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## Problems in the Development of Small Industrial Zones and Ways to Solve Them

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**Abstract:** *The introduction of innovations in the production of small industrial zones, on the basis of this, the use of new technologies that meet modern requirements contribute to the formation of high-quality, competitive goods. The creation of industrial zones, as a single mechanism, will lead to solving the problems of ensuring the welfare of the population, and developing entrepreneurship.*

**Keywords:** *small industrial zones, employment of the population, creation of small industrial zones and their development, clusters, innovations, use of foreign experience.*

According to foreign experience, the creation of industrial zones and their development is the only mechanism for solving the problems of entrepreneurship development. The introduction of innovations in the production processes of industrial zones, while creating a base of new equipment and technologies in demand today, provides a number of advantages in launching the production of quality, competitive, export-oriented products.

A number of measures are being taken in our country to create and develop small industrial zones. Their legal order is being established, including: Presidential Decree No. 5101 of 30.04.2021 "On measures to further develop the engineering and communication infrastructure of special economic and small industrial zones" in the Republic of Uzbekistan, Cabinet of Ministers of the Republic of Uzbekistan 09. 03. Resolutions №134 of 2020. The content and significance of the decisions are measures to further strengthen the coordination and management of employees (activities) of small industrial zones, large-scale production facilities in small industrial zones on the basis of foreign and domestic direct investment, while electricity, natural gas in order to attract the sector, it was planned to carry out work to ensure the allocation of budget loans from the national budget, the debt of inter-tax financial institutions.

The Law on Small Industrial Zones stipulates that “Small industrial zone is a production area intended for the provision of production services, which has a clear status by the legislation of the territory of the settlement or the distance of settlements and has infrastructure serving the territory, the fields and the boundaries are clearly defined sections. Production area is a production building and construction (soorujenieler) located in the territory of a small industrial zone, which is the property of the country, where the participants of the small industrial zone have the right to long-term lease. Small industrial zones are created and managed in accordance with the law.

To date, 348 small industrial zones have been established in the Republic of Uzbekistan. More than 36,000 jobs have been created on their basis. This is an important part of the work being done to develop and support entrepreneurship in our country.

However, in addition to the above-mentioned work on the creation and development of small industrial zones, local and foreign investors in small industrial zones are without problems with infrastructure facilities in providing their services. The resolution of the President of the Republic of Uzbekistan No. PQ-5101 dated April 30, 2021 on the solution of them gave the address of the measures to be taken in 2021 to provide small industrial zones with external engineering and communication networks. The content of the activities carried out in the Republic of Karakalpakstan consisted of those listed in Table 1 (List 1).

**Table 1. Address list of measures to be taken in 2021 to provide small industrial zones with external engineering and communication networks**

No.	Object name	Implementation period	Unit of measurement	Power	Project cost (million soums)	of which will be commissioned in 2021	Limit for 2021 **	Source of funding	
<b>Total in the country:</b>					<b>332 136,2</b>		<b>325 376,2</b>		
1.	<b>Pulling the drinking water network</b>	<b>2021</b>	<b>km</b>	<b>135,0</b>	<b>70 680,5</b>	<b>135,0</b>	<b>70 680,5</b>	Republican budget	
2.	<b>Construction of drainage facilities</b>	<b>2021</b>	<b>pieces</b>	<b>31</b>		<b>31</b>			
3.	<b>Sewerage network</b>	<b>2021</b>	<b>km</b>	<b>22,7</b>	<b>27 867,9</b>	<b>22,7</b>			
4.	<b>Suv tozalash vositalarini qurish</b>	<b>2021</b>	<b>pieces</b>	<b>2</b>		<b>2</b>			
5.	<b>Avtomobil yo'llarini qurish va rekonstruksiya qilish</b>	<b>2021</b>	<b>km</b>	<b>44,1</b>	<b>52 585,5</b>	<b>44,1</b>	<b>52 585,5</b>		
6.	<b>Pull the power line</b>	<b>2021</b>	<b>km</b>	<b>191,4</b>	<b>135 573,5</b>	<b>190,4</b>	<b>128 813,5</b>	Budget loan to JSC "Regional Electric Networks"	
7.	<b>Construction of substations and transformers</b>	<b>2021</b>	<b>grand</b>	<b>33</b>		<b>32</b>			
8.	<b>Pulling the gas line</b>	<b>2021</b>	<b>km</b>	<b>137,5</b>	<b>45 428,8</b>	<b>137,5</b>	<b>45 428,8</b>	Budget loan to JSC "Hududgazta minot"	
<b>The Republic of Karakalpakstan</b>					<b>5843,0</b>		<b>5843,0</b>		
1.	Turtkul district KSZ*	Construction of drinking water network	2021	km	4,3	1000,0	4,3	1000,0	Republican budget
2.		Pulling the gas line	2021	km	4,4	470,0	4,4	470,0	Budget loan to JSC "Hududgazta minot"
3.		Pull the power line	2021	km	0,3	200,0	0,3	200,0	Budget loan to JSC "Regional Electric Networks"

4.	Bozатов district KSZ*	Construction of drinking water network	2021	km	1,0	360,0	1,0	360,0	Republican budget
5.		Pulling the gas line	2021	km	0,2	65,0	0,2	65,0	Budget loan to JSC "Hududgazta minot"
6.		Pull the power line	2021	km	0,4	154,0	0,4	154,0	Budget loan to JSC "Regional Electric Networks"
7.	Kegeyli district KSZ*	Construction of drinking water network	2021	km	0,5	200,0	0,5	200,0	Republican budget
8.		Pulling the gas line	2021	km	0,5	52,0	0,5	52,0	Budget loan to JSC "Hududgazta minot"
9.		Pull the power line	2021	km	0,5	170,0	0,5	170,0	Budget loan to JSC "Regional Electric Networks"
10.	Nukus district KSZ*	Construction of drinking water network	2021	km	0,3	71,0	0,3	71,0	Republican budget
11.		Pulling the gas line	2021	km	0,8	100,5	0,8	100,5	Budget loan to JSC "Hududgazta minot"
12.		Pull the power line	2021	km	0,4	140,0	0,4	140,0	Budget loan to JSC "Regional Electric Networks"
13.	Chimbay district KSZ*	Construction of drinking water network	2021	km	0,7	200,0	0,7	200,0	Republican budget
14.		Pulling the gas line	2021	km	1,6	442,2	1,6	442,2	Budget loan to JSC "Hududgazta minot"
15.		Pull the power line	2021	km	0,3	210,0	0,3	210,0	Budget loan to JSC "Regional Electric Networks"
16.	Khojayli district KSZ	Pulling the gas line	2021	km	3,0	600,0	3,0	600,0	Budget loan to JSC "Hududgazta minot"
17.	Kanlikul district Kanlikul KSZ	Road construction	2021	km	0,14	243,9	0,14	243,9	Republican budget
18.	Shumana y district Shumana y KSZ	Road construction	2021	km	0,07	74,7	0,07	74,7	Republican budget

19.	Takhtako pir district Takhtako pir KZS	Road construction	2021	km	0,30	117,5	0,30	117,5	Republican budget
20.	Karaozak district Karaozak KSZ	Road construction	2021	km	0,30	300,0	0,30	300,0	Republican budget
21.	Ellikkala district Ellikkala KSZ	Road construction	2021	km	0,50	672,2	0,50	672,2	Republican budget

In order to solve the problems on a permanent basis, the parameters of the work to be carried out at the national level for 2021-2022 were developed and a decision was made (List 2).

**Table 2. Measures to provide foreign engineering and communication networks with special economic and small industrial zones, projects that promote the socio-economic development of the regions and large-scale production projects with foreign and domestic investment in 2021-2022**

**PARAMETERS<sup>1</sup>**

*million soums*

No.	Directions for the use of funds	Limit for 2021 *	Targets for 2022
	<b>Total</b>	<b>1 600 000,0</b>	<b>1 800 000,0</b>
	From:		
	<b>Funds of the program of development of social and industrial infrastructure of the Republic of Uzbekistan</b>	<b>1 000 000,0</b>	<b>1 100 000,0</b>
	<i>including:</i>		
1.	Construction and reconstruction of drinking water, sewage network	217 247,5	412 559,9
2.	Construction and reconstruction of roads	121 649,4	229 187,9
3.	Construction and reconstruction of irrigation network	39 040,0	
4.	To cover part of the cost of providing infrastructure for large production projects with foreign and domestic investment	232 663,1	308 252,2
5.	For measures to address systemic problems that need to be addressed at the national level in 33 districts of the "Red" zone	264 400,0	
6.	To cover the creditor's debt on construction and installation work carried out in previous years	25 000,0	50 000,0
7.	Reserve for the construction of the external infrastructure of the new special economic and small industrial zones to be established in 2021	100 000,0	100 000,0
	<b>In total, the budget loan allocated from the Republican budget to suppliers for the construction of electricity and gas networks</b>	<b>600 000,0</b>	<b>700 000,0</b>
<b>I.</b>	<b>Small industrial zones</b>	<b>174 242,3</b>	<b>351 000,0</b>
	<i>from:</i>		
1.	Construction and reconstruction of electricity network	128 813,5	230 500,0

<sup>1</sup> <https://lex.uz/docs/5403077-> Ўзбекистон Республикаси Президентининг 2021 йил 30 апрелдаги ПҚ-5101-сон қарорига 1-илова

2.	Construction and reconstruction of the gas network	45 428,8	120 500,0
<b>II.</b>	<b>Special economic zones</b>	<b>275 757,7</b>	<b>349 000,0</b>
	<i>from:</i>		
1.	Construction and reconstruction of electricity network	245 111,4	300 000,0
2.	Construction and reconstruction of the gas network	30 646,3	49 000,0
<b>III.</b>	<b>Reserve for construction of external electric and gas networks of new special economic and small industrial zones to be established in 2021</b>	<b>150 000,0</b>	

\* Approval of the allocation of funds and the list of projects is carried out in accordance with the relevant documents of the Cabinet of Ministers on the basis of the conclusions of the Ministry of Economic Development and Poverty Reduction and the Ministry of Finance.

As noted above, a number of measures have been taken in our country to develop human-industrial zones, for which a number of funds have been allocated and allocated for development in the coming years.

In our country, great attention is paid to the development of networks and clusters in the industry. The study of a number of scientific materials provides a number of ideas and perspectives for the development of clusters. If we consider the development of small industrial zones on the basis of the cluster method, we can create an industrial zone consisting of one or more enterprises based on foreign experience in cluster development, which leads to the creation of certain levels of infrastructure and ancillary enterprises. One of the most important issues in the creation of clusters is the recruitment of a wide range of highly qualified personnel. Through them, it is necessary to develop the potential of the staff, to set up a full process, starting with the development of the product and selling it in the market. In order to form a cluster, the state must create good conditions.

However, all the proposed methods have both disadvantages and advantages of the methodology, as well as disadvantages and advantages of cluster formation and development on its basis (see Table 3).

**Table 3. Shortcomings and advantages of cluster consolidation and development on its basis<sup>2</sup>**

Disadvantages	Advantages
Expansion weakens the cluster by improving the quality of the product, and the demand for it can be reduced.	Consolidation of resources has led to a reduction in transaction costs
There may be a small effect of the system itself	Synergy results are achieved on the basis of cooperation between cluster participants.
The probability of the occurrence of overeating syndrome has led to a decrease in the size of the cochlea.	The development of innovations also accelerated their implementation

In the development of human industrial zones on the basis of clusters, along with the division of the country's cluster policy, it is necessary to work in a manner consistent with the creation of a cluster for each territory. However, there is no single unified mechanism for creating a cluster. The cluster policy, program, and mechanism of a country or a territory cannot be an example to another.

<sup>2</sup> Янги Узбекистон: ижтимоий - иқтисодий ривожланиш одимлари. Уқув қулланма. Т.: «Маънавият». 2021. -792 бет (370 б.).

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5. <https://www.gazeta.uz/uz/2021/04/28/eiz/#!>