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SMALL INDUSTRIAL ZONES: A NEW APPROACH TO INVESTMENT DEVELOPMENT IN THE REPUBLIC OF UZBEKISTAN

Salimov Bokhodir Bakhtiyorovich.

Ph.D, Tashkent State Transport University,

Fayzikhodjaeva Mavluda Lutfullaevna

Ph.D, Tashkent State Transport University

Arslanbekov Sayfulla Mamurjonovich.

Ph.D, Tashkent State Transport University, Associate Professor

Egamberdiev Odiljon Buribaevich

Assistant of the Department of Economics, Tashkent State Transport University

Shonazarova Nilufar Baratovna

Assistant, Tashkent State Transport University

Salimov Bokhodir Bakhtiyorovich, Fayzikhodjaeva Mavluda Lutfullaevna, Arslanbekov Sayfulla Mamurjonovich, Egamberdiev Odiljon Buribaevich, Shonazarova Nilufar Baratovna, Small industrial zones: a new approach to investment development in the Republic of Uzbekistan-Palarch's Journal Of Archaeology Of Egypt/Egyptology 17(6), ISSN 1567-214x

Abstract: This article describes the theoretical and economic foundations of the concept of free economic zones. The experience of foreign countries (Japan, South Korea, China, USA, and Russia) has been analyzed and the relevant conclusions are formulated. In addition, conclusions and recommendations on further improvement of the organizational structure of the free economic zones were pinpointed.

Keywords: small industry, industry, profitable, innovation, entrepreneurship, object, property, investment, cluster, plan, municipality,

Introductions

One of the directions of effective industrial development in the country is small industrial zones (SMZ). KSZ is created on the basis of unused areas of state property, unused areas of loss-making, economically insolvent and low-profit enterprises. KSZs play an important role in providing real support to small business and private entrepreneurship by the state and raising their development to a new level.

In all regions of the country, according to the Ministry of Economy and Industry of the Republic of Uzbekistan, as of June 1, 2018, 89 KSZ were established, with a total area of 1305.25 hectares. The number of projects is 1144, investments amounted to 2594.9 billion soums and 84.15 million soums. USD. They have created about 32,000 jobs.

The concept of CSR and its practical application appeared after the adoption of the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated December 31, 2014 No 378 "On approval of the Regulation on the procedure for establishing and organizing the activities of small industrial zones." There is currently no textbook or monograph on CSR. Although many articles have been published on the Internet, almost all of them are of a popular nature, in which the organizational and economic foundations of the establishment and development of CSRs are not theoretically studied. Therefore, it is safe to say that at present, the definition of KSZ is also not clear.

Only the Regulation on the Procedure for Establishment and Organization of Small Industrial Zones defines KSZ as follows: a separate area that is operating at a loss, is not used by economically insolvent and low-profit organizations, has utilities and has the necessary infrastructure. Elsewhere, it is written that KSZ is economic and industrial development, which contributes to increasing competitiveness in the domestic and international markets, providing employment, providing it with quality goods and services.

Theoretical background

The first definition is closer to practice, which does not take into account the selective placement of CBT subjects. It is known that the territory of KSZs is the property of the state and it is leased to subjects of KBXT. We think that such invariant peculiarities should find their expression in the definition.

The second definition only outlines the main functions of the KSZ. Before defining KSZ, we will study the definitions of "Industrial Zone", "Industrial Zone", Industrial Park, Industrial Complex and Cluster, which are common in foreign countries and are effective forms of territorial organization of industrial production.

An industrial park is a separate production complex, an element of the regional structure of the regional economy, which is provided by a company with a single development concept and infrastructure, service and efficient production management, state-guaranteed and privileged. The main basic elements of the industrial park are the availability of land for industrial production, the presence of a management company and infrastructure (engineering, transport, finance and social), special economic conditions, a single development concept, resources and access to sales markets. The establishment and development of a number of tasks and possible: at the level of the Russian Federation, at the level of the subject of the Russian Federation: at the level of region, province, republic, municipality and business structure.

- At the level of the Russian Federation:

- develops industrial production;
- develops innovative processes;
- improves the innovation environment;
- attracts investments;
- Balanced, balanced and complex socio-economic development of the region provides development.

- At the level of the subject of the Russian Federation:

- creation of a rapidly developing zone by moving industrial enterprises out of the city center;
- increase budget revenues and increase the effective use of budget funds;
- diversification of the economy of a number of regions;
- creating conditions for business development and job creation.

- At the municipal level:

- building an effective technological chain;
- reorganization of unused production areas;
- solving the problem of lack of small suppliers;
- effective use of regional opportunities at the level of business structure.

- At the level of business structure:

- Mutual placement of park elements and savings due to agglomeration;
- use of tax benefits and other preferences.
- use of existing infrastructure, etc.

One of the main advantages of industrial parks is that they contain scientific research, co-location of production for industrial production.

The construction of industrial parks in the Russian Federation is characterized by the fact that it is at an early stage. Therefore, according to the author, the residents of the Russian Industrial Parks are mainly engaged in product production, scientific and technical processes are at a low level.

The number of industrial parks operating in Russia ranges from 50 to 100, in the United States and China - 400, in Germany - 200, in Turkey - 262. Industrial park area in the Russian Federation averages 225 hectares. If we compare these figures with those of developed Western European countries, the industrial park area in developed countries (USA, China, Germany) is 100

ha. from 30,000 hectares and the number of residents from 100 to 30 thousand. In Western European countries, industrial parks are the center of technology development and are home to large research and development companies. In Germany, for example, more than 90 research and development companies operate in the biotechnology, chemical and pharmaceutical industries in the Frankfurt-Hochst Industrial Park.

Main part

In the Russian Federation, the following restrictions are set for the analysis of applications for industrial parks: the area of land allocated for one resident is 0.5-5.0 hectares; income of a resident per hectare of land is 100-150 million rubles; jobs created per hectare of land 25-75 people: the annual income per hectare of land equivalent to USD 1.6 - 2 million USD (dollar exchange rate: 64 rubles to \$ 1).

The industrial zone differs from the industrial park in that it used to have industrial and other ancillary production facilities, which were later partially or completely shut down, but the land area, production facilities and, to a certain extent, infrastructure elements have been preserved. It is planned to establish production zones in such areas.

Law No. 778655-6, adopted by the State Duma, also provides for the order of integrated development of industrial zones. In this order, the conditions for making a decision on the integrated development of the industrial zone are determined. The process of preparation of the industrial zone before the complex development is regulated by the state. The status of the zone will be studied, then the concept of integrated development of the industrial zone will be developed and a program for its implementation, as well as a draft plan of the territory of the industrial zone (placement of zone residents) will be developed and approved. Development of the industrial zone is carried out on a contractual basis. Each property owner involved in the development of the zone enters into an agreement with the local government on the development of the industrial zone, setting mutual rights and obligations.

According to the area development agreement, the person providing the development of the area is the main construction company. In order to enter into a contract for the development of the main construction zone, ie to acquire this right, the company must have won the bidding.

Property owners involved in the development of the industrial zone are also determined on a contractual basis and on a competitive basis.

R.V., devoted to the establishment of industrial zones and its investment in the structure of the municipality. In Kalupaev's work [66], an industrial zone is defined as follows: an industrial zone is a plot of land owned by a municipality, approved by a higher territorial body, allocated by the municipality for industrial construction to organize production according to the master plan. In municipal structures, the industrial zone is formed as follows: the administrative body of the municipal structure asks the higher administrative body (city, province, province) to allocate land for the construction of production and infrastructure facilities. If the answer is yes, the land will be allocated for the industrial zone, a project for the construction

of production and other social facilities in the zone will be developed, the master plan of construction will be approved. Then the land will be allocated and construction will be carried out according to the master plan. Here, industrial production, infrastructure and sanitary zones are located in proportion to each other.

The study of the experience of construction and development of industrial zones in the People's Republic of China is of great interest. Two factors play an important role in the successful development of industrial zones. The first factor is the comprehensive use of energy by private entrepreneurs. The effect (synergy effect) arising from the activity of the industrial zone as a single system based on the second-private economy. Industrial zones play an important role in the economic development of Chinese regions.

Today, there are more than three hundred industrial zones in Zhejiang Province. The volume of industrial output produced in each of these industrial zones averages 100 million tons per year. yuan. In general, industrial zones based on private entrepreneurship are studied as the main force driving the development of regional economies.

In industrial zones are located not small firms, but mainly small and medium enterprises. They can be considered as shops. The workshops are engaged in various types of production activities. While some workshops produce a specific component or intermediate product, others produce the final product. Many small shops located in a single area form a single industrial production complex, and such a complex has the ability to produce a wide range of goods for national and world markets. The pillar of the industrial zone consists of private firms that produce a large number of final products and services, which include: private business, joint-stock companies, foreign trade firms, joint ventures. The industrial zone also includes: enterprises supplying primary products, components, parts and equipment; enterprises engaged in retail and wholesale trade, intermediary enterprises in the field of export and import, enterprises providing financial and information services; qualified training agencies, standards development organizations, research and development bureaus, means of communication, trade unions, etc.

The advantages of industrial zones include:

- flexibility of small enterprises, their adaptability to the external environment and their support will ensure the sustainable operation of the industrial zone;
- Low costs in the field of infrastructure, training, procurement of raw materials, special parts, intermediate products, equipment and business services;
- access to social infrastructure;
- Achieving scale efficiency in the manufacturing sector through specialization and strengthening cooperation.

For example, equipment that is not used in a particular firm may serve as a source of profit for another firm, or a particular firm may improve its

financial position by selling the equipment. Hiring from an industrial training agency located in an industrial zone is cheaper than hiring from an open labor market.

Procurement of material resources, necessary raw materials and components from local suppliers leads to savings in transportation and warehousing costs.

The main disadvantages of such industrial zones: zonal firms can not compete with large firms in the field of finance in research and development. Because the income of small and medium-sized firms is not large, investment in research is limited.

Significant attention is also paid to the development of industrial parks on a cluster basis. There are many approaches to the problems of cluster formation and development in the scientific literature. According to M. Porter, the formation of a cluster is often associated with places where access to raw materials is available, which can lead to the concentration of firms and entrepreneurs in a particular place, benefiting from significant technological innovations. Large enterprises are the core of the cluster. Around this core, special suppliers and service organizations will be established. Later, educational institutions and enterprises servicing the cluster appeared in the cluster. According to international experience in cluster formation (e.g., China's experience in creating a car cluster), an industrial zone consisting of one or more large enterprises is initially established. This, to a certain extent, leads to the construction of infrastructure elements and other ancillary industries.

One of the most important issues in creating a cluster is the development of human resources through the involvement of highly qualified specialists, which should establish a full cycle of product development, from product development to its sale in the market.

The formation of a cluster occurs naturally, for which the state must create good conditions for the formation of the cluster. The pillars of the cluster are:

- leads to a reduction in transaction costs (as a result of pooling resources);
- there is a synergy effect;
- Development of innovations and their introduction into production acceleration.

The disadvantages of clusters are:

- Specialization cluster along with improving product quality weakening (decrease in demand for the product) is also possible;
- the effect of the system becoming self-contained (zamknutosti effect) may appear;

- Syndrome of oversupply (samodostatochnosti syndrome)

the presence of the possibility of occurrence leads to a decrease in production capacity.

According to M. Porter, a cluster is a group of interconnected enterprises and satellite institutions in a specific area, located geographically close to each other, which are interconnected through common work and interdependence. A cluster is a voluntary association of business structures across a sector, region, which work closely with scientific organizations and local authorities to increase the competitiveness of their products and services and influence the development of the region's economy.

Discussions

There are a number of regional clusters in the Russian Federation: textile cluster (Volgograd region), pharmaceutical, biomedical and biotechnology clusters (Kaluga region), information technology cluster, cluster nanotechnology (Moscow, Moscow region), agricultural machinery cluster (building materials cluster). Rostov region).

According to Russian scientists S. Yu. Only through the optimal combination of foreign and domestic technological innovations and their synergistic effect will ensure a high, stable growth rate of the Russian economy at 7-8%.

The experience of the Russian Federation and other countries shows that the use of clusters in the organization of CSRs in Uzbekistan leads to the specialization and efficiency of zones. When organizing KSZs in a cluster method, attention should be paid to the following:

Given the fact that KSZs are located mainly in cities, the placement of many types of production facilities in KSZs in urban areas can lead to certain difficulties, taking into account their supply of raw materials, the impact of production on the environment, KSZs as a transport factor and other factors.

Here, in our opinion, it would be expedient to organize the work depending on the location of KSZs (in the middle of the city or on the outskirts of the city), depending on which product they specialize in. For example, we think it is expedient to place food, sewing shops and environmentally friendly production in KSZs within the city.

In the field of chemistry, it would be appropriate to place construction materials manufacturing enterprises, i.e., production that has a negative impact on the environment, on KSZs on the outskirts of the city. In the organization of each KSZ, depending on its location, type of production, supply of raw materials, storage of finished products, transportation, taking into account the impact of production on the environment, plays an important role in choosing the specialty KSZ. For example, the increase in the volume of transport services will lead to an increase in traffic congestion and air pollution in the city.

Another important aspect is that the state should have a cluster policy in organizing cluster-based CSRs. First, it is determined which industry will form the cluster core, and then the enterprises producing intermediate products are selected. The series commissioning of raw material suppliers,

infrastructure facilities ensures the natural formation and stable operation of the cluster.

Based on foreign experience of cluster formation, it can be said that the formation of a cluster in KSZ requires the following conditions:

1. Existence of small enterprises with cooperative relations and interested in intensive development.
2. Existence of a small business with a narrow specialization and the ability to take on some outsourcing work.
3. Availability of scientific base and skilled labor and other production resources in the region.
4. Innovative production infrastructure: business incubator, cluster development center.
5. Existence of a strategic development plan of KSZ in the local government.

It should be noted that there is no single unified mechanism for cluster formation for all states. Hence, it is necessary to develop a cluster-based program for each region.

Here are the stages of cluster formation in KSZ in the conditions of Uzbekistan:

1. Development of a strategic plan for the development of the state CSR, ie the definition of the type of final product to be produced (cluster core).
2. Identify the main enterprises producing the final product and the enterprises producing the intermediate product.
3. Identify the small business structure and type of work that will accept outsourcing work.
4. Identification of infrastructure facilities to be established in the region.
5. Establish a cluster development center (establish infrastructure with an innovative infrastructure or research institute or university).

One of the important factors is the creation of the necessary conditions by the state for the formation of the cluster.

By analyzing the general features of the above-mentioned regional local industrial production structures and based on the goals, objectives and basic expressions of KSZ, KSZ was defined by the following author: small industrial zone - designed for competitive placement of small business and private entrepreneurship in industry and ensuring effective development, an area with engineering and technical, transport communications and the necessary infrastructure, including vacant land and overproduction, which are unused state property of low-profit and economically insolvent enterprises, providing access to state benefits and guarantees.

The purpose of the establishment of KSZs is to develop industrial production in the regions by selectively providing and giving preferential treatment to unprofitable, economically insolvent and low-profit organizations, unused areas of enterprises and overproduction of enterprises. Under market conditions, the establishment and development of KSZs is primarily based on competition and profit. According to the Statistics Committee of the Republic of Uzbekistan, in 2017 the total number of unprofitable enterprises was 44,935. This figure had an upward trend in 2013-2017. In terms of regions, the largest number of unprofitable enterprises is in industrialized regions. In particular, 14,389 enterprises in Tashkent suffered losses. 4313 enterprises in Tashkent region and 3449 enterprises in Andijan region were operating at a loss. In 2017, 51.4 thousand industrial enterprises

were registered in the country, of which 2,200 did not start their activities. The number of loss-making enterprises includes the number of loss-making enterprises in all types of activities, as well as the number of loss-making enterprises. The construction of KSZs will result in the conversion of vacant buildings and land plots that are overloaded in the areas into production areas. The preferential economic conditions created in the CIS, ie tax, customs and credit benefits, will increase the investment attractiveness of the zone.

The competitive placement of CBT entities in the CSR will, firstly, enable the implementation of the state's industrial policy; second, it increases the social and economic efficiency of KSZ. Third, the raw materials, labor and financial resources of the region are involved in the production process; fourth, cooperative ties between enterprises in the region will be strengthened, which in turn will lead to a synergistic effect.

The main tasks of the CSR are:

1. Use of vacant land and buildings in industrial production in the regions.
 2. Further development of industrial production.
 3. Creating new additional jobs.
 4. Implementation of industrial policy of regional leaders (establishment of production of priority types of industrial products).
 5. Involvement in the zone of high-tech, competitive, import-substituting and export-oriented CBT entities by increasing the investment attractiveness of CSOs.
 6. Attracting enterprises with foreign investment to the zone.
- Development of cooperative relations between the enterprises of the zone and other enterprises located in the region, creation of conditions for the formation of industrial clusters in the zone.

Further development of industrial production in KSZ is one of the most important issues. According to the experience of developed foreign countries, industry plays an important role in the socio-economic development of countries. The development of industry will stimulate the development of agriculture, food industry, light industry, as well as all other sectors and industries, provide employment and increase incomes.

The development of industry on the basis of new technologies and innovations will increase the level of technical knowledge of its employees, which will pave the way for further development of industries. Assessing the resources and domestic potential of the country in 2016, the government has set a goal to increase the country's GDP by at least 2 times by 2030, accelerate the development of industry and increase its share in GDP to 40%.

Modernization and diversification of industry, deep processing of local raw materials, further development of high-tech processing industries, achievement of profound structural changes in industry, the issues of efficient and optimal use of the existing industrial potential of the regions were put forward.

In this regard, it is important to study the forms and factors of effective development of industrial production in our country at the national and regional levels. If we want to study the development of industry by moving from the general to the specific, it is appropriate to begin with the study of its share in GDP, which represents the economic potential of the country.

If we study the structure of GDP of developed countries, in particular, in France, the GDP in 2017 amounted to 2583.56 billion. USD, of which 2.4% are agriculture, 26.5% are industrial production and 71.1% are services. The

share of industry in GDP is 11 times higher than agriculture. By 2030, the share of industry in the country's GDP will be 40%, while to achieve the structure of France's GDP, the share of agriculture in GDP should be 2.4% and the share of services - 57.6%.

80% of French exports are industrial products. 26% of the active population is employed in industry and 5% in agriculture. 95% of operating industrial enterprises have up to 20 employees. This means that 95% of enterprises are small and medium businesses. However, the 100 largest firms account for 2/3 (66.6%) of the country's industrial output (www.ekonomy-web.org).

Germany's GDP in 2017 was 3684.82 billion. USD. In Germany, too, small and medium-sized businesses are considered the core of industrial production, accounting for 99.6% of total enterprises and employing 79.2% of the workforce. Germany's services account for 71.1% of GDP, industry for 28.1% and agriculture for 0.8%. The share of industry in GDP is 35.1 times higher than agriculture (<https://zaganportal.ru/gezmaniyn>).

If we study the composition of the GDP of the People's Republic of China, it is 12014.61 billion. USD, of which 40% is industry, 10% is agriculture, 7% is construction and the remaining 43% is services. The share of industry in GDP is 4 times higher than the share of agriculture.

Results

If we study the indicators of the Republic of Uzbekistan, it is as follows: GDP in total 249.13 trillion soums. The structure of GDP: the share of agriculture, forestry and fisheries - 19.2%; industry and construction - 33.5%; services - 47.3%. The share of industry is only 1.7 times higher than the share of agriculture, forestry and fisheries. Based on these data, the development of industry in the country is one of the priorities of the economy.

Normative-legal, theoretical bases and forms of development of industry and its branches in Uzbekistan NMMahmudov [86] and B, Yu, Khodiev, NMMahmudov, Yo, Sh Fayzullaev, S.O.Khomidov, M, S, Yusupov [104] is well covered in his work. The works of these scientists cover the stages of development of Uzbek industry. The development stages include five phases: the first phase, 1991-1995, in which measures are taken to maintain the industrial potential and develop the extractive and primary processing industries.

The second stage (1996-2000). At this stage, attention is paid to the development of the processing industry, machinery, light and food industries.

In the third stage (2001-2005) the focus was on the creation of export-oriented industries based on the development of import-substituting industries, privatization of large industrial enterprises, limiting the status of monopoly enterprises, liquidation of loss-making enterprises, their reform.

The fourth stage (2006-2010), where the main focus is on the production of competitive domestic products for export, the development of intersectoral and intra-sectoral industrial cooperation.

In the fifth stage (2011-2016), the authors focused on strengthening the modernization and diversification of industries, localization of industrial

production, deep processing of agricultural products, reducing imports, expanding the production of consumer goods.

Conclusions

The stages of industrial development are covered by precise statistics and very solid evidence in connection with the industrial policy of our state. In addition, the issues of industry development in Uzbekistan were analyzed, the raw material and resource base, which is a key factor in the development of industry, was analyzed and its role in the development of industry was highlighted.

Another way to develop the industry in the work is to pay special attention to the development of these free industrial zones. In particular, the role and importance of free economic zones in the development of industry in Uzbekistan was highlighted. The experience of Japan, South Korea, Malaysia and Israel in establishing free economic zones was analyzed, the activities of free economic zones established in our country were also analyzed and proposals for their development were made. In particular, attention was paid to the involvement of enterprises producing high-tech knowledge-based products in free economic zones, the organization of free economic zones on the basis of technology parks that provide scientific and technological progress.

However, at the same time, little attention is paid to the development of small industrial zones, which are characterized by the construction and development of industrial complexes, industrial zones, industrial parks and Uzbekistan, which are forms of effective organization of industry in the region and the region.

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