

## DEVELOPMENT OF THE INDUSTRIAL SECTOR - A FACTOR IN THE GROWTH OF THE COUNTRY'S ECONOMY

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### ABSTRACT

*In modern society, industrial production is a key sector of the economy, It is the basis for the development of scientific and technological progress. Innovative activity is developing thanks to industry. When the economy of industry grows, the growth multiplier of the entire economy also grows. Enterprises of Uzbekistan need to create such an industrial production, the products of which will compete on an equal footing with the best foreign products. The article highlights the issues of development of the industry in the national economy of Uzbekistan, as well as the efficiency of management. The results of the fiscal, evaluation and monetary policy of the state, and in general, measures to reform the economy, a number of positive changes were achieved in the structural changes made in the industrial complex. The main factors of industrial development are revealed*

**KEYWORDS:** *Efficiency, Structural Changes, Industry, Technology, Modernization, Diversification, Price, Investment, Analysis.*

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### INTRODUCTION

In modern society, industrial production is a key sector of the economy; It is the basis in the development of scientific and technological progress.

Innovative activity is developing thanks to industry. When the economy of industry grows, the growth multiplier of the entire economy also grows. Enterprises of Uzbekistan need to create such an industrial production, the products of which will compete on an equal footing with the best foreign products.

In order to form a production base and stable growth of industrial production in Uzbekistan, along with the intensification of production of basic industries, measures are being implemented to expand production with the active participation of the private sector within the framework of sectoral and territorial programs. Facilities are located in places close to raw materials, modernization, technical and technological re-equipment of existing facilities, as well as the creation of non-traditional types of production, taking into account the natural and economic potential of the regions.

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## RESEARCH METHODOLOGY

The theoretical and methodological basis of the study was the provisions of fundamental and applied works of foreign, Russian 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", M. P. Narzikulov "Focusing on structural changes in the process of developing a strategy for the development of production", E. Kh. Makhmudov "Creating a favorable macroeconomic environment that covers the strategic directions of creating conditions for the development of industries, primarily such funds as the budget, taxes, monetary credit, pricing and currency policy".

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

## DISCUSSIONS

The result of manufacturing industries creates conditions for increasing labor productivity, contributes to the technical re-equipment of enterprises and more efficient use of raw materials, materials, energy.

Industries with a high multiplier are concentrated in industry, which are the locomotives of the development of other sectors of the economy. For this reason, at present, 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 aggravation of the situation in related industries, a decrease in monetary incomes and a drop in the standard of living of the population.

To be competitive, businesses must create an increasing amount of value added. Simplified value added can be represented as the 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 the relative indicator of the share of value added in the proceeds from the sale of products (goods and services), which allows us to compare different enterprises with each other. The use of this indicator as one of the indicators of competitiveness has a number of advantages. It has a transparent economic meaning, is easy to interpret, is accessible and easy to calculate.

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

The ongoing official reforms and measures for technical improvement and technological re-equipment, the encouragement of the real sector to develop industries, as well as the industrial policy pursued by the leadership of Uzbekistan since the second half of 2016, have led Uzbekistan to significant results in the development of industry.

A significant impetus was the adoption of the Action Strategy on five priority areas of development of the Republic of Uzbekistan in 2017-2021 [1], focused on solving strategic tasks for the development of the industrial sector of the economy related to accelerating the processes of diversification of industries, ensuring the advanced development of high-tech manufacturing industries.

Conditions have arisen in the state that make it possible to ensure the accelerated development of industry.

The created conditions made it possible to ensure the advanced development of industry. According to preliminary estimates, in January-September 2021, the GDP of the Republic of Uzbekistan in current prices amounted to 519.82 trillion. and, compared to January-September 2020, increased in real terms by 6.9%. The GDP deflator index, relative to the prices of January-September 2020, amounted to 113.5%. This is reported by the State Statistics Committee of Uzbekistan<sup>1</sup>.

The implementation of industrial policy measures during 2016-2020 made it possible to strengthen the role of the industrial sector in the country's economy and ensure a steady increase in the share of industry in the GVA of economic sectors from 20.6% to 28.5%. Gross value added created by all sectors of the economy in January- September 2021 amounted to 92.7% of the total GDP and increased by 6.9% (contribution to GDP growth – 6.4 percentage points). In the modern economy of the country, 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 industries technologically interconnected by the extraction and processing of raw materials or the production of finished products [2].

The country's market is opening up to foreign capital, as the government is taking measures aimed at eliminating legal, regulatory, procedural and institutional barriers that negatively affect the life cycle of investments and businesses[3]. 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 engineering, textile, ferrous and non-ferrous metallurgy, chemical, metalworking and others, as well as completely new industries have appeared, such as automotive, engine building, production of spare parts, office equipment and household appliances. The measures taken by the country's leadership to improve the sectoral structure of industry allowed not only creating a powerful industrial and production potential, but also at the same time to eliminate the former one-sided, mainly raw materials orientation of the economy.

According to preliminary data, in January-November 2021, Uzbekistan's enterprises produced industrial products worth 397.3 trillion soums, the index of the physical volume of industrial production by the same period in 2020 amounted to 109.3% [3]. In the structure of industrial production of the republic, the largest share falls on manufacturing enterprises - 79.9 % of the total volume of industry [4].

In the structure of production, the largest share falls on manufacturing enterprises (82.5%), the volume of production of which amounted to 222.6 trillion soums. (in January-July 2020, Uzbekistan's enterprises produced industrial products worth 194.9 trillion soums)

The main factors of the growth of the physical volume of industrial production were its increase in the mining industry by 10.2%, manufacturing industry - by 8.9%, electricity supply, gas supply, steam and air conditioning - by 10.6%.

The volume of products produced by mining and quarrying enterprises in January-August 2021 amounted to 26.1 trillion soums, or 9.7% of the total volume of industry.

According to the results of the analysis for 2019-2021, the share of high-tech industries in the structure of the manufacturing industry amounted to 2.7% (compared to 2.0% by 2020, 1.5% by 2019), medium-high-tech – 19,8% (23,3%, 26,1%), medium-low-tech – 40,2% (40,0%, 36,6%) and low-tech – 37,3% (34,8%, 35,8%).

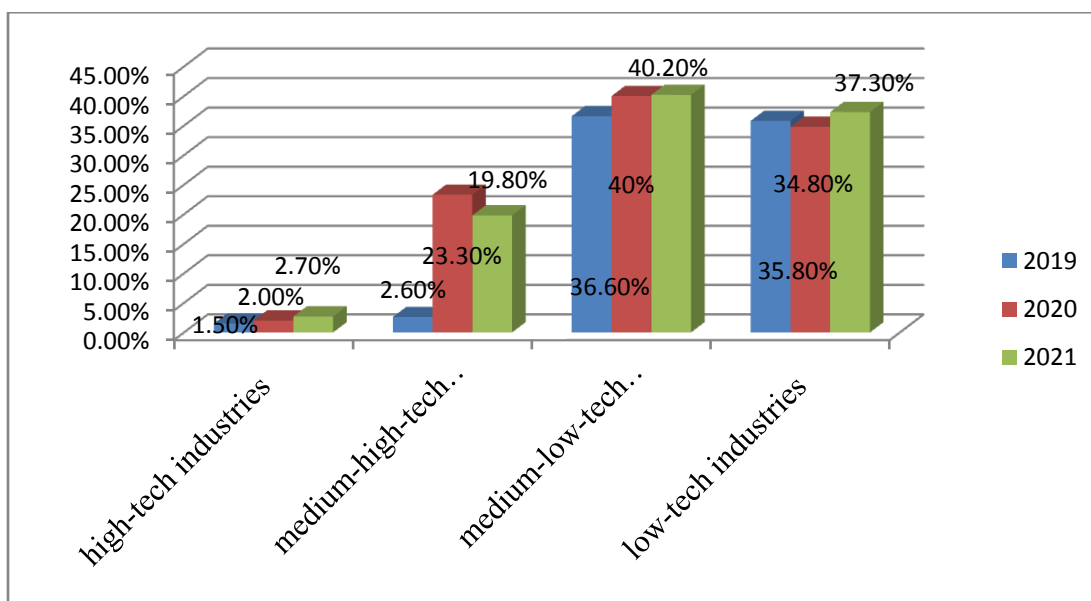


Fig.1 Dynamics of changes in the specific weight of industries in the structure of the manufacturing industry [5]

In most regions of Uzbekistan, a moderate level of industrial diversification remains - Andijan, Kashkadarya, Navoi, Syrdarya and Bukhara regions (the diversification index is less than 0.650). Among the constraining factors for increasing the diversification of these regions are: the high dependence of the economy of the Andijan, Navoi and Kashkadarya regions on a certain type of activity (automotive, metallurgy and hydrocarbon production, respectively); one-sided development of primary processing of raw materials and low-tech products in the presence of sufficient untapped potential in the Republic of Karakalpakstan, Bukhara, Jizzakh, Namangan, Samarkand, Surkhandarya and Syrdarya regions. [6]

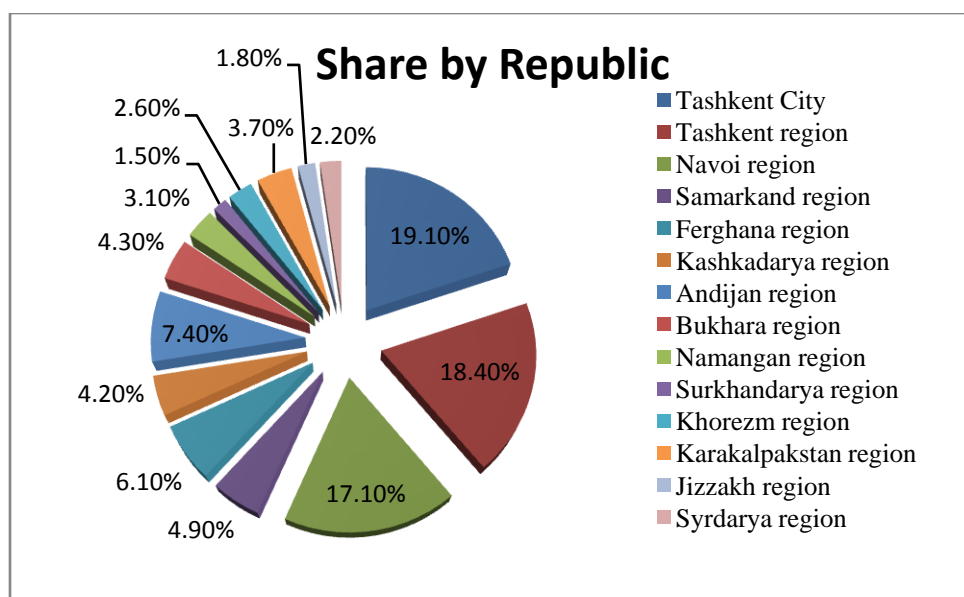


Fig 2. Industrial development in the regions and their share in the Republic of Uzbekistan [2]

In the territorial structure of industry, the leading positions of Tashkent, Tashkent, Andijan, Navoi and Kashkadarya regions are largely determined by the location of the basic objects of republican subordination (production of energy carriers, non-ferrous and ferrous metals, chemical products and engineering products)

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