



## THE MAIN FACTORS AFFECTING THE DEVELOPMENT OF THE INDUSTRY SECTOR OF THE ECONOMY

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<b>Article history:</b>	<b>Abstract:</b>
<b>Received:</b> 6 <sup>th</sup> December 2022 <b>Accepted:</b> 6 <sup>th</sup> January 2023 <b>Published:</b> 6 <sup>th</sup> February 2023	The importance and role of the industrial sector in the development of the country's economy are highlighted. The issues of stable development of the industrial sector in the national economy of Uzbekistan, the innovative activity of the industry, as well as the efficiency of management are highlighted. The analysis showed that as a result of the measures taken to reform the economy, a number of positive shifts were achieved in the structural changes implemented in the industrial complex. The main factors were identified. industrial development.

**Keywords:** Industry, factors, efficiency, structural changes, modernization, investment, share in GDP.

Industry is the main and largest branch of material production. It provides all branches of the national economy with objects of production and tools. It creates various types of machines and mechanisms, also produces structural elements of buildings, extracts underground wealth, produces a huge amount of food products, etc. The development of the industrial sector will lead to sustainable growth of the national economy. Diversification processes will be improved by processing grown and extracted resources in the field of industry, producing new products from them and increasing the range and nomenclature.

The industrial sector directly affects many important factors such as:

- well-being of the population (qualified medical care, high level of education, comfortable housing, provision of work for the population, etc.);
- strategic security of the country;
- provision of necessary products of the population, processing of agricultural products;
- scientific and technological progress;
- investment receipts;
- entering the world market, increasing exports;
- economic relations between countries.

Each state chooses for itself its own specific path of development and support of national industry,

while it can focus on the development of innovative high-tech industries. It is also important to take into account that countries have shaped their policies over different periods of time with different competitive advantages. In the economy of Uzbekistan, there are industries potentially competitive in both domestic and world markets. Since the industry side by side goes with the development of scientific and technological progress. The main tool for increasing the competitiveness of industry is innovation activity, and the level of development of the innovation sphere (science, new technologies) forms the basis for sustainable economic growth, determines the prospects for the development of the enterprise.

The effectiveness of the development of industrial enterprises is significantly influenced by various factors of the external and internal environment. In general, factors of production are understood as "elements necessary for the production of products - goods and services. According to the common classification, factors of production are divided into: means of production (machines, tools, buildings, land), materials (raw materials, auxiliary and production materials) and labor in the sense of purposeful activity.



**Rice. 1. The main groups of factors affecting the development of industrial enterprises**

The effectiveness of the development of industrial enterprises may also depend on such factors as:

- commercial conditions of enterprises (opportunities to provide customers with credits, discounts from the list price, discounts on the return of previously purchased goods that used their economic resource);
- organization of a sales network (location of a network of branded stores and exhibition centers, their accessibility to a wide range of customers, demonstration of products in action);
- organization of technical maintenance of products (the volume of services provided, the terms of warranty repair, the cost of post-warranty service, etc.);
- consumer perception of the company, its authority and reputation, its product range, service, the impact of the trademark, etc.

The industry of our country has come a long historical way and has 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 rapidly, as a result, Uzbekistan has taken its place among countries with developed industry. In the years of independence, completely new industries appeared, such as the automotive industry, engine building and creating spare

parts for these industries, the oil and gas processing industries, pharmaceuticals, as well as the production of modern televisions and computers.

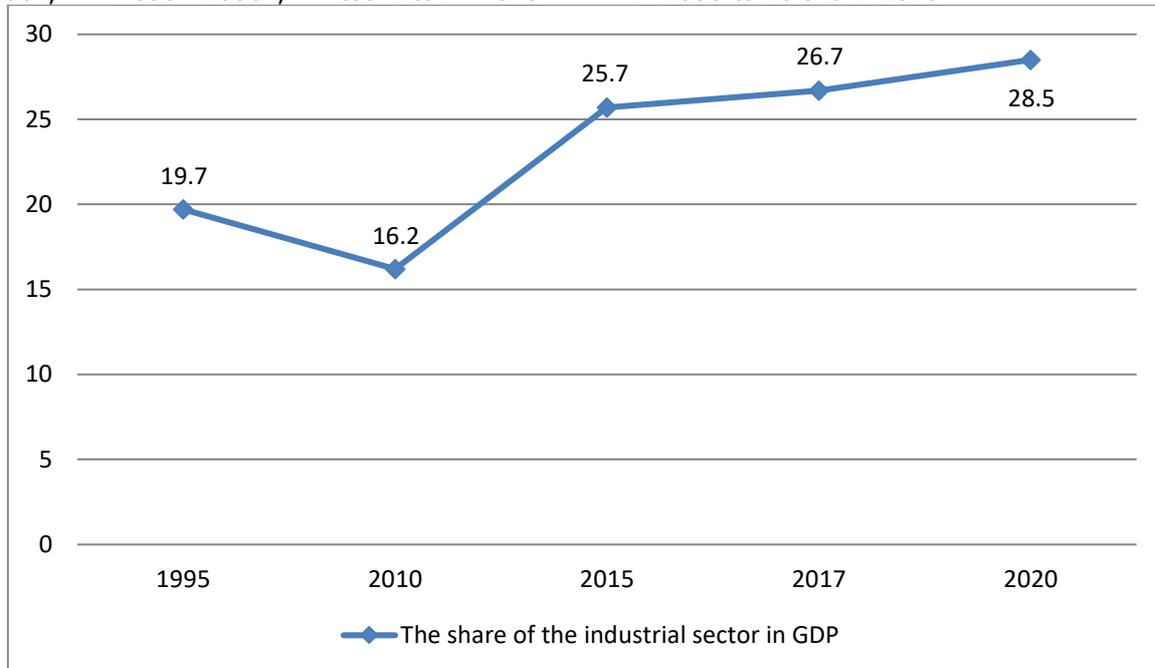
The Decree of the President of the Republic of Uzbekistan Sh. M. Mirziyoyev "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan" in order to implement the priority areas for the modernization of the country and the liberalization of all spheres of life provides for the issue of increasing the competitiveness of the economy through the modernization and diversification of the leading sectors of the national economy in priority areas of economic development and liberalization. Modernization and diversification of production are an important prerequisite for ensuring and strengthening economic security. Accordingly, the national industrial potential is gradually increasing due to the consistent implementation of promising projects. We can say that the program for the development of industry in 2017-2021, as well as the consistent implementation of industry programs for modernization, technical and technological renewal of production, open up new pages in the production of competitive products that have added value in the activities of all industries. At



the same time, it is an argument that almost 80% of industrial production falls on their share.

As a result of the adoption of measures for diversification, modernization, technical and

technological renewal of the industrial sector, the growth of the total volume of industrial production and the share of industry in GDP was ensured from 19.7% in 1995 to 28.5% in 2020.



**Rice. 2 Dynamics of changes in the structure of GDP (%).**

The growth rate in industrial sectors depends on the scale of domestic and external demand for products created in these industries. A sharp expansion and improvement of the consumer credit system with a further increase in real incomes and purchasing power of the population is characterized by an increase in the share of domestic demand, which increases the volume of production in the industrial complex. The presence of favorable conditions on the world market for products created in industry, the strengthening of international economic integration has a positive effect on the development of industry and is characterized by an increase in the external factor. As a result 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 implemented in the industrial complex. Reform, restructuring of industrial enterprises on the basis of market principles occupies an important place in the development of industry.

According to preliminary data, in January-May 2020, the enterprises of the republic produced industrial products for 131.9 trillion. Sum, the index of the physical volume of industrial production by the same period in 2019 amounted to 97.8%. In the structure of

production, the largest share falls on manufacturing enterprises (79.6%). The main factor in the decline in the physical volume of industrial production was its decrease in the mining industry and quarrying enterprises - by 18.9%, water supply, sewerage, waste collection and disposal - by 11.4%, while there is an increase in volume in the manufacturing industry - by 1.5%, production in electricity, gas, steam and air conditioning - by 13.0%.

Structural changes in industry require a phased implementation of the following areas:

- Denationalization of property and expansion of the class of owners through privatization;
- Rejection of previously formed, specialized in the supply of raw materials industries, creation in their place of capacities that produce finished products;
- Provision by the state of socio-economic and legal guarantees producing industrial products to subjects for their free activity;
- Introduction of modern experience, techniques and technologies of foreign firms for the entry of Uzbek industrial products into world markets, creation of a favorable investment environment for this;



- Step-by-step development of existing experience, the potential of qualified personnel and all intellectual property;
- Development of the necessary infrastructure, primarily electricity, gas and watersupply for new and already leading industrial enterprises;
- Increasing competitiveness by reducing energy costs, reducing costs and improving the quality of industrial products;
- Improving the quality of training of highly qualified personnel;
- Provision of benefits and preferences for the expansion of production activities, attraction of financial resources for targeted areas.

Taking into account all the factors, it can be noted that all the reforms implemented and implemented in the Republic have a positive impact on the development of the industrial sector and the increase in the country's macroeconomic stability.

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