

**TWO BROAD CATEGORIES OF INTERNAL TRADE: RETAIL AND WHOLESALE  
TRADE AND THEIR TURNOVER SHARE IN THE REPUBLIC OF UZBEKISTAN**

**Oripova Gulirano Nodirovna**

Doctoral student Statistics Agency at

President of the Republic of Uzbekistan,

Institute for Personnel Training and Statistical research

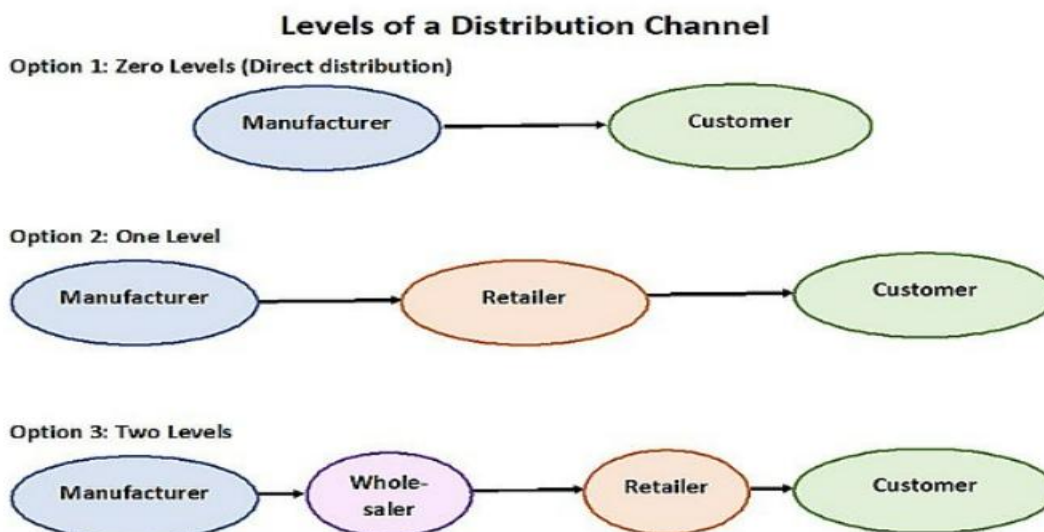
**Abstract:** The purpose of the article is an objective assessment of the state of internal trade in Uzbekistan, on the basis of which the identification of urgent problems that impede the expansion of online commerce in Uzbekistan in the context of a serious transformation in the digital space. The development of networks of modern highly efficient forms and methods of trade leads to its transformation into a modern service industry.

**Keywords:** Wholesale and retail trade, large scale production, risk bearing, financial cooperation, distribution function, warehousing.

Statistical data are the most important tool for describing and managing socio-economic phenomena and processes occurring in society. Currently, it is impossible to make informed management decisions in the field of public policy without the use of high-quality statistical data. Among them, the formation of trade statistics is important. In particular, these include indicators of turnover statistics of wholesale, retail trade and public catering enterprises.

Internal trade is also known as domestic trade, and as the name suggests it is the trade of domestic goods within the confines of the geographical boundaries of a nation. So the buying and selling of either goods or services done within a country is the internal trade.

In such cases of internal trade, there is no levying of import/export taxes or customs duties. Only local government taxes will apply. These are goods domestically produced for domestic consumption only. Now there are two broad categories of internal trade, namely wholesale trade and retail trade.



**Pic.1.** Levels of distribution channel

Wholesale trade is one of the main categories of domestic trade. In this form of trade goods are generally bought in huge quantities from the manufacturer. These goods are then warehoused and finally sold to retailers, middlemen, merchants etc. The goods in wholesale trade are not sold to the final consumer directly. So all the customers of a wholesaler are commercial users or other intermediaries, not the ultimate customers.

Wholesalers are an important link in the trade cycle of a country. They help link the manufacturers with the retailers. Since wholesalers deal on the pre-consumer level, they do not have to offer large varieties. They generally trade in only one type or one category of goods.

But they order in bulk and warehouse these products. So the manufacturer does not have to worry about storage and the retailer can buy according to his needs. In return for this, a wholesaler will enjoy the economies of scale.

As of February 1, 2023, the number of commercial enterprises operating in the retail sector trade amounted to 110,061 units, which, compared to February 1 2022, increased by 8,818 units (growth rate - 108.7%). Of them the number of operating large enterprises amounted to 317 units, and small enterprises and micro-firms - 109,744. Including indicators retail trade includes data collected based on observations of organized and unorganized trade among individuals carrying out activities in the field of trade without formation of a legal entity.

The functions that wholesalers perform actually benefit both the manufacturer and the retailer. They undertake various activities to lessen the burden of them both. This is why even in the modern system of trade, with departmental stores and direct retail outlets, wholesalers still play a very important role in the trade cycle and the economy as a whole.

Wholesalers Services to Manufacturers allows for **Large Scale Production**. Generally, manufacturers produce their goods in large quantities. This helps them keep costs low and enjoy economies of the scale. But they are only able to do so because wholesalers order in bulk. Wholesalers will round up all the small orders from various retailers and place an order in rather larger quantities with the manufacturers. This allows them to scale their production of goods, without worrying about warehousing or spoilage.

**Risk Bearing:** Once the wholesaler acquires the goods from the manufacturer, he also acquires of all the risks. This includes the risk of theft, fire, spoilage, change in demand, any many more such risks. He will even bear the cost of the insurance. In the absence of the wholesaler, such risks would remain with the producers until the goods were sold.

**Financial Cooperation:** Wholesalers actually provide a form of financial assistance to the producers. They more often than not make cash payments for their purchases. They at times even make advance payment if the purchase order is rather large. This allows the producers not only to avoid bad debts but also frees up their working capital.

**Distribution Function:** Distribution is one of the most important functions of marketing. It allows the producers to remove the barrier of place, by making the goods available in place of need. But it is actually wholesalers who perform this function for the manufacturers. They distribute the goods over a large geographical area by selling them to various widespread retailers.

**Warehousing:** Another important function of marketing. The wholesaler buys bulk quantities from the manufacturers and stores these goods in their own warehouses and go-downs. This reduces the storage headaches of the manufacturers to a large extent.

#### Wholesalers Services to Retailers

- **Availability of Goods:** Retailers must always keep their customers satisfied, so it is very important that the goods in demand always be available to them. The wholesalers make this possible. The retailers cannot order directly from the manufacturers and face a wait of inordinate time. Wholesale trade facilitates them with the ready availability of their products.
- **Expert Advice:** Wholesaler also advice retailers on a variety of matters like special features of a product, correct displaying tactics, new products in the market etc. This ensures that retailers are always up to the mark and can provide their customers with the best products and services available in the market.
- **Credit Facilities:** While wholesalers themselves do not generally buy goods on credit, they tend to make this facility available to the retailers. This will allow retailers to expand their scale of operations as well even if they sometimes lack liquidity or have limited resources.

All goods go through a [distribution](#) channel to make the journey from the [manufacturer](#) to the final consumer. One important cog in this machinery is the retail trade, the final step of the distribution channel.

Retail trade is the business activity associated with the sale of goods to the final consumer, the ultimate customer. It is the link between wholesalers or manufacturers and the customers of the product. Typically retailers sell goods in small quantities to consumers for personal use, not for resale or business use.

Retail is the final step of the distribution channel. the retailer will buy the goods from the wholesaler, or sometimes directly from the producer, in bulk (large quantities) at a discounted price. And then it sells the goods to the final consumers of the goods, in small units or quantities, at retail price enjoying the benefits in the process.



● Large enterprises

● Micro and small firms

**Pic.2.** Trade turnover share among enterprises

Wholesale trade turnover of small entities entrepreneurship, according to statistical calculations, amounted to 6,368.6 billion soums and, compared to the corresponding period 2022, decreased by 86.6%. Share of this sector in turnover wholesale trade in the republic amounted to 59.8%.

Retail trade can take a lot of forms. It is not necessary that the goods are sold from a store, retail trade can even happen over the phone, via post or mail service, door to door selling etc. So the place of sale can also differ greatly, for example, a store, a supermarket, the customer's house itself or even a vending machine. But one thing which remains common in all of the above cases is that the buyer of the goods is its final consumer. As far as this is true, it will be a retail trade.

Retailers are the important link between manufacturers and customers. They are the final point of sales and are invaluable to the entire distribution channel. They, in fact, provide services to both the wholesalers and the consumers.

Final link in the distribution of goods is a function of place utility. Wholesalers or manufacturers cannot cover a wide geographical area and markets to sell the goods to the final consumer. It falls upon the retailer to create place utility and ensure that the goods are distributed throughout a wide market and reaches all consumers. Retailers are the link between the wholesalers and the final consumers

There are certain goods that require personal selling. These are non-standardised goods that cannot just be picked off the shelves. But the manufacturer is not there to sell the product, that responsibility falls on the retailers. They use personal selling techniques to realize the sale. Take for example selling shoes, which always requires a personal touch from the retailer.

A manufacturer can produce goods in bulk, and a wholesaler can buy goods in bulk because retailers perform the function of breaking up the bulk. Although they buy in bulk themselves, they sell in smaller (sometimes individual) units. This allows the producers and even the wholesalers to enjoy the economies of scale.

Retailers are the only ones in direct contact with the final consumers on a daily basis. They are in a unique position to provide the manufacturers with an valuable feedback they have collected from the consumers. If a consumer has complaints or problems, the retailer is the first person he contacts. Such information is invaluable to the manufacturers in their quest to improve their products.

Retailers will even help manufacturers and wholesalers with their promotions and advertisements. Retailers will frequently take part in promotional activities, put up advertisements of the product inside their shops, run offers, discounts etc.

Retailers overcome the barrier of place, and allow the consumers to buy all their products from the local market near their house. Consumers also do not have to worry about sourcing the products they require because the retailers perform this function for them. A consumer also does not have to bother with buying the goods in bulk. The can buy them in individual nits as and when required. The retail store will make certain that the product is available when the need for it arises. There is no worry about storage or warehousing as such for the consumer.

Another important service retailers provide to consumers is that they provide them with a lot of options. The variety offered enables the consumer to make the best decision for themselves, after having reviewed all the options.

Certain products at times require some installation, demonstration or any such after sale service. It usually falls upon the retailers to provide such services to the consumer. A retailer at times will offer the consumer a financing option or a credit facility to make the payment in monthly instalments, or to simply defer the payment to another date. This allows the consumer to buy the products they need even if they do not currently have the entire finance for it.

#### **References:**

1. Agamben, G. (1998). *Homo Sacer: Sovereign Power and Bare Life*. Stanford University Press.
2. Ajana, B. (2013). *Governing through Biometrics: The Biopolitics of Identity*. Palgrave Macmillan.
3. Andrejevic, M. (2007). Surveillance in the Digital Enclosure. *The Communication Review*, 10(4), 295±317. <https://doi.org/10.1080/10714420701715365>
4. Bonilla, Y. (2017). Unsettling Sovereignty. *Cultural Anthropology*, 32(3), 330±339. <https://doi.org/10.14506/ca32.3.02>
5. Brown, W. (2014). *Walled States, Waning Sovereignty*. Zone Books. Department for Promotion of Industry and Internal Trade. (2019). [https://dipp.gov.in/sites/default/files/DraftNational\\_ecommerce\\_Policy\\_23February2019.pdf](https://dipp.gov.in/sites/default/files/DraftNational_ecommerce_Policy_23February2019.pdf)
6. Divan, S. Opening Statement on Behalf of The Petitioners, Writ Petition (Civil) No. 829 of 2013, Supreme Court of India (2018)