



## INDUSTRY AND ITS ROLE IN THE SOCIO-ECONOMIC DEVELOPMENT OF SOCIETY

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### **JEL Classification: O2, O29**

**Abstract:** *This article examines the dynamics of the development of the diversified industry of the Republic of Uzbekistan, where statistical data indicate that over the past few years the contribution of the domestic industrial sector to the total GDP of the country has increased significantly thanks to the implementation of reforms and the implementation of comprehensive measures for the diversification and modernization of economic sectors, effective structural shifts in the development of this sector of the economy have been ensured. These measures have contributed to the implementation of reforms. At the same time, it is considered that in the process of industrial development, issues affecting the sequence of dynamic production growth and the competitiveness of products have yet to be resolved. As a result, maintaining a low level of efficiency in the use of fuel and energy resources in almost all areas and spheres of the economy necessitates an active policy of resource conservation. The problem of a high level of wear of machinery and equipment negatively affects the expansion of the company's ability to remain competitive in the market, as well as the problem of low labor productivity is caused by a high level of wear of machinery and equipment. Due to the high costs of transport and logistics, there is a problem*

**Keywords:** *diversified industry, economic strategy, diversification of*

*with the high costs associated with entering foreign markets, in turn, this is due to the underdevelopment of the country's logistics infrastructure, which necessitates the construction of a unified logistics system, as well as logistics centers in each region of the country, and the lack of uniform strict requirements and national quality standards continues to be a problem. The fact that many different goods do not meet the quality standards imposed on international markets negatively affects the competitiveness of domestic goods and restricts the export of these goods. Almost every industry does not have a base for its own research and development, as well as its own scientific innovations and technological achievements. This represents a barrier to the introduction of innovative ideas in the business world. There is a presentation of statistical data, which allows an objective analysis of the current state of the industry. Based on the conducted research, proposals are made for the implementation of a mixed model based on catch-up and innovative development models, with a concentration of efforts on breakthrough scientific and technical areas, while in order to improve the welfare and quality of life of the population, it is necessary to ensure the solution of strategic tasks of socio-economic development of the republic.*

*production, industrial policy, modernization of production, production potential.*

**Introduction.** Industry is the type of production that serves as the model for the transformation of all other industries and spheres of the economy, whether that transformation is currently taking place or has the potential to take place. It is characterized by a relatively high level of concentration of production and labor, machinery and technology, the use of flexible systems of organization and management of production, the use of the most qualified part of the company's workforce, and compliance with the economic regime. Additionally, it is characterized by a relatively high level of concentration of production and labor, machinery and technology. The development of industrial relations, the growth and strengthening of intersectoral ties, and the entire process of expanded reproduction in the country are all significantly influenced by industry. The contribution that industry makes to the generation of new jobs or positions, as well as to the rise in the overall employment rate of the population, is significant. It is not possible to eradicate the fundamental differences that exist between the city and the countryside and to bring the standard of living in rural areas closer to that of urban conditions without the involvement of industry. The rate of scientific and technological advancement, as well as economic development, as well as the general welfare of the populace, are all speeding up as a direct result of the contributions made by industry.

Uzbekistan, which is currently one of the independent states located in Central Asia, is going through one of the most turbulent stages of its development at the moment. The exceptional natural and climatic conditions of the country, the abundant mineral resources of the country, the developed agricultural sector, and the significant labor potential — all of these factors contributed to the success of the republic in the development of a diversified

national economy, which allowed the country to become self-sufficient.

The years of independence of the Republic of Uzbekistan have been spent on the intensive development of a number of different industries, the most important of which are those that ensure the progress of scientific and technological progress. According to the Decree of the President of the Republic of Uzbekistan dated September 21, 2018 No. UP-5544 “On approval of the Strategy of Innovative Development of the Republic of Uzbekistan for 2019-2021”, it was noted that an important condition for the dynamic development of the Republic of Uzbekistan is the accelerated introduction of modern innovative technologies in the economic, social and other spheres with wide application of science and technology achievements.[2] The acceleration of production is directly related to the development of integration links between different types of industries, which, in turn, is due to the steady growth of these industries.

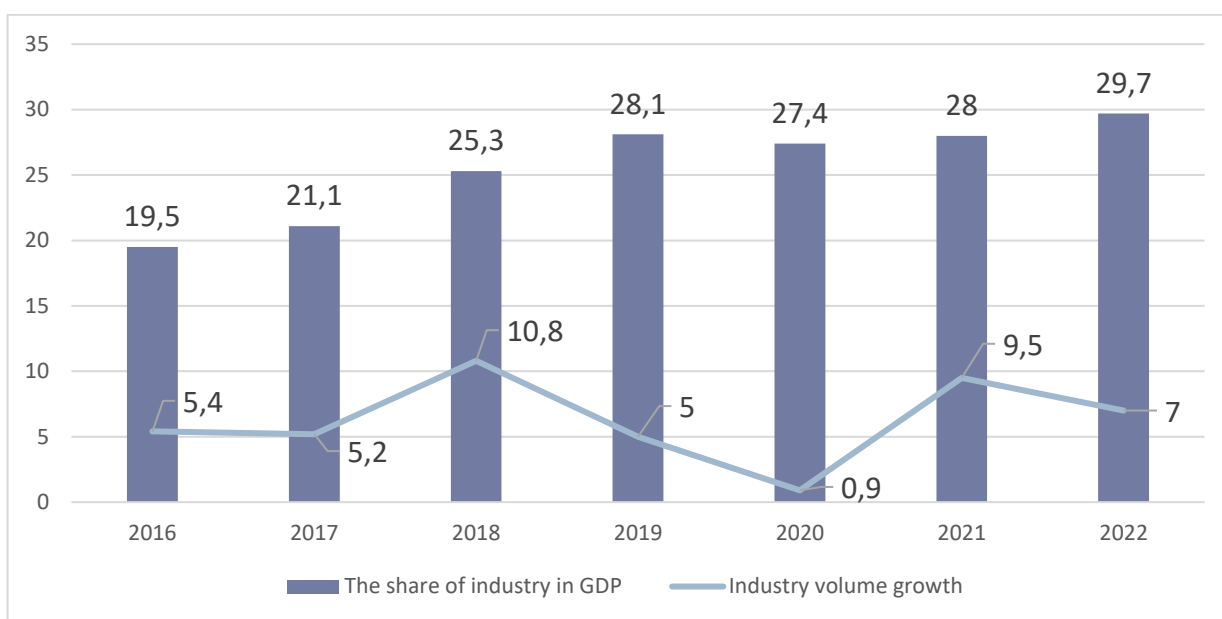
**Material and method.** The long-term well-being of any State is based on the development of its production potential. A special role in this is played by the industrial sector, whose importance in the economy of Uzbekistan has been growing rapidly in recent years. Over the past few years, 19 free economic zones and more than 400 small industrial zones have been created, 10 trillion soums have been allocated for the infrastructure of these zones. This was done in order to create the conditions necessary for the prosperity of industry. Financial resources amounting to three billion dollars were allocated to turn certain industries into "drivers". These industries include textiles, chemicals, building materials, leather, pharmaceutical and electrical. Geological surveys have been increased three times the previous level in order to supply the industry with the raw materials it needs. As a result, more than 600 new deposits were discovered.

A direct consequence of this is an increase in the number of industrial enterprises over the past five years to one hundred thousand, and the total volume of production has increased by one and a half times.

The growth of the national economy is carried out according to the scenario typical for most countries of the world. One of the most important conditions for increasing labor productivity is the technological modernization of production, which includes not only the improvement of existing equipment, but also, most importantly, the

commissioning of new equipment, the introduction of integrated automation and the like. This is one of the main conditions that must be met.

According to the statistics, over the course of the previous few years, the contribution of the domestic industrial sector to the overall GDP of the country has significantly increased, and it now amounts to 29.2% of the total. In addition to this, employment opportunities are presented to 23.5 % of the country's population that is of working age in this sector of the economy.



**Fig-1. Change and growth rates of the share of industry in GDP in 2016-2022 (%).**

It was determined, on the basis of an analysis of the primary indicators of the manufacturing sector in the Republic of Uzbekistan, that during the period of time spanning from January 2022 to December 2022, the manufacturing sector of the republic's enterprises produced a total of 551.1 trillion worth of industrial goods. When all of these factors are considered, the index of the physical volume of industrial production for the same time period in 2021 amounts to 105.2%.

There are currently 98.8 thousand industrial enterprises operating in the republic, of which 16.8 thousand are located

in the capital city of Tashkent (which accounts for 17.0% of the total number of operating enterprises) and 11.1 thousand (which accounts for 11.2% of all operating enterprises) are located in other cities. - Ferghana, with 10,000 (10.1%) people; Andijan, with 9,900 (10%) people; and Tashkent, with 9,900 (10%) people from the Samarkand region.

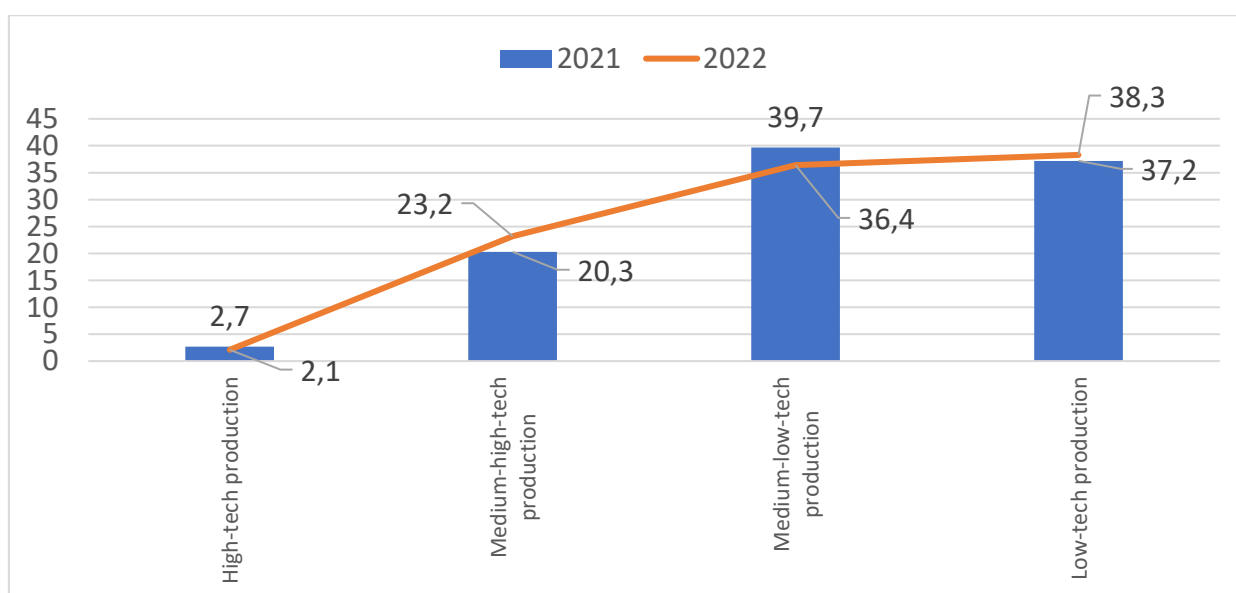
The expansion of this state's productive potential is required if there is to be any hope of maintaining this state's current level of prosperity over the long term. The manufacturing industry, the significance of which has been steadily increasing in

Uzbekistan's economy over the past few years, plays a particularly important role in this development.

This is because the manufacturing industry produces a variety of goods. The value of the output from manufacturing enterprises accounts for 83.2% of the total value of production, which is 458.2 trillion soums. This indicates that the manufacturing sector holds the greatest proportion of total output in the structure of production. During the period of January to December 2022, the regions of Tashkent (19.5%), Tashkent (16.9%), Navoi (15.3%), Andijan (9.8%), and Ferghana (5.5%) accounted for the largest share of the total industrial production of the republic.

In the structure of the manufacturing industry, the share of high-tech industries was 2.1%, medium-high-tech - 23.2%, medium-low-tech - 36.4% (39.7%) and low-tech - 38.3% (37.2%).

One of the most dependable pillars of independent development and economic prosperity in the republic is the diversified machine-building complex. Because this complex supplies the foundation for the technically upgraded re-equipping of all industries, it is one of the most important pillars of achieving these two objectives.



**Fig-2. The share of high-tech industries in the structure of the manufacturing industry (%).**

This sector of the economy encompasses a number of other sub-sectors, such as the automotive industry, the tractor and agricultural industry, the instrument making industry, and others. In 2022, large enterprises of the republic produced 4,094 trucks. In January-December 2022, large enterprises of the republic produced 1,357 buses. In the automotive industry of the

country, 101,617 cars were produced in January-December 2022. According to the results of January-December 2021, the share of this industry in the structure of the manufacturing industry amounted to 8.5%, while the index of physical volume, in relation to the same period in 2020, was 94.8 %.[7]

It is one of the few industries that can make a significant contribution to ensuring the continued economic growth of our nation, and metallurgy holds a secure place in the structure of the economy, making it one of the basic branches of the national industry. In January-December 2022, the share of the metallurgical industry in the structure of the manufacturing industry amounted to 23.2%, the volume index increased by 3.9%, and the volume of production amounted to 106 443.8 billion soums.

In January-December 2022, the share of other non-metallic mineral products amounted to 4.9%, the index of physical volume of production decreased by 3.5%, and the volume of production amounted to 22,374.0 billion soums. In January-December 2021, the share of production of other non-metallic mineral products in the structure of the manufacturing industry amounted to 5.5%, while the volume index, compared to the same period in 2020, reached 108.6%. [7]

Textile and clothing production is one of the fastest growing industries in the economy of Uzbekistan. Timely decisions taken by the Government over the past two years in our country have allowed us to achieve higher growth rates than in previous years. In 2022, the share of textile production amounted to 13.7%, the physical volume index increased by 9.8%, and the volume of production was equal to 62,757.0 billion soums.

A policy of export-oriented development of the textile industry has been carried out in recent years, and the growth of the industry's products' competitiveness has led to a dynamic increase in the export of all types of the industry's products, ranging from yarn to knitwear to ready-made clothing. If in January-December 2022 the share of clothing

production in the structure of the manufacturing industry was 3.8%, and the physical volume index was 105.5%, the volume of production reached 17,210.1 billion. sum, then in January-December 2021, the share of this industry in the structure of the manufacturing industry was 3.6%, and the volume index was 118.7 %.[7]

The rapid expansion of the textile and clothing industry in recent years is also directly related to the incorporation of new technologies into the industry at various points during this time period. These new technologies were introduced at a variety of points over the course of this time period. On the lands where cotton and textile clusters are located, drip irrigation systems with a total cost of 320 million US dollars each have been installed. In particular, to increase productivity, clusters have purchased more than 14,000 high-performance agricultural machines, including more than 660 cotton combines; drip irrigation systems with a total cost of 320 million US dollars have been implemented on the lands of cotton and textile clusters; international product quality certification standards such as ISO, BSCI, OEKOTEX, GOT have been implemented, more than at 1300 textile enterprises. In 2022, the number of such enterprises reached 1,650.

One of the most important sectors of the economy is the chemical industry, which possesses significant potential in terms of both production and the use of raw materials, in addition to scientific and technological advancement, and includes businesses that produce chemical plant protection products, mineral fertilizers, synthetic resins, polymer products, chemical fibers and threads, and other goods. For the period from January to December 2022, the volume of production amounted to 33 350.2 billion. sum, the index of physical volume of production decreased

by 2.6%, the share of chemical products reached 7.3%. In 2022, the volume of production amounted to 15,064.1 billion sum, the physical volume index increased by 3.9%, the share of coke and refined products production was 3.3%. The volume index for January-December 2022 amounted to 98.9%, and the volume of production – 8,917.0 billion soums. The share of the manufacturing industry, which was devoted to the production of rubber and plastic products, amounted to 1.9% of the total. Modernization of technological equipment allowed to increase the capacity utilization of chemical enterprises and increase production rates higher than in the previous year for the production of both potassium chloride (101.0%) and sodium carbonate (111.5% by January-December 2021).[7]

In order to accelerate the development and modernization of the electrical industry, create new productions of modern electrical appliances, increase the investment and export potential of the industry, as well as support local manufacturers, a Presidential decree "On additional measures to further develop the electrical industry and increase the competitiveness of domestic products" was issued. All these goals were achieved through the implementation of the measures set out in the Presidential Decree.

The resolution also approved a program for the creation of new production facilities and diversification of production in the electrical industry. The total amount of funds invested in the implementation of 136 projects included in the program is 531.9 million US dollars. Of this amount, the funds contributed by the initiator of the project account for US\$ 169.5 million (or 31%), bank loans account for US\$ 228.2 million (or 43%), and direct investments from other countries account for US\$ 137.7 million (or 26%). As a result of the successful completion of the projects, an additional 9.7 thousand new jobs were provided. The index

of physical volume of production for January-December 2022 amounted to 105.4%, and the volume of production amounted to 14,302.4 billion soums. The share of electrical equipment production in the structure of the manufacturing industry was 3.1% during this period. [7]

The oil and gas industry of Uzbekistan has been developing for a considerable time. Nevertheless, over the past 20 years, the expansion of its potential has become one of the strategic priorities of the idea of economic and social development of the republic. Thanks to this, our country is now among the ten largest gas producing countries in the world and is considered one of the largest producers of fuel and energy resources in the Central Asian region. During the period under review, the volume of products produced by enterprises responsible for the supply of electricity, gas, steam and air conditioning amounted to 37.5 trillion soums, which is 6.8% of the total volume of industry. Production of certain types of industrial products due to power supply, gas supply, steam production and air conditioning by large businesses. Compared to the same period in 2021, the growth rate of electricity production in January-December 2022 amounted to 99.8%, and thermal energy production – 97.5%.[7]

The production of consumer goods in the period from January to December 2022 reached a total of 197.9 trillion. Compared to production during the same period in 2021, the growth rate reached 119.4%; the share of the total volume of industry was 35.9%. This was the result of actions taken to expand the range of products and stimulate the production of finished products. Produced in the Republic in the period from January to December 2022, food products amounted to 67.6 trillion. Overall, the growth rate was 17.5% higher than in the same time period in the previous year. In the structure of production of consumer goods of the republic

in January - December 2022, the largest share falls on Tashkent (23.5% of the total volume of consumer goods). The production of consumer goods per capita in January-December 2022 in the republic amounted to 5,551.3 thousand soums. As part of the production of consumer goods, the share of food products was 34.2%, and the share of non-food products was 65.8%. If in January-December 2022 the share of food products amounted to 13.0%, then the physical volume index reached 106.2%, and in the period from January to December 2022, the volume of production reached 16,336.3 billion. sum, while the physical volume index was 117.6%. [7]

The contribution of small business to industrial production. During the period from January to December 2022, small enterprises produced products totaling 142.6 trillion soums. This amounted to 25.9% of the total production. The share of small enterprises in total production for the 12 months beginning in January 2021 and ending in December 2021 was 27.4%. Another factor contributing to the growth of industrial production in the republic was the implementation of the Localization Program for the production of finished products, components and materials. Within the framework of this program, products worth 49.3 trillion were produced for 2310 different projects. In short, the export of locally produced goods brought in a total of 638.2 million US dollars and led to the creation of 10,570 new jobs. [7]

In recent years, effective structural shifts in the development of this sector of the economy have been ensured thanks to the implementation of reforms and the implementation of comprehensive measures to diversify and modernize economic sectors. These reforms and measures were implemented thanks to the implementation of comprehensive measures to diversify and modernize economic sectors. Reforms have been further advanced thanks to the

implementation of these measures. Concurrently, in the course of the process of industrial development, issues affecting the sequence of dynamic production growth and the competitiveness of products have not yet been resolved. These issues are likely to continue to pose challenges.

As a consequence of this, an active policy of resource conservation is required in order to keep the level of efficiency in the use of fuel and energy resources at a low level in virtually every sector and domain of the economy.

The issue of a high level of wear on machinery and equipment has a negative impact on the ability of the company to expand while continuing to maintain its position as a competitive player in the market. This indicates that the degree of wear across all companies in the sector is 45.9%. The growth rates of manufacturing businesses typically decrease, and these businesses also experience the highest degree of wear and tear on their machinery and equipment (50.5%). The problem of low labor productivity is caused by a high level of wear and tear of machinery and equipment. Uzbekistan's industry has labor productivity three to four times lower than that of rapidly developing countries such as China, India, Brazil, etc.

There is a problem with the high costs associated with entering foreign markets, and one of the primary causes of this problem is the high cost of transport and logistics. This, in turn, is due to the underdevelopment of the country's logistics infrastructure, which necessitates the construction of a unified logistics system as well as logistics centers in each region of the country. In addition, this is due to the fact that the country does not have a centralized logistics center.

The problem of assuring the quality of different kinds of manufactured goods continues to be one that must be addressed. In light of the current circumstances, the

primary source of the problem is the absence of unified, stringent requirements as well as national quality standards. The fact that many different goods do not meet the quality standards imposed on international markets has a negative impact on the competitiveness of domestic goods and restricts the export of these goods. This is because international markets have quality standards that must be met by all goods sold there.

Nearly every sector of the economy lacks a foundation capable of supporting its own research and development, as well as the scientific advancements and technological advances that it has made. This constitutes a hurdle that must be overcome before innovative concepts can be implemented in the corporate world. In terms of the composition of the business world, the proportion of high-tech companies constitutes the largest share (29.8%). This factor is directly responsible for the fact that the proportion of high-tech industries is still disappointingly low (1.2%).

The model of industrial development that is based on an accelerated increase in the export of fuel and raw materials is losing some of its potential because of this. The model is called the export-raw materials model. This is as a result of the fact that the expansion of exports of fuel does not keep pace with the expansion of exports of raw materials. If these issues continue for an extended period of time into the foreseeable future, they could put the industry's ability to grow in a sustainable and balanced manner in jeopardy.

Specifically, there is an intensification of global competition, which not only includes traditional markets for traditional goods, capital, technology, and labor, but also includes public administration systems, innovation support, and human development. A delay in the development of new beable to be addressed: the possibility of enhancing existing organizational forms.

technologies of the most recent generation can reduce the competitiveness of the national economy, as well as increase its vulnerability in the conditions of increasing geopolitical competition.

**Results.** Implementation of a mixed model based on catch-up and innovative development models should be carried out in the majority of industries. This model should concentrate efforts on breakthrough scientific and technical areas in which there are competitive advantages, as well as on the restoration of qualified engineering and design potential.

At the same time, in order to improve the welfare and quality of life of the population, it is necessary to ensure the solution of strategic tasks of the socio-economic development of the republic in such a way that their result is a harmonious combination of a variety of interests, including sectoral interests, intersectoral interests, regional interests, interregional interests, national interests, and international interests. This is necessary in order to improve the welfare and quality of life of the population.

It should be a high priority to work toward bettering the quality of products and ensuring that they are in accordance with international standards. In this regard, it is of the utmost importance to formulate a set of national state standards that are unified and applicable to all categories of manufactured goods, with the goal of achieving the greatest possible degree of congruence with international quality benchmarks. In other words, this is the path that we need to take in order to reach our destination.

Continued attention must be paid to the optimization and transformation of large associations of industrial organizations into cluster-type economic societies as an essential priority. Because of this, one of the



An additional domain in which the resolution of social problems ought to be a top priority is, in the first place, ensuring that the population has access to productive employment and the creation of long-term jobs in the manufacturing sector of the economy, particularly in its high-tech industries, in addition to the education of qualified engineering personnel and the protection of the environment.

**Conclusion.** In the future, the industry needs to become the primary driving force in order for it to become the primary driving force in achieving sustainable development for the nation. This should be accomplished by intensifying structural transformations and diversifying the economy, contributing to a shift away from an orientation toward raw materials, and creating conditions for the transition to a model of development that emphasizes innovation and high technology.

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