



## **ENSURING CONDITIONS FOR EFFECTIVE DEVELOPMENT OF INDUSTRY BASED ON PRODUCTION DIVERSIFICATION**

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<b>Article history:</b>	<b>Abstract:</b>
<b>Received:</b> 11 <sup>th</sup> February 2021 <b>Accepted:</b> 28 <sup>th</sup> February 2021 <b>Published:</b> 16 <sup>th</sup> March 2021	This article discusses promising goals and directions of diversification for the development of industry. Determine the direction of restructuring in the national economy.
<b>Keywords:</b> Diversification, competitiveness, investment, location, communication, localization	

The production diversification strategy is an important element of the organization of productive forces. Diversification serves as a tool for eliminating imbalances in reproduction, including the redistribution of resources.

The main goal of diversification is to maximize profits by achieving competitiveness. However, the ways to achieve competitiveness and the incentives for diversification have different specifics.

In accordance with the decree of the President of the Republic of Uzbekistan No. PP-4937 "On measures to implement the investment program of the Republic of Uzbekistan for 2021 - 2023" dated December 28, 2020.

In order to expand the raw material base and deepen its processing, increase the production of competitive finished products with high added value, widely attract foreign direct investment and high technologies in the economy, ensure the socio-economic efficiency of investment projects and create highly paid jobs on this basis, and also accelerated socio-economic development of the regions of the republic.

Thanks to the positive changes that have taken place in the economy of Uzbekistan over the years of independence, its structure has been significantly diversified. Automotive industry, including the production of engines and spare parts, petrochemicals, oil and gas equipment, modern agricultural machinery, building materials industry, railway equipment, consumer electronics, pharmaceuticals and microbiology, food. The launch of the food, textile, leather and footwear industries and a number of other completely new industries laid the foundation for this. In Samarkand, the Isuzu bus plant (Japan) and truck manufacturer MAN (Germany), the Bukhara refinery, the Shurtan gas chemical complex and the recent commissioning of the Ustyurt gas chemical complex and the complete reconstruction of the Fergana refinery. As a result, significant qualitative changes have taken place in the sectoral structure of Uzbekistan's industry. This is confirmed by the following figures: the share of industry, which is the locomotive of economic growth, is about 35%, while the share of agriculture gradually decreased to 18%, and the share of services increased from 33% to 47%. Such changes are typical of fast-growing economies.

As a result of the diversification of Uzbekistan's industry, its export structure is also changing. It should be noted that the localization of industrial production plays an important role in the industrial development of Uzbekistan. The localization program was originally adopted in 2000. Since then, the program has implemented more than 2,600 projects worth more than \$ 5.5 billion. Localized enterprises have mastered the production of more than 5 thousand types of industrial products, which replaced imports by \$ 7 billion a year. In the last two years alone, the import of 97 commodity groups has been completely stopped due to the localization of production, and the import of 306 types of products has more than halved.

Significant changes in the economic, social, scientific and technological conditions of industrial enterprises have radically changed the requirements for strategic planning.

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Industrial transport is an essential element of the systems of transport services for production, playing a key role in the delivery of goods and in social production in general. Railway transport occupies a leading place in the transport service of enterprises in most industries.

In accordance with the decree of the President of the Republic of Uzbekistan No. PP-4937 "On measures to implement the investment program of the Republic of Uzbekistan for 2021 - 2023" dated December 28, 2020. joint-stock company "Uzmetkombinat" is implementing a large investment project "Construction of a casting and rolling complex"<sup>1</sup>...

In the implementation of the project, they put on the plan of Uzmetkombinat JSC:

Reduced product imports and outflow of currency				
the years	2016 year	2017 year	2018 year	2019 year
Hot rolled (tons)	189 t	220 t	261 t	395 t

Table 1

It will double the production of products and additionally produce over 1.0 million tons of hot-rolled sheet products per year, of which over 100 thousand tons for export and 900 thousand tons for the needs of the economy, including the Tashkent Metallurgical Plant. (Table 1)



Every year the production and use of hot-rolled sheet products has increased and this will allow the development of related industries (construction, machine-building, car-building) and the production of additional new types of modern and relevant and import-substituting new products (non-standard metal structures, seam pipes, various types of sheets, building materials).

They will design new jobs with employment that will provide people with comfortable housing, as well as up to 5,000 new modern jobs with new technologies in related industries.

According to the analysis of economic statistics, it will reduce product imports and outflow of foreign currency (in 2019, 395,000 tons of hot-rolled steel sheets in coils were imported (an increase of 134% by 2018) or by \$ 245,000,000 (an increase of 126% by 2018)<sup>2</sup>...

Average annual growth rate of imports of hot-rolled steel to the republic for 2017-2019 was 33%).

Within the framework of the project, the basic design has been fully completed, a feasibility study of the project has been developed and a positive expert opinion has been received from the Center under the Ministry of Economic Development, the start of the supply of equipment is scheduled for the first quarter of 2021, dismantling and geotechnical works have been completely completed at the construction site, and engineering communications are being installed.

<sup>1</sup> [https://nrm.uz/contentf?doc=529226\\_postanovlenie\\_prezidenta\\_respubliki\\_uzbekistan\\_ot\\_22\\_01\\_2018\\_g\\_n\\_pp-3487\\_o\\_merah\\_po\\_podderjke\\_deyatelnosti\\_hozyaystvennyh\\_obshchestv\\_ihesyh](https://nrm.uz/contentf?doc=529226_postanovlenie_prezidenta_respubliki_uzbekistan_ot_22_01_2018_g_n_pp-3487_o_merah_po_podderjke_deyatelnosti_hozyaystvennyh_obshchestv_ihesyh)

<sup>2</sup> Materials of the report "Study of compliance of the processing capacity of the terminals of the new logistics center of the JSC" Uzbek Metallurgical Plant "with the expected volume of freight traffic."

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