



## **ROLE OF SMALL INDUSTRIAL ZONES IN ECONOMIC GROWTH**

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Establishing modern enterprises in our country that ensure the production of competitive products with high added value based on deep processing of local mineral and raw material resources, comprehensive and effective use of the production and resource potential of the regions, thereby creating new jobs and population special attention is being paid to the establishment of free economic and small industrial zones as an important factor in attracting foreign direct investment to increase its income. The establishment of small industrial zones plays an important role in the production of modern competitive products and services, the creation of new jobs and the growth of the population's income, the increase of the gross domestic product of the country and the socio-economic development of the regions. In particular, as noted by President Sh.Mirziyoyev: "We can achieve a positive result in this matter if we can carefully formulate investment projects by regions and sectors for investors who want to invest in our economy. In this regard, it is necessary to organize and legally regulate the placement of business entities in free economic zones and small industrial zones, as well as giving them privileges and preferences"[1].

According to the Decree of the President of the Republic of Uzbekistan No. PF-5621 of January 10, 2019 "On measures to fundamentally improve the system of state policy implementation in the field of economic development", the participants of small industrial zones are given the following rights. These are: formalization of ownership rights to buildings and structures (or their parts) built at their own expense, reconstruction or capital repair in the prescribed manner, in case of carrying out reconstruction or capital repair at their own expense, but received the status of a participant of a small industrial zone privatization of buildings and structures (or their parts) after a period of at least 3 years from the date of full fulfillment of investment and other social obligations, however, after a period of at least 5 years has passed since receiving the status of a participant of a small industrial zone, such as privatization of buildings and structures (or their parts) given to them. Small industrial zones are established only on the basis of non-operating enterprises that have transport and engineering-communication infrastructure or are easy to transfer, and on vacant land not intended for agriculture. Allotment of land plots is





carried out through an electronic online auction in accordance with the procedure established by law.

Failure to take measures to implement the investment project by the participant of the small industrial zone within three months from the date of placing it in the small industrial zone, as well as the fact that the object is used inconsistently with the purpose specified in the contract, is the basis for unilateral cancellation of the contract. If the implementation of the investment project by the participant of the small industrial zone has not been completed within the terms specified in the contract due to objective reasons, or if the production activity has not been carried out during the last 6 months, a small state institution in the Republic of Karakalpakstan, regions and Tashkent and the unified directorates for the management of youth industrial zones (hereinafter referred to as directorates) on the provision of an additional period or termination of the contract with the approval of the "roadmap" for accelerating the implementation of the project can consider the matter. Privatization of buildings and structures (or their parts) is carried out in the following order. In buildings and structures (or their parts) that have been reconstructed or overhauled at the expense of their own funds, but after a period of at least 3 years has passed from the date of receiving the status of a participant of a small industrial zone - reconstruction or overhaul according to the assessment value determined in the prescribed manner after deducting the costs of repair works, in case of full fulfillment of investment and other social obligations (without carrying out reconstruction or capital repair works at the expense of the participant's personal funds), but a small industrial zone after a period of at least 5 years from the date of receiving the status of a participant - according to the evaluation value determined in the prescribed manner, with the right to enter payments in equal shares within five years. At a meeting chaired by the President on April 27, 2021, it was emphasized that free economic and small industrial zones should focus on reducing imports and focusing on the production of competitive products. In addition, it was said that infrastructure issues, which are bothering entrepreneurs, should be solved. It was reported that 1.6 trillion soums are being allocated for this purpose. Today, 23 free economic zones and 348 small industrial zones are operating in Uzbekistan. 453 projects with a total value of 2.6 billion dollars were implemented in free economic zones, and about 36 thousand jobs were created. In small industrial zones, 1497 projects worth 5 trillion soums were launched, providing employment to more than 36000 people.





However, there are a number of organizational, including infrastructural, problems for domestic and foreign investors to fully start their activities in these zones. Based on this, as stated by President Shavkat Mirziyoyev at the meeting held on April 27 regarding the discussion of investment projects implemented in free economic zones and small industrial zones, “Measures for further development of engineering and communication infrastructure of special economic and small industrial zones 1.6 trillion soums will be allocated this year to improve the infrastructure of free economic and small industrial zones, in particular, additional electricity, gas, drinking water and sewage in 17 free economic zones 584 billion soums will be allocated for the construction of water networks and highways, 395 billion soums for 145 small industrial zones, 232 billion soums are planned for infrastructure provision of large investment projects. In his speech, he said that 264 billion soums will be allocated for the rapid development of industry and business in 33 districts that are lagging behind in development. is sitting Therefore, for the first time in the history of Uzbekistan, 1.6 trillion money was allocated to the zones. This is road infrastructure, electricity, gas and water supply, in general, measures should be taken to put those issues in place. Of course, it is natural that there are no infrastructures in the local economic zones. It is necessary to create a separate working group and draw up a road map for each economic zone. Without haste, even if we are a month late, we should pay attention to quality, quality, once again quality in all areas. There is no answer to the question of how much import volume is in our 206 districts and cities and what we should do about localization”, said Shavkat Mirziyoyev.

The head of state emphasized that the main attention should be focused on reducing imports. “The biggest direction is to reduce imports, at the same time, to produce competitive products. We need to find out which district corresponds to which project. We have to find the only right way. We need to add all standards to this structure. If there is no standard, there will be no export”, said the president. This year, it was planned to launch 332 projects worth 1.1 billion dollars in free economic zones, and 1800 projects worth 9.5 trillion soums in small industrial zones.

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