



ISSN: 2350-0328

**International Journal of Advanced Research in Science,
Engineering and Technology**

Vol. 8, Issue 3, March 2021

Development of the Industrial Sector of the Republic of Uzbekistan

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ABSTRACT: Modern industrial production is the main sector of the economy and plays a key role in the development of scientific and technological progress. Industry encourages the development of innovation and is a multiplier of the growth of the entire economy. Domestic enterprises need to create such industrial production, the products of which will compete on an equal footing with the best foreign samples. It is possible to launch the mechanism of reproduction of competitive products by enterprises through the active use of existing and newly discovered intellectual opportunities. Only in this case, domestic industrial enterprises will have good chances to integrate into the modern development of world industrial production, which is taking place against the background of the active formation of the base of a post-industrial society, which is based on technologies of the sixth technological order.

The article highlights the issues of stable development of the industrial sector in the national economy of Uzbekistan, as well as management efficiency. The analysis showed that as a result of the fiscal, appraisal and monetary policy of the state, and in general, measures to reform the economy, a number of positive shifts have been achieved in the structural changes carried out in the industrial complex. The main factors of industrial development have been identified.

KEY WORDS: industry, efficiency, structural changes, technology, modernization, diversification, money, credit, price, investment, analysis

I. INTRODUCTION

Modern industrial production is the main sector of the economy and plays a key role in the development of scientific and technological progress. Industry stimulates the development of innovative activities and is a growth multiplier for the entire economy. According to global statistics, it is industrial production that provides the greatest increase in value added in comparison with other sectors of the economy. The defense capability the state, its economic security, the growth of the gross national product, the creation of jobs, the standard of living of the population directly depend on the degree of industrial development. Domestic enterprises need to create such industrial production, the products of which will compete on an equal footing with the best foreign samples. It is possible to launch the mechanism of reproduction of competitive products by enterprises through the active use of existing and newly discovered intellectual opportunities. Only in this case, domestic industrial enterprises will have good chances to integrate into the modern development of world industrial production, which is taking place against the background of the active formation of the base of a post-industrial society, which is based on technologies of the sixth technological order.

II. RESEARCH METHODOLOGY

The theoretical and methodological basis of the research was the provisions of fundamental and applied works of leading Russian, foreign and domestic scientists, set forth in the works on industrial management, strategic management, marketing. A number of authors, in particular, A. Ortikov separately dwelled on "Opportunities for the development of industry in Uzbekistan, geographical and economic factors", M. P. Narzikulov "Focusing on structural changes in the process of developing a production development strategy", E. H. Makhmudov "Creating a favorable macroeconomic environment, covering strategic directions of creating conditions for the development of industries, primarily such means as budget, taxes, money credit, price and currency policy".

In the course of the research, scientific publications, electronic publications, materials of scientific and practical conferences, information resources of the Internet, data posted on the official websites of corporate and government structures were used as information sources.



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III. DISCUSSION

The industrial sector is the basis for sustainability and competitiveness of any modern economy. In particular, the products of manufacturing industries create conditions for increasing labor productivity, contribute to technical re-equipment of enterprises and more efficient use of raw materials, energy. However, at present, negative trends are mostly dominated in the development of this sector of the economy. In many ways, their origin can be associated with the systemic crisis in the country due to the export-raw material model of the domestic economy and the predominance of the interests of elite layers above the tasks of public progress. One of the consequences of such socio-economic deformations is the lowest dynamics of production and attracting investments. The industrial sector is mostly not sufficiently resistant to modern challenges, it acutely responds to high rates of price increases for purchased products and reducing solvent demand for manufactured products. In such conditions, the threat of the stability of the socio-economic development of the economy is increasing, in which the industrial activities account for most of the produced gross regional product.

If industries are concentrated in the industry with a high multiplier, which are locomotives for the development of other sectors of the economy. For this reason, the high role of the industrial sector in the economy is rather a threat to the socio-economic development of the territory, since the presence of a number of problems in this sector will further contribute to the exacerbation of the situation in related industries, reduce money incomes and the fall in the standard of living of the population.

In order to be competitive, enterprises should create an increasing amount of added value. Simplified, added value can be represented as a sum of three main components: wages, profits, and depreciation deductions.

As an indicator for assessing the level of competitiveness of an enterprise, we propose to use a relative indicator of the share of added value in revenues from the sale of products (goods and services), which allows us to compare different enterprises. The use of this indicator as one of the competitiveness indicators has a number of advantages. It has a transparent economic meaning, easily interpreted, is affordable and easily calculated.

The manufacturing industry today is one of the most problematic sectors of the Kazakhstan economy, and the attitude towards its future varies in very wide limits - from "close as a resource-specific segment" to "to make a locomotive of growth, redistributing the natural rent in the interests of its modernization."

Uzbekistan today is one of the most dynamically developing, independent states of Central Asia. Unique natural and climatic conditions, rich mineral and commodity sources, developed agriculture and powerful labor potential served as the basis for the creation of a multi-sector national economy in the Republic of Uzbekistan with a priority development of not only the agricultural sector, but also a powerful industry.

Since 2000, attention is paid to the creation and development of industry sectors, which produce export-oriented products. This stage is characterized by the privatization of large enterprises, restricting the monopoly of state-owned companies, an increase in the role of the private sector in industry, the acceleration of the process of eliminating unprofitable enterprises, the implementation of the organizational management system and the growth rate of the localization process.

In the modern economy of the country, the industry occupies one of the leading places and consists of more than 10 complex industries, including specialized industries and sub-sectors producing homogeneous products, as well as production, technologically related extraction and processing of raw materials or production of finished products.¹

In the Republic of Uzbekistan, the emphasis is on the development, first of all, of the industries that determine the development of scientific and technological progress, namely: mining, fuel and energy, electrical, textile, ferrous and non-ferrous metallurgy, chemical, metalworking and others, and also appeared completely new industries, such as automotive, motor, spare parts, office equipment and household appliances. The measures taken by the country's leadership to improve the sectoral structure of industry made it possible not only to create a powerful industrial and production potential, but also to simultaneously eliminate the former one-sided, mainly raw-material orientation of the economy.

According to the statistical department, in January-December 2019, enterprises of the republic produced industrial products worth 331.0 trillion. soums, the index of the physical volume of industrial production compared to the same period in 2018 amounted to 106.6%. In the structure of industrial production of the republic, the largest share falls on manufacturing enterprises - 79.9% of the total industry.²

¹ Abdurashidova Marina Sagatovna "Development of the Industrial Sector of the Republic of Uzbekistan", «Science and global studies», II International Scientific Conference, Bratislava, Slovakia, 2020

² <https://stat.uz/uploads/doklad/2019/yanvar-dekabr/ru>

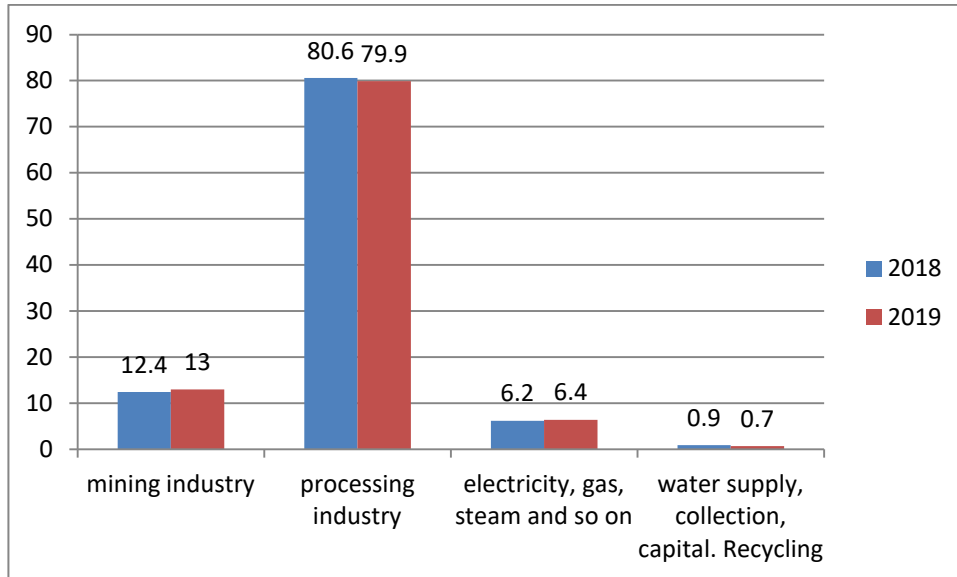


Fig.1 Structure of industrial production by main types of economic activity, %³

IV. ANALYSIS OF THE STATE OF THE INDUSTRIAL SECTOR OF THE REPUBLIC OF UZBEKISTAN

In order to consistently ensure structural transformations, modernization and diversification of production, further development of high-tech industries that can become locomotives of stable economic growth, the fullest use of available reserves in order to reduce the energy intensity of manufactured products, material and labor costs, as well as expand the production of competitive finished goods and semi-finished products that are in steady demand in the world market, actively attracting foreign investment for this, including through the creation of joint ventures with leading foreign companies on a priority basis in the Republic of Uzbekistan, the Action Strategy for the development of the Republic of Uzbekistan in 2017-2021 was adopted.

As part of this strategy, a list of large investment projects worth more than \$ 38 billion was formed. The projects envisage the creation of 415 new enterprises, as well as the modernization, technical and technological renovation of 455 existing industrial production facilities. Government borrowing can put pressure on national budgets because the impact of default is cyclical and unpredictable. Government venture capital programs can be designed to help companies at various stages of development, or to finance startups, early development, expansion, or even business restructuring.

Since the beginning of 2016, under the Program for the Localization of Manufacturing of Finished Products, Components and Materials for 2015-2019, localized products worth over 2.3 trillion sumo have been produced. The main factor in the growth of the physical volume of industrial production was an increase in the manufacturing industry by 9.4%, electricity supply, gas, steam and air conditioning - by 0.3%, water supply, sewerage, waste collection and disposal - by 6.3%, with At the same time, there is a decrease in the production volumes of the mining industry and the development of quarries by 1.0%.

As of January 1, 2020, 70.6 thousand industrial enterprises operate in the republic. The number and percentage of the total number of operating enterprises is shown in Figure 2.

³ Created by the author on the materials of the source: <https://stat.uz/uploads/doklad/2019/yanvar-dekabr/ru>

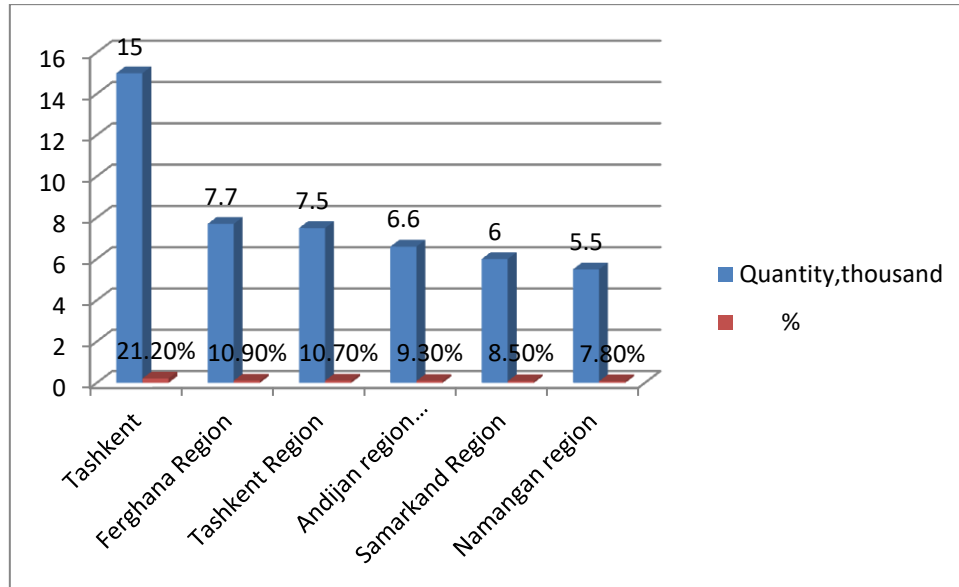


Fig.2 Number of operating enterprises by regions of the country⁴

VI. CONCLUSION

In conclusion, I would like to emphasize that Uzbekistan has achieved tremendous success, in the achievement of which industry has played an important role. The industrial policy implemented in the country is aimed primarily at liberalizing the economy, strengthening the private sector, eliminating the former raw materials orientation, efficient use of existing natural resources and intellectual capital, and leveling the economic level of regional development. As a result of pursuing a clear policy, progressive science-intensive industries such as the automotive industry, agricultural engineering, the electrical industry, mechanical engineering and metalworking, as well as the leading light and food industries that produce consumer goods, received further development. The average annual growth rate of industries focused on the production of final products with a high degree of processing and readiness is 14.1%. exceeded the growth rates of production of the fuel and raw materials industries. In January 2020, 1,235 industrial enterprises were restored in the republic, of which 205 (16.6% of the total number of newly created ones) are located in Tashkent, 127 (10.3%) - in Tashkent, 127 (10.3%) - in Andijan, 117 (9.5%) - in Khorezm, 116 (9.4%) - in Samarkand and 100 (8.1%) - in the Fergana region.⁵

Today, there are 71.5 thousand industrial enterprises, of which 15.1 thousand (21.1% of the total number of operating firms) are located in Tashkent, 7.7 thousand (10.8%) - in Fergana, 7,7 thousand (10.7%) in Tashkent, 6.6 thousand (9.3%) - Andijan, 6.1 thousand (8.5%) - Samarkand and 5.5 thousand (7.7) - Namangan region.

Taking into account all the factors that are closely interconnected with the industry, and supporting the priority directions for its development, Uzbekistan is achieving high, positive macroeconomic indicators; improvement of manufactured industrial products, provision of domestic and foreign markets. Thank you to the chosen policy, the export of competitive goods increases and the country is confidently moving towards taking a stable place in the world market.

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⁴Created by the author on the materials of the source: <https://stat.uz/uploads/doklad/2019/yanvar-dekabr/ru>

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ISSN: 2350-0328

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Engineering and Technology**

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