

6-1-2021

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### Recommended Citation

Makhmudov, B. A. (2021) "THE MAIN FACTORS INFLUENCING THE DEVELOPMENT OF THE INDUSTRIAL SECTOR OF THE ECONOMY," *Economics and Innovative Technologies*: Vol. 2021 : No. 3 , Article 11. Available at: <https://uzjournals.edu.uz/iqtisodiyot/vol2021/iss3/11>

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## **THE MAIN FACTORS INFLUENCING THE DEVELOPMENT OF THE INDUSTRIAL SECTOR OF THE ECONOMY**

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**Abstract:** *The article defines the industry. Its role in the development of the country's economy is shown. Data on the development of industry in the Republic of Uzbekistan in the years of independence are presented. The main factors of influence on the industrial sector are highlighted. The role and essence of innovative processes in the development of industry is revealed.*

**Keywords:** *Industry, economy, production, investment, factors of influence, classification, resources, innovation process.*

### **Introduction**

Industry is the main, leading branch of material production, in which the predominant part of the gross domestic product and national income is created. The leading role of industry is also due to the fact that the success in its development depends on the degree of meeting the needs of society in high-quality products, ensuring technical re-equipment and intensification of production.

The industrial complex is a complex economic system, which is influenced by many factors. The identification of existing factors and their systematization will allow determining the main directions of development and support of the industrial complex, as well as systematizing existing approaches and tools for regulating its activities.

### **Literature review**

The factors influencing the development of the industrial sector in the economy were studied in detail by such scientists as Kostyuchenko Z., I. V. Ivanov, V. V. Baranov, G. I. Lysak, O. V. Kirsanov., Ortikov A., etc. They studied the theoretical concepts and processes of development of the industrial sector in the economy.

Together with this, the issues of industrial development of economy of Uzbekistan were studied in the works of researchers of Uzbekistan, such as Makhmudov N., Makhmudov E. H., Ortikov A., Kuzmenko N. I., Salikov Yu. A.

## **Research methodology**

The methodology of research and forecasting of industrial development in the context of basic types of economic activity and in the industry as a whole includes a number of stages and methods of knowledge.

At the first stage, information support is provided for the study of basic types of economic activity, based on the initial statistical data: the volume of gross output, intermediate consumption, gross value added, wages of employees, gross profit of the economy and gross mixed income, as well as the indices of the physical volume of gross output and gross value added for the period.

The essence of the second stage is the formation of the research methodology, which includes the use of a number of specific methods and techniques of cognition: index, comparative, graphical, correlation and regression with the modeling of relationships and the identification of patterns of development, forecasting and computational-constructive.

The logic of the third stage determines the analysis of dynamic series, the study of growth factors, and the identification of development trends both in the context of basic economic activities and in the industry as a whole.

Due to the disparity of volume characteristics in dynamics, due to the diverse influence of the price factor, taking into account the reporting parameters of the last year and the physical volume indices, at the fourth stage, comparable volumes of gross output, intermediate consumption and gross value added for a certain period of time are calculated.

There is also another approach based on factor analysis, when in the course of specific calculations, the dependence of the desired predicted indicator (in this case, gross value added) on its factors, which are consistently:

- time factor for intermediate consumption volumes;
- intermediate consumption for gross output volumes;
- gross output for the volume of gross value added.

The main drivers of industrial sector growth in the period 2019-2021 are:

- deepening the processes of modernization and diversification of industry;
- expanding the growth potential of manufacturing industries, which will make a significant contribution to ensuring productive employment and providing the population with sustainable jobs;
- improving the efficiency of resource use by reducing the resource intensity of production and increasing labor productivity through the widespread introduction of resource-saving technologies in production;

- improvement of the competitive environment and further elimination of monopolization in the markets of industrial goods;
- increased capacity utilization by increasing access to raw materials and improving the raw material base of industrial enterprises;
- ensuring the sustainable development of the energy sector of the industry and further improving the energy efficiency of the economy;
- strengthening the role of the innovation factor in the development of industrial production.

In industrial activity, there are two types of technological innovations – product and process. The use of technological innovations is currently one of the main conditions not only for the survival, but also for the effective development of enterprises. This statement, first of all, is justified by the growth of the dynamics of the ongoing socio-economic processes in society, with the processes of globalization and integration into the world economic system, with a focus on the transition from quantitative to qualitative economic growth.

The process of forming and implementing innovations in an enterprise is a complex and multi-stage process. It can be represented as follows:

**Table 2**

**Stages of the innovation process**

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<b>1. Identification of innovation</b>
<b>2. Development of production technology</b>
<b>3. Production preparation</b>
<b>4. Production of an innovative product</b>
<b>5. Product promotion</b>
<b>6. Sales of products</b>
<b>7. Product distribution</b>

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Source: Compiled by the author

Factors can also be classified by their significance: dominant (critical for the development of the industrial complex) and secondary (important for development, but not of primary importance), as well as by their content: prospective (will be important in the future) and current (important for the industrial complex at this stage of development). According to the forms of use, it is possible to distinguish

integration (which are of priority importance for all subjects of the industrial complex) and local (which are fundamental for individual industries or subjects).

According to this approach, all factors are also divided into external and internal, regulated and unregulated, deterministic and stochastic (uncertain).

Generalization and systematization of existing approaches allowed us to build a classification of factors that affect the development of the regional industrial complex, fully taking into account all existing factors. This systematization allows us to assert that the most important of them is innovation. In addition to the direct impact, they have a significant impact on other factors, thereby repeatedly affecting the industrial complex.

### **Analysis and results**

The industry of our country has passed a long historical path and radically changed in the years of independence, as it began to develop in accordance with the market economy. In the last 10 years, the industry has developed quite quickly, as a result, Uzbekistan has taken its place among the countries with a developed industry. During the years of independence, completely new industries appeared, such as the automotive industry, engine building and creating spare parts for these industries, oil and gas processing industries, pharmaceuticals, as well as the production of modern televisions and computers. The role and importance of industry in the national economy is growing every day, in January 2020, enterprises of the republic produced industrial products worth 27.9 trillion. sum, industrial production in the same period of 2019 amounted to 104.4 %. In the structure of production, the largest share is accounted for by manufacturing enterprises (75.7%).

**Table 1**

### **Industrial production of the regions in January 2020**

	Billion soums	Physical volume index
<b>Republic of Uzbekistan</b>	27 908,2	104,4
<b>Republic of Karakalpakstan</b>	1 137,5	103,5
<b>Regions:</b>		
<b>Andijan</b>	2 522,8	109,4
<b>Bukhara</b>	1 346,3	108,3
<b>Jizzax</b>	405,9	102,8
<b>Kashkadarya</b>	1 086,6	100,3
<b>Navoi</b>	4 075,9	101,1
<b>Namangan</b>	785,3	114,7
<b>Samarkand</b>	1 082,3	101,0

Surhandarya	380,0	101,4
Sirdarya	691,9	101,0
Tashkent region	4 726,6	102,5
Fergana	1 775,5	103,0
Horezm	694,2	104,3
Tashkent	5 124,2	105,0

www.stat.uz -Industrial development. January 2020

The industrial sector of Uzbekistan has significant development reserves that need to be tapped in the medium term. To ensure industrial growth, there are two ways to use existing reserves — to attract additional (new) resources and to increase the efficiency of using resources already involved in the turnover, mainly through the deepening of the processing of raw materials to finished products of final consumption. Significant reserves lie in increasing cost efficiency and reducing unit costs for the production of industrial products. High costs cause a high level of energy and material consumption of production. Significant reserves are concentrated in improving energy efficiency. This applies mainly to such energy-intensive industries as metallurgy, the production of building materials, and the chemical industry. The reserves of modernization of production facilities based on modern energy-saving technologies are not fully used. There are also significant reserves in the production of energy-saving equipment, devices and materials, automated systems for accounting for the consumption of fuel and energy resources. An important factor in the dynamic development of industrial production in the medium term is an increase in the degree of capacity utilization in the presence of demand for manufactured products. Estimates of the level of utilization of production capacities in industrial sectors in recent years show that the greatest potential for utilization is in the machine-building industries, primarily the automotive industry, textile production, and the processing and food industries. In turn, in order to effectively use the existing production capacities, it is necessary to strengthen the mineral resource base, which also has significant potential and growth reserves.

### **Conclusion and recommendations**

The analysis showed that there are a number of difficulties in implementing the innovative way of development of the industrial complex. First of all, when planning innovative measures, the limitations are the ability of industrial enterprises to ensure the financing of relevant investment projects. In addition, when choosing

areas of innovation, the level of risk of projects should be taken into account. Enterprises as separate subjects of economic activity do not have enough resources to switch to the innovative way of development. Therefore, the activation of innovation processes is impossible without active state regulation. In this regard, an urgent task is to study the foreign experience of regulating innovation activities in the industrial complex.

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