

## Some Issues Related To the Industrialization of the Economy of Uzbekistan

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**Abstract:** This article shows the role of industrial production in the economy and highlights the policy of industrialization of the economy of Uzbekistan.

**Key words:** industry, product, economics, innovation, equipment, technology, digital technologies, factors, politics.

### Introduction

In the economy of Uzbekistan, demand for industrial products, a strategy for increasing its position in the domestic market and entering international markets are of decisive importance. In recent years, one of the positive changes taking place in the republic's economy is the gradual increase in industrial production volumes. Naturally, this situation plays an important role in the rapid growth of gross domestic product, the country's position in international markets by increasing its export potential, and its harmonious development in all respects.

The creation in the republic of a powerful processing industry, equipped with modern equipment and technologies, will provide employment to the constantly growing workforce, localize production and, on its basis, will lead to a complete cessation of imports of a number of goods. In this regard, "on the basis of the chemical industry, leather and footwear, textile, pharmaceutical, metallurgical, paper, furniture and building materials industries, including chemical products, are used to develop new types of products with high added value through cooperation with specialized enterprises of the republic, especially those mastering the production of polymer materials and semi-finished products" [1].

This means that our country is pursuing a reasonable policy to develop the industrial sector. This requires digitalization, modernization, implementation of institutional reforms and ensuring the well-being of the population in order to develop the industrial sector of our country in the context of the transition to a digital economy. This cannot be achieved without a full understanding of the nature and significance of industrial production. Therefore, this topic remains one of the pressing problems of our time.

### Analysis of literature on the topic

According to the Decree of the President of the Republic of Uzbekistan dated January 28, 2022 "On the Development Strategy of the new Uzbekistan for 2022-2026" on industrial development in the context of the transition to a digital economy, by ensuring a consistently high level of growth rates in economic sectors among countries with upper-middle income, access is identified as one of the main goals. Also, based on the transformation of economic sectors and the rapid development of entrepreneurship, it is planned to create the basis for increasing the gross domestic product per capita by 1.6 times and per capita income by 2030 from 4 thousand US dollars [2].

M.P.Marshall, A.Marshall in the book "Industrial Economics" explained the importance of industrial production in improving the well-being of the population and developing the country's economy. In particular, the influence of industrial production on human labor and income was

revealed. It is also substantiated that social relations play an important role in the development of industrial production [3].

In the textbook “Industrial Economics” E. Shavkiev describes the role, place and importance of industry in the national economy, structural problems, scientific foundations of management and planning, scientific and technological development, personnel and wages, fixed and working capital, sources of raw materials, quality and product competitiveness, revenue and cost, profit and profitability, as well as pricing issues. Also, special attention is paid to revealing the essence of economic processes occurring in industrial production [4].

In the scientific article by D. D. Norboeva, “Management of the economic potential of industrial enterprises in the conditions of innovative development,” a comprehensive study and analysis of the theoretical aspects of managing the entrepreneurial activities of enterprises in the era of scientific research of innovative development was carried out, their main shortcomings and differences were identified. He also studied the rating criteria for assessing the management of the economic potential of industrial enterprises [5].

The scientific article by S.I. Khontoraev, A.A. Khoitkulov, M.R. Abdullaeva “Digitalization of the industrial economy” talks about the stages of transition from managing a traditional industrial economy to a digital economy, and also emphasizes that digitalization is an important principle of the economy today. Researchers have also proposed levels of organization for the digitalization of industrial enterprises of the national economy via the Internet [6].

The scientific article by S.B. Bobokulov, G.O. Akramov “Ways for the development of e-business in the digital economy in Uzbekistan” describes the importance of e-business in Uzbekistan, its development, government support, improvement of the organizational and economic mechanism. Research has been conducted on the organization of e-business business. They also developed proposals and recommendations for the development of electronic business activities [7].

### **Research methodology**

The article examines and observes scientific and theoretical approaches based on the scope of the topic. The direction was chosen to achieve the goal set in the study. A research strategy for in-depth study and justification of primary and secondary data sources is defined. When writing the article, research methodology methods such as comparison and generalization were used.

### **Analyzes and main results**

Industry – ensures the expansion of production in all sectors of the economy. It is in industrial production that new equipment, devices, etc. are created. through the introduction of innovative technologies, achievements of science and technology. And they, in turn, are used to strengthen the material and technical base of enterprises in other industries. This also contributes to the sustainability of the non-material production sector.

The role and place of industry in the national economy can be seen more clearly by its share in the gross domestic product and the country's gross added value (Table 1).

The data in Table 1 shows that in 2019-2022, with the country's gross domestic product growing by 66.8%, the gross added value created in industries increased by 69.9%, and the volume of added value created in industry increased by 67.8% . This, of course, indicates an increase in the volume of products, works and services produced in the country's production and services sector, as well as an increase in demand for them in the domestic and foreign markets.

However, if we compare these indicators with developed countries, the contribution of industry and construction to the country's gross domestic product (compared to them) is very small.

The volume of added value created in the industry (including construction) during the period under study increases from year to year. However, the share of industry in the added value created in the country decreased in 2022 by 0.4 points compared to 2019. During this period services

**Table 1 Main indicators of the economy of the Republic of Uzbekistan (in current prices, billion soums) [8].**

Indicators	2019 year	2020 year	2021 year	2022 year	ratio 2019 to 2022, %
Gross domestic product	532 712,5	605 514,9	738 425,2	888 341,7	166,8
Including					
Gross added value of networks	487 449,8	561 153,4	686 432,4	828 054,2	169,9
Industry (including construction)	164 635,7	187 610,0	232 535,7	276 227,0	167,8
- industry	134 185,8	150 275,1	186 978,2	220 704,3	164,5
- construction	30 449,9	37 334,8	45 557,4	55 522,7	182,3

The industry share is still at a high level. It's naturally. Because services are a priority direction of the economy of Uzbekistan.

The further development of industry is of great importance - increasing the level of employment and income of the population, satisfying its demand for consumer goods, strengthening the economic and defense power of the country.

In order to clarify the analysis of our study, we analyzed the main indicators of industrial development of Uzbekistan. (Table 2).

According to Table 2, in 2022, compared to 2019, the volume of industrial production in the republic increased by 230,729.2 billion soums or 1.7 times. During the period under review, the production index increases annually. This is the result of the government's reform strategy as well as industrialization policies.

The number of people employed in the network in 2022 compared to 2019 and 2021, respectively, decreased by 10.9 and 52.6 thousand people or 0.6 and 2.8%, increased only by 1.1 thousand people or 1.0 % compared to 2020. Also, the volume of fixed assets, considered one of the important factors of production, increased by 198 billion 406.8 billion soums, or 2.6 times.

The development of industry leads to an increase in the number of workers and an increase in their status in society. Network workers make up the bulk of the republic's gross domestic product and national income

**Table 2 Main indicators of industrial development of Uzbekistan [8].**

Indicators	2019 year	2020 year	2021 year	2022 year	Ratio 2022 to 2019, in percent
Industrial products (at current prices), billion soums	322535,8	368740,2	456056.1	553265,0	171,5
Industrial production index (as a percentage of the previous year)	105,0	100,9	108.8	105,3	–
Average annual number of people employed in industry, thousand people	1821,5	1809,5	1863.2	1810,6	99,4
Fixed assets of industrial enterprises, billion rubles. sum	124610.3	231453,7	297131,1	323017,1	259,2

builds, actively participating in raising the socio-economic potential of the country to a high level.

One of the important laws of industrial development is the growth of knowledge, skills and moral and educational level of industrial workers.

The image of the industrial workers of our country (as in the case of workers of developed countries) embodies the high standards of the worldview of conscious industrial workers and the definition of universal principles and values, progressive fighters for a new life. all.

At the same time, it is clear that the industry occupies a high place in the ongoing work to raise the knowledge and skills, production skills and abilities, cultural and educational level of network employees to a high level.

Also, ensuring the efficiency of industrial production requires the correct formation of a management mechanism. In particular, one important aspect is to pay special attention to the elements of industrial enterprise management. In this regard, economist D.D. Norboeva put forward the following provisions.

“One of the foundations of the elements of the management mechanism is the organizational setting. As a result of its implementation, the management capabilities of all types of enterprises, regardless of their form of ownership, may include:

- improve product quality and expand specialization;
- introduction of innovations and their effective use;
- increasing demand for goods based on the laws of supply and demand;
- optimization of production capacities and processes;
- development of research work at enterprises [5].

Regarding the first of the points mentioned above, the processes of “improving product quality and expanding specialization” should be under the control of the management system. It `s naturally. However, it must be taken into account that product quality is directly related to the production process. Because the processes are mainly carried out by production departments. Moreover, improving product quality depends on resources, technology and production methods.

Here it should be said that it is important to conduct scientific research aimed at improving the quality of products in manufacturing enterprises. This is extremely important in a highly competitive environment.

In the industry of the republic, the role of related domestic industries is different. Among domestic industries, historically the leading position is occupied by industries that process agricultural products and provide services to the agro-industrial complex. These are cotton ginning, silkworm farming, canning, oil and other industries.

Analytical data show that in 2019-2022, production in almost all types of industrial activity in our country tends to increase. In recent years, the index of production, repair and installation of machinery and equipment, production of automobiles, semi-trailers and other fabricated metal products, electricity, gas, steam, repair and air conditioning, as well as the production of textiles, clothing, and leather goods has been growing. This process, in our opinion, occurs as a result of the reforms carried out in our country, the use of new innovative technologies and institutional reforms in industrial production.

The development of industry creates the opportunity for a wider and more comprehensive use of the country's natural resources, raw materials and labor resources. As of January 1, 2023, the number of republican industrial enterprises is 105.3 thousand [8]. and 97.9 of them [8]. small enterprises and microfirms. These are the leading economic entities.

The creation of small industrial zones and industrial clusters plays an important role in the industrialization of the economy. According to current legislation, participants in created small

industrial zones are exempt from paying a single tax for a period of two years. If during the period of the benefit at least 30% of the total volume of products produced by the enterprises is exported, these benefits will be extended for another two years. Also, government buildings are provided to them on preferential long-term lease or at “zero” cost.

Today, the contribution of small industrial enterprises and microenterprises to the creation of new jobs, increased incomes and economic growth of the country is increasing.

**Table 3 The share of small enterprises and micro-firms in the main economic indicators of industrial development of the Republic of Uzbekistan (in percent) [8].**

Indicators	Years			
	2019	2020	2021	2022
General	100,0	100,0	100,0	100,0
Mining and open pit work	2.1	1.9	2,3	1,9
Manufacturing industry	96.0	96.0	96,3	95,8
Supply of electricity, gas, steam and air conditioning	1.5	1.7	1,0	1,6
Water supply, sewerage, garbage removal and recycling	0.4	0.4	0,4	0,7

Table 3 shows that in Uzbekistan in 2019-2022, 95.8 percent or more of industrial products (food, drinks, textiles, clothing, leather goods, furniture, etc.) were produced by small industrial enterprises and micro-enterprises. Although the share of small and microenterprises in mining and surface mining in the country's economic growth declined in 2020 and 2022, the share was slightly higher in 2021. The share of other branches of the network in the production of total industrial output is also increasing, although slowly.

The creation of free economic and small industrial zones is of great importance in the economic development of the country and the location of industrial production. Ensuring through them stable economic development of the regions of our country is one of the important directions of the economic policy of our republic.

Today, industry is penetrating every region of Uzbekistan, and new industries are springing up in remote and remote areas. Liberalization of the economy and an increase in the number of industrial production entities in the country require the formation of a competitive environment in the technical service system.

In such conditions, it is extremely important to create technical service enterprises in the form of JSC, LLC, KMK of various properties. However, at present, production enterprises in small industrial zones do not have the necessary funds to create separate technical service branches. Therefore, it is advisable to organize inter-enterprise technical service centers (JSC, LLC, KMZ) based on the association of specialists.

Technical service centers created among manufacturing enterprises in small industrial zones provide technical maintenance of industrial and production infrastructure facilities of a new economic entity, regardless of the form of ownership (industrial enterprises, farms and peasant farms, as well as other legal entities and residents).

Texservice centers organize warranty service based on equipment and other fixed assets at their disposal and other entities using its services, and this has the following advantages:

- technical service centers, together with other similar enterprises, create and increase competition in the field of technical service;
- creation of inter-enterprise service centers - there is an opportunity to save capital funds during the construction of buildings and structures;

- technical service centers - the fact that they are formed by specialists from technical service departments of enterprises within small industrial zones makes it possible to reduce the total number of employees (at the expense of managers);
- service centers (in addition to providing services) will be able to introduce existing best practices of small industrial enterprises into the activities of service users;
- within a year, opportunities will be created for the full and effective use of equipment from other enterprises using the services of technical service centers;
- exceeding tariffs for payment of services is not allowed, since the services of service centers are used by the enterprises of small industrial zones themselves, and tariffs are set at a preferential level by mutual agreement;
- profit received as a result of the activities of service centers created between small industrial zones serves to strengthen the material and technical base of the service center, at the same time its financial condition;
- relatively low prices for services, which leads to an increase in the number of entities using their services;
- expansion of the activities of service centers, that is, it makes it possible to benefit from the supply of spare parts, fuels and lubricants, etc.;
- makes it possible to purchase equipment and spare parts for enterprises in small industrial zones directly from manufacturing plants and reduce their prices by reducing settlements with intermediary organizations;
- Consolidation of funds of other entities using the services of service centers, on the basis of an agreement with them and by obtaining a long-term loan from a bank, creates conditions for regular updating of the material and technical base of the enterprise. service center, etc.

So, at present, the main goal of using equipment in industrial enterprises is to create a competitive environment in the maintenance system, requiring less capital investment in its organization and operation, compatible with the conditions that exist today in small industrial zones. One of the important ways is to reduce production costs. One important way is to create inter-enterprise technical services in small industrial areas.

In the context of economic globalization, any enterprise that wants to gain its place has to compete. In such conditions, enterprises need to choose the path of innovative development in order to ensure the continuity of their life cycle and maintain their position in the markets.

The role of innovation in the economic development of industrial enterprises is expressed in updating the technological base, producing new products, developing new markets and thereby achieving higher rates of economic growth.

In our country today there are enterprises that are 20-30 years ahead of other enterprises. The role of digital and innovative technologies is critical in achieving this agility. In conditions of fierce competition, only enterprises that implement new digital technologies and innovations and have qualified personnel can find their place.

Ensuring the gradual growth of the country's economy cannot do without science. For this reason, the use of scientific and technological achievements in all spheres of the economy, including industrial production, has always been relevant.

The development of science and technology is the basis of innovation. Innovation activity is a set of processes aimed at creating, mastering and introducing new ideas and developments that allow updating and developing production and its material and technical base.

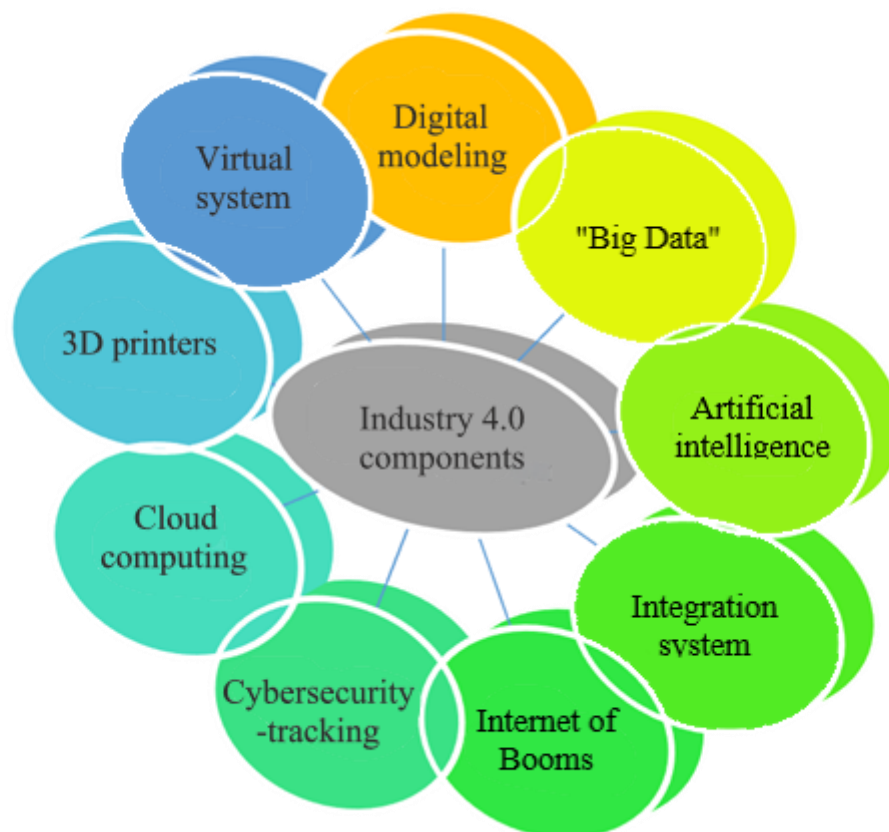
Today, it is possible to increase the efficiency of industrial production in our country through the development of science and innovation. To do this, it is necessary to improve the reform of the education system, pay special attention to the process of human capital formation, promote the

policy of preferential capitalization for the development of science and technology, and implement institutional reforms. As a result, it is possible to achieve not only the development of the industrial sector, but also the growth of the non-material production sector, improving the well-being of the population, and the economic growth of the country.

In our opinion, there are opportunities to further increase the above indicators through the effective use of existing economic, social and demographic resources for the development of industrial production. Only through the effective use of digital technologies can intensive growth trends in the industrial sector be achieved.

To do this, first of all, it is necessary to accelerate the widespread use of Industry 4.0 components. The Industrial 4.0 revolution originated in Germany and is currently playing an important role in the development of German industry. The organization of production will be based on digital technologies. We see a number of software tools, methods, and technologies as its main elements (Picture 1).

Judging by the totality of elements presented in Figure 1, the fourth revolution in national industry can be realized through the digitalization of industrial production (based on German experience). Of course, the implementation of these reforms is not an easy process, given that the equipment and technologies necessary for the digitalization of industrial production are not produced in our country. However, based on existing capabilities, it is necessary to provide incentives for the import of equipment and technologies, localize the production of equipment and technologies, improve the legislative framework, and create a personnel training system. As a result, the rate of industrial production and the share of industry in GDP will increase sharply



**Figure 1. Providing industrial enterprises with digital technologies [9].**

serves to increase, ensure economic growth and mitigate the processes of negative impact on the environment.

## Conclusions and offers

Based on the above, we consider it advisable to make the following proposals and recommendations for the development of industry in Uzbekistan:

- In order to increase the share of the country's industry in GDP, it is considered advisable to accelerate the processes of diversification in the industry. Modernization of production technologies at existing enterprises and the creation of new ones, based on modern innovations and digital technologies, and the creation of the necessary conditions for the operation of enterprises with capital from industrialized countries in our country;
- improving the mechanisms of organization, control and economic support of industrial enterprises from the point of view of the state, i.e. liberalization of the process of coordination and control with the developed program, strategy, as well as expansion of the organization of technopolises, technoparks, industrial clusters;
- training, retraining, advanced training of personnel involved in ensuring the sustainability of industrial enterprises in industrialized foreign countries. Organization of a memorandum on personnel exchange and channeling the potential of human capital into the activities of industrial enterprises;
- introducing benefits to industrial enterprises operating in free economic zones and small industrial zones in other regions, providing benefits for the import of raw materials and semi-finished products that are not available in our country, and organizing production based on the capabilities of the regions of our country;
- in order to ensure the continuity of production processes at industrial enterprises, improve the quality of services provided to them, that is, the creation of digital service platforms.

The development of the country's industry is considered an important process in the modern world of globalization; it serves economic growth, improves the well-being of the population, creates new jobs, solves employment problems, and increases GDP.

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