country currently stands at more than 10 million.

At the same time, the annual revenue growth rate will be 14%, which will lead to a market volume of \$2.6 billion by 2027. The number of users on the e-commerce market by this period will be about 16 million people.

It is noted that such accelerated growth can be achieved by strengthening key

factors that were previously underdeveloped, such as the Internet (in 6 years the number of Internet users increased 3 times and exceeded 31 million people in 2022), its speed and accessibility, smartphone penetration and improvements in mobile banking.

The predominant young population (48% of the younger generation aged 15 to 45 years) with an average age of 28 years is a decisive factor for the further development of e-commerce.

To support e-commerce participants, Uzbekistan has introduced special tax incentives, such as charging only 2% tax on online income, compared to 4% for traditional businesses. Large e-commerce companies, such as Uzum market, Wildberries, ZoodMall, OLX and others, are actively operating in the country.

In this context, the creation of a unified regional e-commerce platform will contribute to the expansion of multi-channel sales and will give a powerful impetus to the development of online shopping in the region.

Active cooperation between the countries of Central Asia in this direction will generally stimulate business growth, create new jobs, increase company income, introduce advanced technologies, strengthen trade, economic and investment cooperation, and also contribute to the overall economic development of the region as a whole.

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