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Shukhrat Sitmurotov

Tashkent Agricultural University branch in Nukus  
Researcher

## PRIORITY DIRECTIONS OF INDUSTRIAL DEVELOPMENT OF THE REPUBLIC OF KARAKALPAKSTAN

**Abstract:** The combination of biological, ecological, soil, climatic phenomena associated with the drying up of the Aral Sea led to the formation of the Aralkum desert in the Republic of Karakalpakstan. Among industries with relatively favorable prerequisites for development, it is necessary to highlight the petrochemical, gas industry and the production of mineral fertilizers. One of the important prerequisites ensuring the creation of this complex is the presence of various sources of chemical raw materials and natural gas reserves. Discovery of large reserves of natural gas on the territory of the Republic of Karakalpakstan, which is not only a chemical raw material, but also a cheap type of energy fuel, as well as the laying of a dense network of gas pipelines through the republic will also create prospects for the development of a large base of power plants.

**Key words:** industrial development, Republic of Karakalpakstan, biological, ecological, soil, climatic phenomena, Aral Sea, Aralkum desert, growing influence, environmental factor, economic development, social development.

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### Introduction

Sustainable, balanced development, increasing competitiveness any region directly depends on the level of industrial development, in including manufacturing, and only the industrial type of development of the regional economy creates a powerful basis for economic growth, a high level and quality of life, and allows you to increase the educational level and human potential.

On October 2, 2020, at a special session of the Jokorku Kenesh of the Republic of Karakalpakstan, the head of state set tasks aimed at developing each city and district of the region and improving the living conditions of the population. To this end, 37,000 economic and business entities were studied and important issues were identified for the development of a new development program.

### The main findings and results

At the same time, the problems of industrial development in the regions remain an urgent direction of their economic growth. It is at the regional level that

the rich natural resource, production and personnel potential is concentrated, which form the competitive advantages of the territories. The prospects for the development of industry in the regions are characterized by increased competition, the advantages in which will be gained by those territories whose production, scientific and technical potential can be most effectively implemented in the manufacturing industries.

One of the important tasks in the development of industry in the regions is the formation of directions for the development of industry. Developed directions differentiation of the sectoral and territorial structure of industry, should fully take into account the level of socio-economic development of the region.

The Republic of Karakalpakstan occupies the 1st place in the Republic of Uzbekistan in terms of area, but in terms of socio-economic, industrial and agricultural development it lags significantly behind all other regions. Based on these analyzes, a comprehensive development program of the Republic of Karakalpakstan for 2020-2023 has been developed.

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Under the program, a number of tax incentives are provided to new businesses to increase investment in the region.

From the point of view of economic development, the region is distinguished by a poorly developed industry, a predominance of extractive industries, a high level of wear and tear of fixed assets, and the remoteness of most territories from transport hubs and centers. The drying up of the Aral Sea also has a strong impact on the development of the region, and Karakalpakstan is an ecological disaster zone.

The combination of biological, ecological, soil, climatic phenomena associated with the drying up of the Aral Sea led to the formation of the Aralkum desert in its place. The growing influence of the environmental factor further hinders the economic, social and industrial development of the region. In addition, another of the constraining factors for the development of the region's industry is the underdeveloped transport infrastructure. The density of railways in the region per 10.0 thousand km of territory is 50.7 km, this figure is 2 times less than the average for the republic, the density of highways is 4 times less than the average for the republic.

Although the share of these industries prevails in the structure of the region's industry, the chemical, gas chemical and building materials industries have been intensively developing lately.

The existing significant imbalances in the territorial development and distribution of productive forces, the presence of relatively developed, underdeveloped and depressed regions in the republic create an additional imbalance in the development of the region. As can be seen from Figure 2, industrial production in Karakalpakstan is concentrated in several cities and regions, and they account for about 70% of all industrial production.

Despite the negative indicators in socio-economic and industrial development, the natural resource concentrated in several cities and regions, and they account for about 70% of all industrial production.

Despite the negative indicators in socio-economic and industrial development, the natural resource potential of this region can become the most important factor in the development of industry in the region. Large reserves of mineral resources have been explored in the republic: natural gas, building materials, rare earth metals, as well as mineral salts. The predicted oil and gas potential of Ustyurt is estimated at 1.685 trillion tons of liquid hydrocarbons. To date, more than 20 wells are operated in the Ustyurt gas condensate fields.

As the analysis of the profitability of the sectors of the economy of the Republic of Uzbekistan over the past five years shows, the average profitability of the industry was 38.7%, including the extractive industries 99.7%, the processing industries 29.0%. Among the extractive industries, the fuel industry

(101.0%) and non-ferrous metallurgy (64%) have the highest level of profitability. In the manufacturing industries, the highest profitability falls on the building materials industry (93.2%) and the food industry (43.5%), the lowest profitability is observed in the light industry (14.0%). Based on this, it is possible to determine some of the directions for the development of industry in region. Although the fuel industry is highly profitable, this industry requires large capital investments, therefore, the return on investment will be very long. At the same time, based on the listed socio-economic, environmental, natural resource characteristics of the region, it would be more expedient to develop the production of industrial building materials due to the high profitability (93.2%), the presence of large stocks of building materials and relatively lower capital intensity.

In addition, the food industry is characterized by a fairly high profitability (43.5%), the presence of significant reserves of raw materials, low capital intensity and a quick return of capital. One of the priorities for the development of industry should be light industry, which, despite the low level of profitability (14.0%), is also less capital-intensive and rather labor-intensive, which will make it possible to fully use not only the entire raw material potential of the region, but also significantly increase the employment of the local population, especially women.

### Conclusion

Based on the analysis performed, the following conclusions and recommendations can be drawn:

- when developing programs and directions for the development of industry in the Republic of Karakalpakstan, it is important to take into account the poor development of infrastructure in the northern regions, the significant negative impact of environmental and climatic factors;

- there are large reserves of unprocessed mineral and construction raw materials in the republic, which necessitates the provision of advanced development and targeted support for the production of building materials, food and light industries, processing of agricultural raw materials, which can become locomotives of economic growth, further modernization and diversification of the region's industry. As noted above, the chemical, petrochemical and gas industries will receive great development in the promising period. Found deposits of natural gas, oil, table salt in Ustyurt, mirabilite (sodium sulfate) in Kuskhanatau, phosphorene in the vicinity of Khojakul and Nukus, provide an opportunity for the development of certain industries the chemical industry, in particular the mineral fertilizer industry. To increase the efficiency of industrial enterprises in the region, it is necessary to raise the responsibility for fulfilling the terms of contractual contracts between producers of agricultural products and raw materials,

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processing and trading enterprises, and to develop a small business for the production of consumer goods. In general, the industry is now focused on the primary processing of agricultural raw materials and lags behind the desired level.

Based on this, the first priority should be the formation of fundamentals of the market environment in industries. This process is currently taking place in two directions: the creation of new private, joint-stock and other forms enterprises, as well as through the modernization of industries, the second priority area of economic reforms in industry should be creation of

enterprises that are technologically advanced and capable of producing innovative products; the third priority is development of infrastructural industries producing life support products for the population and the service sector, as well as the creation of quickly recouped industrial enterprises that provide deep processing of agricultural raw materials and mineral resources. Achievement of the set goals, acceleration of economic reforms and market formation will lead to the creation of a powerful industrial potential in the republic.

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