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ROLE OF INDUSTRIAL PRODUCTION IN ENSURING ECONOMIC SECURITY AND DEVELOPING ENTREPRENEURSHIP IN REGIONS

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Abstract: This article discussed the views on the importance and impact of industrial production in the context of ensuring the economic security of the regions and entrepreneurship development. Industrial production is considered as one of the key factors in ensuring the economic security of the region. Also, the indicators of industrial production in the Republic of Uzbekistan and the regions were studied and analyzed. On the basis of the studied data, appropriate conclusions were drawn about the role of national and regional industrial production in ensuring economic security.

Key words: economic security, developing entrepreneurship, economic security of country and its regions, factors of ensuring economic security, industrial production, main industrial indicators.

Introduction

Economic security is an important component of the system of national security because the economy is the basis of the living of a country, regions, society, individual, sustainable development of a country in a whole. There is no doubt that the importance of economic security will increase, especially in the context of economic development through developing entrepreneurship.

National security of any country is characterized by its potential, specifics, geopolitical position of a country, the nature of its international links. The competitiveness of national economy is playing a significant role in ensuring national security of a state. There are no self-sustaining states in the world. Some of them possess considerable natural resources, others develop innovative technologies.

Economic security of country and its regions is a complex and multifactorial system which presents a material basis for the formation of other components of national security.

For the State, there is no absolute economic security, when there are no types of external and internal threats to the national and regional economy. The main factors of economic security of the country are its geographical location, natural resources, industrial and agricultural potentials, the degree of socio-demographic development, the quality of public administration.

In this case, the main purpose of this research is to identify the mechanism for maintaining economic security of the country and its regions on the basis of analysis of major industry indicators. This article highlights the industrial potential as one of the most important factors in ensuring economic security of the country and its regions. It also

provides recommendations for economic security of the country and its regions through the development of industrial production.

Literature review

Problems of economic security are relatively new in Uzbekistan and many foreign economies. They have become relevant over the recent years, and many foreign scientists have been studying them in their works.

S.A.Afontsev defines the economic security as “a combination of conditions and factors that ensure the independence of the economy, its stability and sustainability, the ability to update and improve constantly” [2].

V.K.Senchagov regards the economic security as the willingness and ability of the institutions of power to create the mechanisms for implementation and protection of the national interests in the development of the domestic economy, and the maintenance of the socio-political stability of society [3].

The work is also based on the examination of statistical data, legal documents, electronic resources, works and several authors such as E.I.Kuznetsova [4], Y.U.Radyukova [5], I.V.Davidenko [6].

Research Methodology

The methodological basis of the research is a systematic approach, which allowed to study the research problem. In the course of this investigation the general scientific and special methods of research: methods of dialectics, a method of analysis of economic processes, comparative and statistical analysis. These methods were used in various stages of study, depending on the goals and tasks.

Analysis and results

Uzbekistan is a country with a developed industry. Forty percent of production and more than a million people are engaged in this sector of economy. The share of the sector in making the country's GDP makes up 35 percent.

Leading sectors of the industry are: cotton cleaning, machine building, textile, gas, precious metals, electronics, instrument making, oil processing, car making and agricultural processing. Other sectors, including chemical and oil and chemical, power, metallurgy, sector of construction materials and light industries are developing fast.

Profound structural transformations have started in the energy sector, the oil and gas industry, geology, transport, road construction, agriculture and water management, drinking water supply, heat supply and a number of other areas. In 12 leading spheres, modernization and competitiveness programs are being implemented. As a result, the economic growth rate of our country amounted to 5.6 percent in 2019. Industrial production increased by 6.6 percent, exports swelled by 28 percent. Gold and foreign exchange reserves grew by \$ 2.2 billion to reach \$ 28.6 billion[1].

The main factor of growth in the total volume of industrial production was an increase production in the mining and quarrying by 32.4%, manufacturing industry by 15.6%, especially manufacture of motor vehicles, trailers and semi-trailers by 75.6%, manufacture of wooden and cork products, (except furniture), products made of straw and plaiting materials by 69.8%, manufacture of machinery and equipment,not elsewhere classified by 44.9%, manufacture of electrical equipment by 40.7%, manufacture of rubber and plastic products by 38.1%, manufacture of computers, electronic and optical products by 21.8%.

Table 1

Main industry indicators of Uzbekistan for 2010-2018 [7]

	2010	2011	2012	2013	2014	2015	2016	2017	2018
The volume of industrial production, billion soums	38119	47587,1	57552,5	70634,8	84011,6	97598,2	111869,4	148816	235340,7
Production growth in industrial production, in% to the previous year	108,5	106,5	107,8	109,5	108,3	107,9	106,2	108,0	116,6
including:									
mining industry	97,9	100,8	110,2	99,5	101,2	107,1	101,0	115,8	132,4
processing industry	109,4	108,8	108,5	112,1	109,4	108,1	106,4	108,3	115,6

According to preliminary data, in January-December 2019, enterprises of the Republic produced industrial products worth 331.0 trillion soums, the index of physical volume of industrial production compared to the same period last year was 106.6 %.

A major factor in the growth of physical volume of industrial production was the growth in manufacturing industry - by 9.4 %, electricity, gas supply, steam and air conditioning -0.3 %, water supply, sewerage, waste collection and disposal -6.3%, a reduction in mining and quarrying by 1.0 % (Fig. 1).

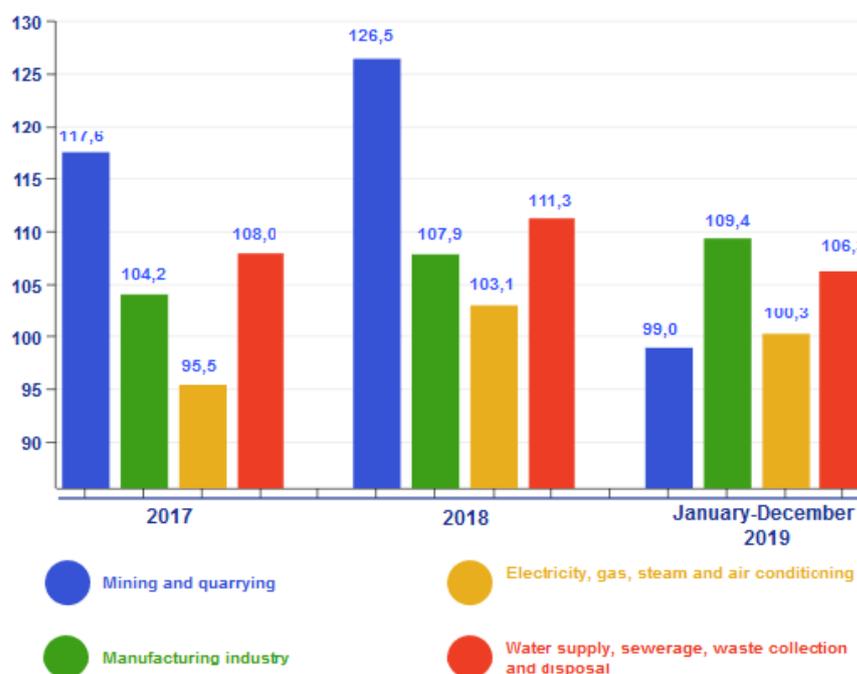


Figure 1. Structure of industrial production by main types of economic activity for January-December 2019 [7]

Manufacturing enterprises in January-December 2019 produced products worth 264.4 trillion soums, or 79.9 % of the total industry.

In the manufacturing industry, the share of enterprises producing, repairing, assembling machinery and equipment, producing cars, trailers, semi-trailers and other finished products was 22.3 % (the growth of the physical volume index compared to January – December 2018 increased by 19.9%), the share of the metallurgical industry – 22.0 % (6.9%), enterprises producing textile, clothing and leather products - 16.1 % (5.7%), the production of food, beverages and tobacco products-16.1 % (8.5%), enterprises producing chemical products, rubber and plastic products – 9.7 % (4.0 %).

Industrial production	Production in 2018	Production in January-December 2019
Passenger cars, pcs.	220 667	271 113
Trucks, pcs.	4 237	5 320
Flour from soft wheat and spelt, thousand tons	1 463.9	1 486.1
Automobile engines, thousand pcs.	158.8	200.6
Cotton-fiber, thousand tons	817.7	476.5
Vegetable oil (refined), thousand tons	185.1	159.5

Figure 2. Production of certain types of industrial products by large manufacturing enterprises [7]

At the same time, in the manufacturing industry, in comparison with the corresponding period of the last year, the production of trucks increased by 1.3 times, passenger cars - by 1.2 times, automobile engines - by 1.3 times, buses - by 1.6 times, running wheels, their parts and accessories -1.2 times, radiators, silencers and exhaust pipes, clutches, steering wheels, steering columns, crankcase steering gears and their parts - 1.4 times.

In the structure of the manufacturing industry, compared to the corresponding period of the previous year, the share of high-tech industries was 1.6% (1.4% in January-December 2018), medium-high-tech – 25.3% (27.8%), medium-low-tech-37.5% (32.1%) and low-tech-35.5% (38.7%).

In January-December 2019, 1 534 buses were produced in the Republic (an increase of 1.6 times compared to the corresponding period last year), while the largest volume of their production was recorded in March of this year, amounting to 204 pcs.; produced 200.6 thousand units of automobile engines (126.4%), while the largest volume of their production was recorded in October of this year, amounting to 25.1 thousand units; produced 5 320 trucks (125.6%), with the largest volume of their production recorded in November of this year, amounting to 616 units.

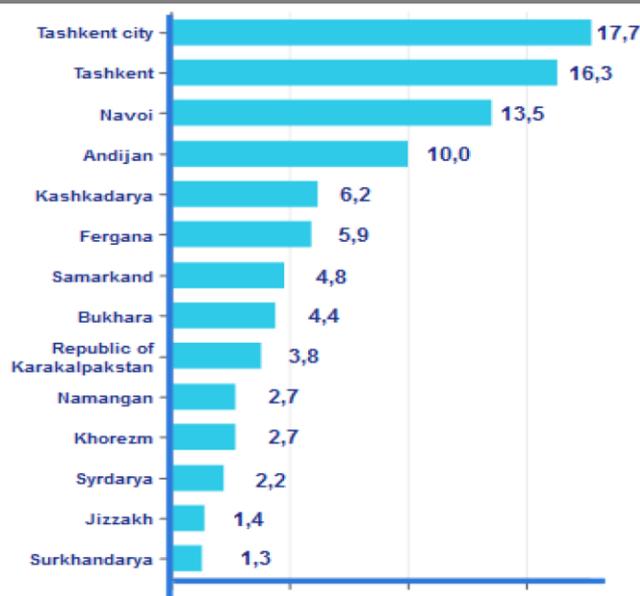


Figure 3. Share of industrial products of regions in the volume of production of the Republic of Uzbekistan in 2019, % [7]

In the structure of industrial output of the Republic, the largest share falls on the city of Tashkent (17.7 % of the Republic's industrial output), Tashkent (16.3%), Navoi (13.5%), Andijan (10.0%), Kashkadarya (6.2 %) and Fergana (5.9%) regions.

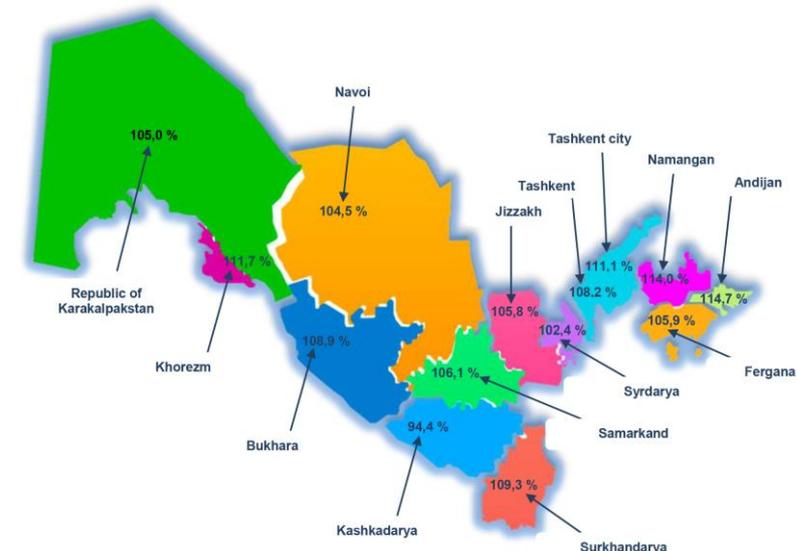


Figure 5. Index of physical volume of industrial production by region (January-December 2019 as % of 2018) [7]

Consistent implementation of measures to increase the industrial potential of the regions contributed to a significant increase in the index of physical volume of industrial production in Andijan (114.7% compared to January-December 2018), Khorezm (111.7 %), Tashkent (108.2 %), Namangan (114.0 %), Samarkand (106.1 %), Bukhara (108.9 %), Surkhandarya (109.3 %) regions and Tashkent city (111.1 %)

Conclusion

Economic security of the country is a system composed of interrelated and complementary elements (components) and economic security level depends on the security of its each component.

According to studied data and analyzed indicators on this topic, the following important conclusions were drawn:

- 1) ensuring the economic security of the country through the provision of economic security in its regions;
- 2) economic security of Uzbekistan is directly related to the leading sectors of the economy, in particular, industrial production;
- 3) increasing the volume of finished products will ensure the sustainable development of industrial production in the regions;
- 4) improving investment processes related to industrial production is an important factor in ensuring the economic security of the region;
- 5) gradual expansion of the use of technical and technological innovations in the production process is an important factor in ensuring sustainable growth of production.

In turn, the essence of government economic policy in the mid-term prospect is to promote cost-effective production, strengthen the industrial potential of the country in order to provide a framework for social programs and performance of state duties in the social sphere. Economic growth of the country and its social stability depend directly on improving the competitive recovery of state subjects of market relations, population's social security and welfare, funding of priority directions of scientific, technological and production capacity development, and as a result it will help to ensure the economic security of our republic.

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