

## THE ESSENCE, SCIENTIFIC AND THEORETICAL FOUNDATIONS OF SMALL INDUSTRIAL ZONES

Mannapova Shakhnoza Elshodovna

Tashkent Financial Institute

Associate Professor of "Finance" Department

### Abstract

The article is based on the scientific research of the essence and regulatory legal bases of investment activity, the conditions and factors of increasing investment activity in small industrial zones, the study of foreign experiences of increasing investment activity in canoe zones and the consideration of the possibilities of use.

**Keywords:** small industrial zones, investment program, investment project, investment activity, consulting, emission, investment potential, investment environment, investment resource.

### Introduction

In today's economic globalization, one of the important factors affecting the development of the regional economy is the support of small and medium entrepreneurship, the organization of production facilities and their modernization by attracting investments to regional economic sectors, and thereby creating new jobs. In this regard, one of the methods used more and more in the innovative development of regions with low profitability compared to other regions in terms of economic development for many years is the establishment of industrial zones.

The results of scientific research conducted in this direction show that the establishment of industrial zones, technoparks and technopolises of various forms in the direction of the development of small and medium entrepreneurship is considered one of the main mechanisms in the regional economic development of many developed and developing countries. "Today, there are 400 industrial parks in the USA and China, 200 in Germany, 262 in Turkey, and about 200 in Vietnam."

Developing industrial parks, technopolises and industrial zones in underdeveloped and economically underdeveloped regions of the world, thereby increasing economic potential and efficiency of resource use, deepening industrial cooperation between large and small manufacturing enterprises, increasing investment attractiveness in areas where small industrial zones are located increasing, on this basis, special attention is paid to the scientific research of issues of competitive product production and population employment.

In the studies conducted by V. Millberg and M. Amengual, among the economists who conducted scientific research in this direction, the activity of industrial parks serves as a good "motivation" for economically "backward" regions. According to them, industrial parks are small production areas set aside for economic development, the convenience of which is

organized without the need for large production infrastructure, such as special economic or free economic zones. Also, these scientists emphasize the active intervention of local state bodies in attracting foreign investments to the activity of industrial parks and note that this process "should be minimized". In addition to the fact that the researches of these scientists play an important role in the establishment of small industrial zones, special emphasis is placed on the formation of the necessary infrastructure for small industrial zones by foreign investors themselves.

However, it is known from the experience of developed countries that the investment attractiveness of industrial zones will not be high if the necessary infrastructure for industrial zones is not provided by the state. This, in turn, shows that these researchers did not take enough into account the investment attractiveness of industrial zones.

Research scientist A. Agarwal published in 2007 the results of the study entitled "Impact of SEZ on Employment, Power and Human Development", special attention was paid to the role of industrial zones, especially industrial zones intended for small business representatives, in ensuring regional banking and developing human resources. In particular, in this research work, the "miniature" options of special industrial zones are considered to be effective for relatively less developed large areas with dense population, and areas without large-scale industrial production.

In these regions, through the center of training of cheap unskilled labor force (which can be established in these industrial zones), their skills will be retrained as a labor force, and an economically active layer will be formed. Also, in increasing the investment opportunities of these industrial zones, it is possible to actively use the opportunities of not only foreign investors, but also local investors. It is necessary to introduce tax, administrative and other large-scale, even special "visa regimes" for foreign investors and increase investment opportunities.

J. Karimkulov, one of the economists of our republic, who agrees with the opinion of this research scientist, "as a specific type of free economic zones, small industrial zones, which are established on the basis of empty or unused buildings and structures, ensure the competitiveness of the economy as a rare example of partnership between the state and the private sector., creation of new jobs, increase of export potential" is emphasized. J. Karimkulov's main researches are devoted to "Directions for the development of attracting foreign investments to free economic zones", and because the activities of small industrial zones are generally approached, their investment opportunities are not sufficiently covered, it shows that it is important to conduct scientific research to increase the investment activity of small industrial zones.

Despite the fact that the role and importance of small industrial zones in the economy of Uzbekistan is revealed in this study, the influence of small industrial zones on regional economic growth is based on various econometric models.

In addition, M. Raimjanova, one of the economists, analyzed the current state of small business and entrepreneurship development, the analysis of investments made in them, allocated loans, and the foreign experience of small business development was studied and

relevant conclusions and suggestions were presented. In this regard, organization of activities of small industrial zones based on the experience of developed countries was considered. In particular, the research scientist presented his opinion on the example of "entrepreneurial zones" designed for small business representatives established in one of the developed countries - the USA. In the US, enterprise zones (enterprise zones) emerged as a product of a neoconservative regional policy aimed at revitalizing small and medium-sized businesses by providing financial incentives.

Here, the initial concept of a free economic zone is lost, because customs privileges become secondary or completely absent, and the main role is played by various tax, financial and administrative incentives.

Currently, there are more than 1,400 enterprise zones operating in a total of 700 US cities and towns. The rapid spread of these regions is connected with the financial, economic and other benefits given to the American companies operating in them. The main goal of the state program in all types of enterprise zones is to develop production and reduce unemployment. Economic incentives and benefits provided to Business areas at the federal level are as follows: a 5% tax deduction for construction and repair work, a tax deduction for each additional job created by the enterprise (up to 2 thousand dollars per person), the cancellation of the tax on the increase of capital of companies. Different states offer different benefits to companies operating in these areas. For example, Connecticut offers a 50% corporate income tax deduction, Louisiana implements sales tax, Kansas construction supplies tax, and Virginia 100% capital gains tax. More than 70% of all tax benefits are given to entrepreneurs who create new jobs in their territories.

Although these studies generally consider the aspects related to the evolution of small industrial zones, the tax, administrative and other incentives given to them, we see that the impact of these factors on the investment activity of industrial zones has not been studied more widely. The reason is that these benefits are for small industrial zones and if their influence on investment activity is not clearly analyzed, these benefits, in turn, can be "costly" for the local and state budgets.

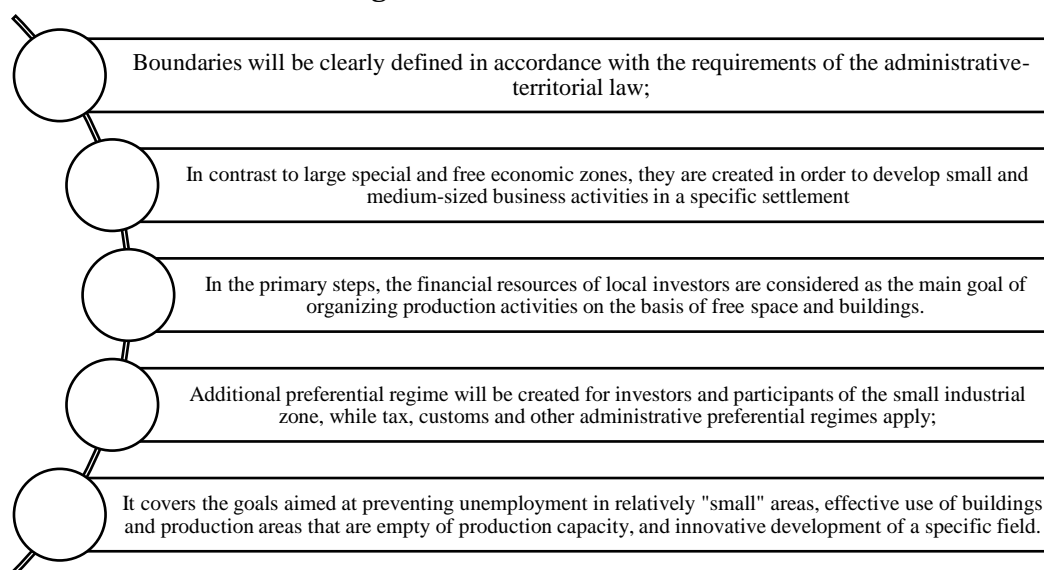


Figure 1. Main characteristics of small industrial zones

Also, we see that in the studies conducted by these scientists, other related concepts describing the small industrial zone were used, that is, they considered the definitions of "industrial zone", "industrial zone", "industrial park", "industrial complex and cluster". In content and in many foreign countries, these areas are considered "informal" small industrial zones due to the fact that activities aimed at systematic organization of production and implementation of innovative and investment projects are planned for representatives of small and medium enterprises. It is known from the experience of foreign countries that these regions were formed in order to develop production in the regions in accordance with the economic development of the country. Given that they contain some elements of small industrial zones operating in our country, it is appropriate to consider the description of these concepts.

In addition to the above, the legal foundations of small industrial zones have also been formed in our country, and the decision of the President of the Republic of Uzbekistan dated June 21, 2019 "On measures to further improve the coordination and management of small industrial zones" No. PQ-4363, Cabinet of Ministers dated March 9, 2020 Decision No. 134 "On approval of the regulation on small industrial zones" is important.

With Cabinet of Ministers No. 134 dated March 9, 2020

According to the approved "Regulation on Small Industrial Zones", "a small industrial zone is a production facility designed for the implementation of production activities, given a certain status by the legislation of the settlement area or inter-settlement area, and having a service infrastructure within its territory is the part where the areas are located and the boundaries are clearly defined. On the basis of the above, it can be said that small industrial zones are areas aimed at supporting small and medium-sized business activities for the purpose of territorial-economic and innovative development, attracting foreign and local investors, with clear boundaries and tax, customs and other preferential regimes. 1- picture

## **CONCLUSION**

Based on the opinions and comments about small industrial zones, it can be said that small industrial zones are one of the comprehensive projects aimed at ensuring the economic development of the country's regions, further activating investment activity in this regard, and ensuring employment of the population.

In Uzbekistan, too, investment projects are established on the site of idle and unused production areas, and today they occupy an important place in the development of the economy. In addition, these areas are considered "miniature industrial zones" and are significant for their rapid transformation to market economy conditions.

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