



**ACHIEVING ECONOMIC GROWTH ON THE BASIS OF THE DEVELOPMENT OF INDUSTRIAL SECTORS OF THE REPUBLIC OF UZBEKISTAN**

***Kakhorova Anora Nusratovna***

*Tashkent State University of Economics, 2 st year doctoral student of the Department of "Economic Theory"*

[a.kakhorova@tsue.uz](mailto:a.kakhorova@tsue.uz)

***Botirova Xulkar Olimdjanovna***

*Tashkent State University of Economics, Assistant of the Department of "Economic Theory"*

[h.botirova@tsue.uz](mailto:h.botirova@tsue.uz)

**Abstract:** The Gross Domestic Product (GDP) in Uzbekistan expanded 6.40 percent in the second quarter of 2024 over the same quarter of the previous year. GDP Annual Growth Rate in Uzbekistan is expected to be 6.20 percent by the end of this quarter, according to Trading Economics global macro models and analysts expectations. In this article, the comparison of various models related to macroeconomic balance and economic growth is studied on the basis of various graphs, formulas and tables, and their comparisons are made. In addition, the specific characteristics of the models and their application in what period and for what economic systems are covered in detail. Economic growth refers to an increase in the size of a country's economy over a period of time. The size of an economy is typically measured by the total production of goods and services in the economy, which is called gross domestic product (GDP).

**Key words:** economic growth, capital, labor, goods market (IS), money market (LM), balance of payments (BP), interest rate, return on capital, technologies, capital accumulation, accumulation level.

**Introduction.**

In the new stage of reforms in Uzbekistan, special attention is paid to the issues of "...ensuring the well-being of the population through sustainable economic growth", in this area "doubling the size of the economy by 2030 and joining the ranks of "upper-middle-income countries". However, despite the fact that a number of positive results have been achieved in the structural policy pursued in the republic over the past five years, the issue of ensuring sustainable growth rates remains one of the most pressing problems due to the existence of varying degrees of imbalances between certain sectors and areas of the economy. Therefore, the establishment of the tasks of "bringing the volume of GDP to \$160 billion by 2030 and per capita income to \$4 thousand, and increasing the share of technological products produced in industry from 25 percent to 32 percent" has made the issue of effective implementation of rapid structural changes in the economy one of the most pressing problems today. The statistical book contains information on the types of industrial production and the main industries: electricity, fuel, metallurgical, chemical and petrochemical industries, mechanical engineering and metalworking, forestry, wood processing and pulp and paper industry, building materials industry, light and food industries. The statistical book contains data on industrial production, available production facilities and their use, as well as on the number of people employed in the industry.

**Literature review.** The post-soviet development of Uzbekistan can be divided into two time frames: 1991-2016 and 2017 to the present day. The economy of Uzbekistan during the 25 years

can be characterized as a planned, and state-managed distribution of resources and products, followed by an economy focused on import substitution, hence with little competition in local markets. The government determined foreign exchange and interest rates. The economy developed due to heavy industry, great use of natural resources and physical capital, and subsidizing of inefficient state-owned companies (Popov, V., Chowdhury, A., 2005). Thus, Uzbekistan did not follow its comparative advantages in choosing its industries, so resources were misallocated and limited labor mobility. GDP growth started only from 1996-2%, 1997-5%, from 1998 to 2003 was about 4% (IMF, 2003). According to scholars L. Alcorta, N. McGregor, B. Verspagen, and Adam Szirma (2021), industrialization has two critical determinates: internal and external determinants. Local determinants consist of market size, consumption, investment, endowments, and human capital. In contrast, external determinants consist of openness to trade degree, capital account liberalization, depreciation of the national currency as the main currency of foreign trade, etc. A group of scholars led by N. Haraguchi, B. Martorano, and M. Sanfilippo (2019) found that successful industrialization correlates to the country's high organizational stability, which can also be found in the characteristics of East Asian Newly industrialized countries. Market lead and state facilitated approach (Lin, 2021) would enable a certain level of industrialization, and a politically more powerful government would adopt more gradual reforms (Wang, 2014) toward better industrial upgrading. According to this scientist, economic growth means an increase in aggregate supply, or in other words, an increase in the volume of real and potential GDP. Growth (in economics) is a repetition of the volume of goods and services produced in a country in an increased amount compared to previous years (periods) Ensuring economic growth is the main goal of any country's economic policy. Economic Growth is based on the development of leading sectors of the economy. Economic growth is based on an advanced production structure, high labor productivity, the production of competitive products that are in high demand in the domestic and foreign markets, and the sale of products in favorable markets. In other words, economic growth means a constant increase in the real volume of product production and, at the same time, an improvement in technological, economic and social characteristics in the development of society. In determining and calculating Economic Growth, the gross domestic product (GDP), which is the most general indicator of a country's economic development, serves as the basis and shows the positive change in the volume of real GDP over a certain period of economic growth. Economic growth rates are reflected in the growth rates of GDP. Economic Growth represents the general state of development of the country's economy. Although the change in real GDP provides information about the state and dynamics of the country's economy, it does not fully reflect economic growth. For example, the growth rate of the country's population was 3%, and the growth rate of real GDP was also 3%. In this case, although the GDP volume has increased, people's incomes remain unchanged. Therefore, another indicator is used to fully reflect economic growth - the change in real GDP produced per capita. There are also qualitative factors of economic growth, which include the productivity of labor, capital and land (natural) resources. Economic growth that occurs due to qualitative factors is called intensive growth. The limitation of production factors limits the possibilities of extensive growth. Therefore, intensive growth is considered effective in conditions of limited resources. The development of science and technology also stimulates intensive economic growth. In recent years, a number of social indicators have been considered as a condition and result of economic growth. In the growth sector - the dynamics of employment; in the distribution sector - the dynamics of real incomes of the population and a number of other indicators; in the exchange sector - the development of the material base of trade and public catering, the dynamics of retail trade turnover; in the consumption sector - the growth of consumption and non-production savings.

**Methodology.** The article uses systematic analysis, statistical-economic and scientific abstraction, comparative and structural analysis, and a number of other methods.

**Results and analysis**

## Industrial Indicators

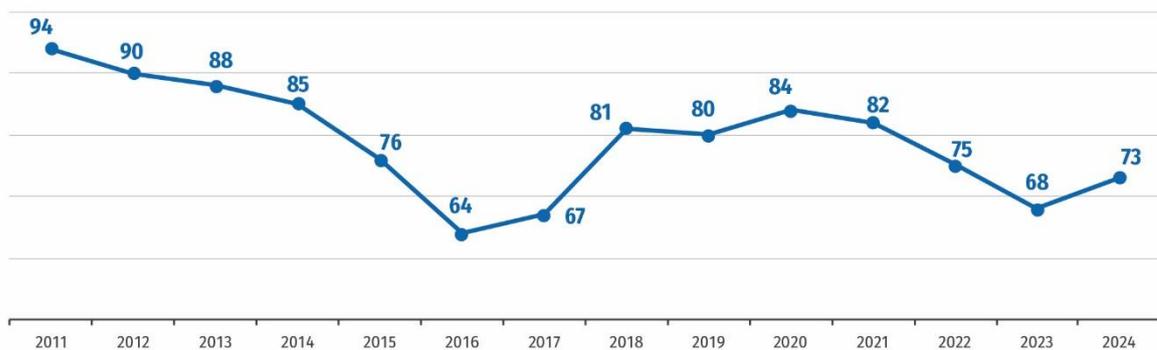
Industrial Indicators  
January 2025

Percentage variation	Jan25/ Dec24 Seasonally adjusted	Variation in percentage points
 Real revenue <sup>1</sup>	3.3	 Capacity Utilization Seasonally adjusted Jan25/Dec24 0.0 percentage points Original Jan25/Jan24 -1.6 percentage points
 Hours worked in production	1.9	
 Employment	0.1	
 Real Total Payroll <sup>2</sup>	-0.3	
 Real average income <sup>2</sup>	-0.8	
1 Deflator: IPA/OG-FGV 2 Deflator: INPC-IBGE		

Source: <https://www.portaldaindustria.com.br/statistics/industrial-indicators>

In January 2025, real turnover, hours worked, and employment in the manufacturing industry advanced, showing a recovery compared to the performance in December. On the other hand, real wage mass and the real average earnings of industrial workers declined, reflecting the difficulty for workers' earnings to maintain their purchasing power in the face of the level of inflation that has been recorded in the economy.

Companies intending to invest in 2024  
Percentage (%) of total valid answers



Source: <https://www.portaldaindustria.com.br/statistics/industrial-indicators>

For 74% of companies, the investments made were aimed at technological innovation. In addition, 58% of companies invested seeking the improvement of human capital.

Table 1: Estimation technique of methodology

Methodology Model	Specification	Data Base	Nature of Observed Impact

Inter-industry cross/panel section regression	(1) MVA growth is a function of various determinants	Various factors, including TO have significant effects on MVA performance	Various determinants, including a positive impact of trade openness to industrialization, are mainly obtained via scale benefits from comparatively advantaged sectors due to low factory price ratios
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Industrial Policy, the trade openness index, average import tariff, exchange rates, inflation rate, average wage, tax rate, FDI, and industrial policy are independent variables. At the same time, the manufacturing value-added as a share of GDP is measured as dependable variables. The data used in the study was mainly collected from 1994 to 2020 years. Expected years of schooling, employment in industry, and gross fixed capital formations are considered as control variables.

To achieve the specified objectives of this work, the author carried out work to identify the key determinants of industrialization in the case of Uzbekistan using quantitative and qualitative approaches of methodology. Econometric simple and multiple linear regression is an effective tool for the scientific justification of the correlation between multiple factors and industrialization and other factors affecting industrialization.

Leading sectors of the industry are: cotton cleaning, machine building, textile, gas, precious metals, electronics, instrument making, aviation, 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.

Uzbekistan has powerful thermoelectric power stations, which generate almost 90 percent of electric power in the country.

The metallurgical industry is comprised of companies that extract, treat and process raw, ferrous and non-ferrous metals, This sector makes more than 10 percent out of the total of industrial production. There are many predicted reserves of gold, silver, copper, uranium, lead, zinc, tungsten, molybdenum, lithium, aluminum, and other rare metals and minerals in the country.

Given that, the share of the metallurgy is expected to further rise in the total amount of industrial production. Products put out by the industry, especially those of non-ferrous and precious metals, are considered to be a rare at the world market, and will serve a good reason to extend their export with a view of enriching the country's currency fund.

The non-ferrous metallurgy, with its main base in the Angren and Almalyk mining industrial area, includes production of copper, refractory and heatproof metals, and gold, respectively. The largest enterprise of the sector is the Almalyk Mining and Smelting Enterprise. Over the last years, the share of the heavy industry within the total amount of industrial production has increased. And accordingly, the share of the light and food industries has decreased. The given tendency calls for creation of the new independent national economy.

During the first stages of economic reforms, the country chose to limit the consumer market by redirecting all the efforts and funds onto structural changes in the economy, and grounding the foundation for the modern export-oriented production, equipped with the latest technology.

The light and textile industry is also significant in creating and extending the industrial complex of the country. More than third of the total number of industrial companies in Uzbekistan are concentrated in the given sector, as well as make up the country's basic funds and number of personnel engaged, huge share of the foreign trade balance, and currency revenues. Given the specific features of the country with its large farming practice, the diverse light industry was put in place incorporating production of the cotton-fiber, cotton and silk cloths, raw silk, ambary

fiber, hosiery, upper and linen knitted wear, ready-made garments, footwear, and other. The making of carpets, haberdashery, and china-faience ware is considered to be a part of the country's light industry.

### **Summary**

To conclude from the above, structural reform and development of the economy requires the introduction of a modern and inclusive institutional system based on rapid identification and elimination of existing problems and obstacles. Including:

- ensuring consistency between macroeconomic stability, economic growth goals and structural reforms;
- introduction of effective systems and mechanisms based on modern forecasting models for managing economic cycles caused by external and internal factors;
- the absence of a comprehensive system and coordinating state body, regulatory framework, criteria and evaluation methodology for the development and implementation of measures aimed at reducing poverty.

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