



FACTORS AFFECTING THE DEVELOPMENT OF SMALL INDUSTRIAL ZONES

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Abstract: In a report published by the United Nations Industrial Development Organization (UNIDO) for the first half of 2024, the growth in the financial efficiency of small industrial zones during the global process of globalization and small economic crises amounted to a very small value, 8.59 percent. In Uzbekistan, this value shows an increase of 34.1 percent for the first 2 quarters. While the world-famous Harvard Business School has publicly identified the main factors influencing economic stability or acceleration of development in small industrial zones, the European Industry Support Organization (SIE) has published several important information supplementing these factors. This article provides information on the factors influencing the development of small industrial zones and the mechanisms for using them to increase economic efficiency.

Keywords: UNIDO, SEI, Monetary policy, Fiscal policy, industrialization, profitability, liquidity level, transformation, diversification, integration, lending, efficiency, Friedman's law, Budgetary policy.

UNIDO's research shows that small industrial zones play a decisive role in the diversification strategy of small and medium-sized businesses. According to the organization, in 2023, small industrial zones created an average of 44.7 additional jobs for every job in developing countries. This is especially important in developing countries with high unemployment rates. In small industrial zones, the main focus is on the use of local raw materials and labor force, which affects the business environment of the region. This will help reduce dependence on imports, maintain foreign exchange reserves and strengthen the country's economic independence.

Acceleration of technological transformation in business entities operating on the basis of the main priority of mutual competition in small industrial zones is considered the primary development factor. According to the Ministry of Finance of the Republic of Uzbekistan, in January-October 2024, subsidy funds in the amount of 345 million dollars were allocated for the technological provision of small industrial zones, and as a result, 13.2 new jobs were created per month in Mobai during this period. position has been created. According to the calculation of the first half of 2023, the utilization value of loans allocated for the technological transformation of small industrial zones increased from 78.1 to 89.4 percent.

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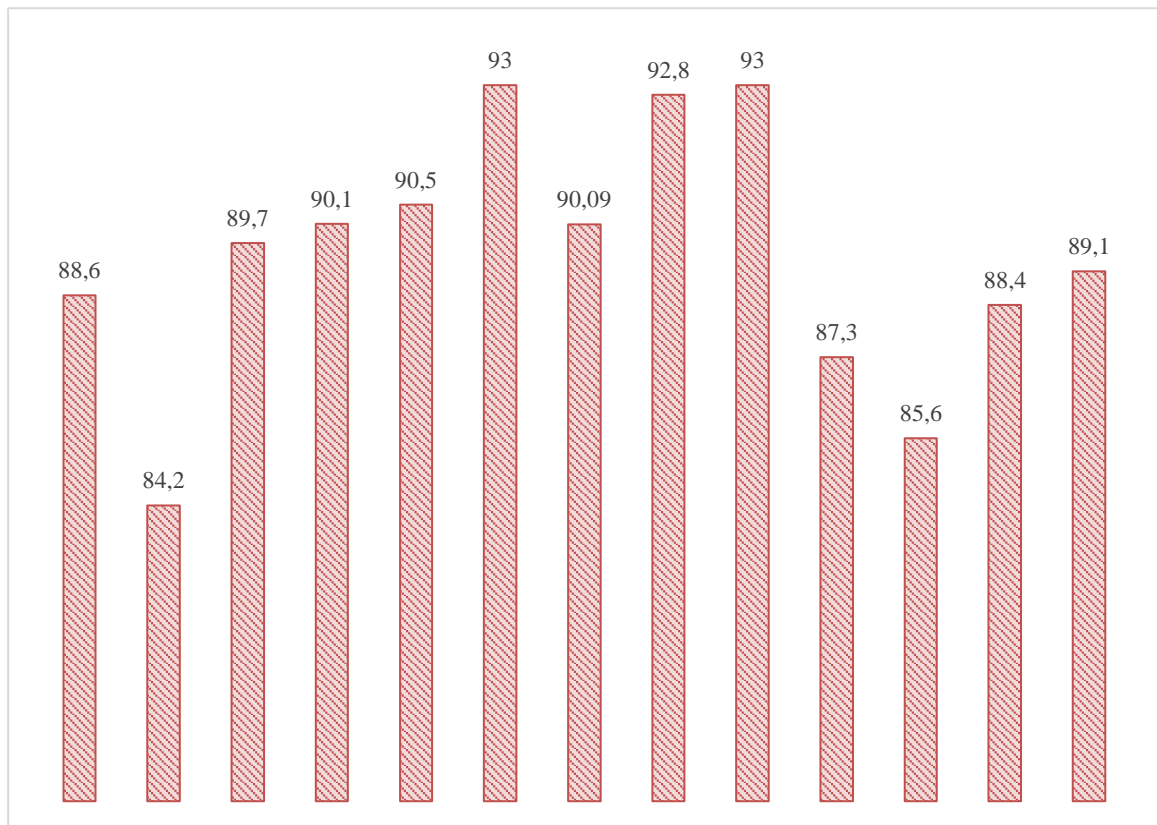


Figure 1. Statistics of the distribution of preferential loans allocated for the provision of small industrial zones with modern technologies by region.

In addition to this factor, the Organization for the Promotion of Industry in Europe (SIE) lists the following monetary factors affecting small industrial zones:

1. Effective management of the refinancing rate. It is natural for the central bank to manage credit conditions through monetary policy in the world economy. The reduction of this rate had a significant impact on the economic revitalization of small industrial zones in Uzbekistan. In particular, the total cost of loans for small industrial zones decreased by 2.3% on average, and the cost of preferential loans decreased by 1.39%.

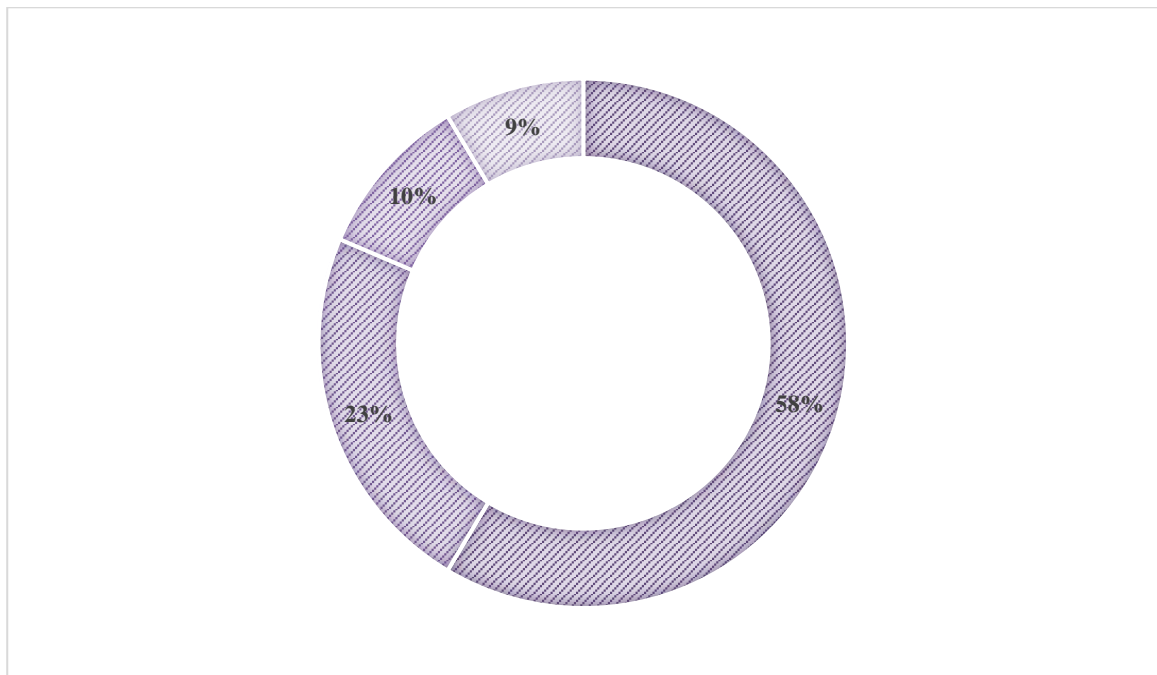


Figure 2. Statistics of spending indicators of loans allocated for small industrial zones (January-October 2024).

2. Money supply and supply. An increase in the money supply by the central bank based on the value of GDP stimulates economic activity. As a result, the purchase price of businesses in small industrial zones will increase.

3. Currency stability. Currency stability affects export and import activities in small industrial zones. If the national currency is stable, it will make it easier for small businesses to connect with international markets. Ensuring currency stability through monetary policy increases the competitiveness of small industrial zones. As of 2024, the stability of the national currency by 0.5% since the beginning of the year has increased the equivalent of finished products by 4.7% and profitability by 13.5% in small industrial zones.

№	Areas.	Average profitability (10 points)	Liquidity (10 points)
1.	Tashkent city	8.9	9.0
2.	Tashkent region	6.3	6.8
3.	Namangan region	7.1	7.0
4.	Fergana region	7.4	7.8
5.	Andijan region	7.41	7.7
6.	Syrdarya region	6.2	6.9
7.	Jizzah region	7.8	7.9
8.	Samarkand region	8.7	8.8
9.	Bukhara region	7.7	7.9
10.	Surkhandarya region	6.8	6.1

11.	Kashkadarya region	7.9	7.1
12.	Navoi region	8.7	7.0
13.	Republic of Karakalpakstan	6.9	7

Table 1. Statistics of objects of financial influence of small industrial zones in the regions for the first half of 2024. (liquidity and profitability indicators).

In addition to monetary factors, Michael Friedman assessed fiscal factors as the main influencing force in the industrialized area. Also, the famous economist proposed the law of adaptation of fiscal policy to industry. This law requires that the fiscal policy of the state be adapted to the specific characteristics of various industries.

According to Friedman, the fiscal policy of the state does not affect all industries in the same way. Some industries are more sensitive to the government's fiscal policy, while others are less sensitive. Therefore, the fiscal policy of the state should be adapted taking into account the specific characteristics of various industrial sectors, their size, type of activity, level of market access, etc. should be analyzed.

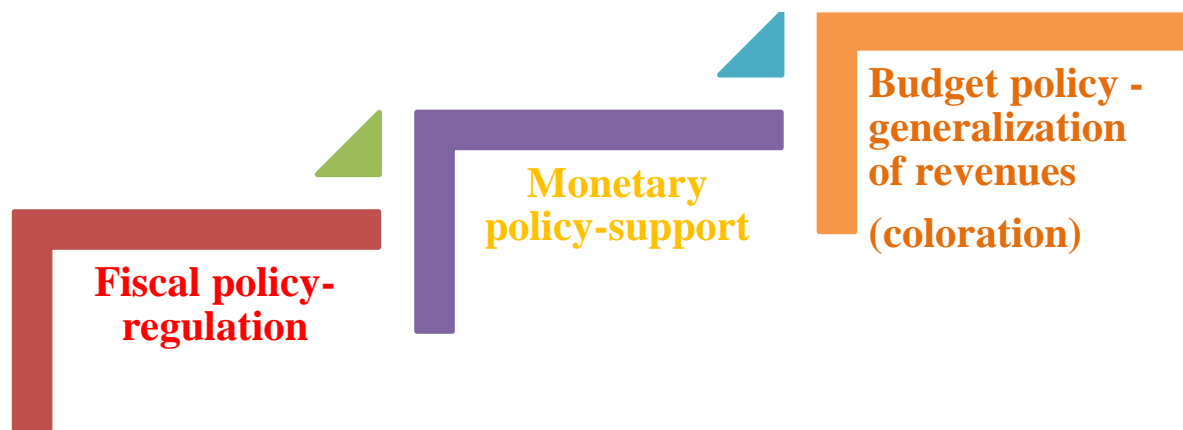


Figure 3. According to the idea of Michael Friedman, the main tasks of the influencing forces in industrialized regions.

In conclusion, it can be said that the success of industrial zones depends on the demand of the domestic market. If domestic market demand is high, industrial zones will have ample opportunity to sell their products. Stimulation of domestic market demand by the state, for example, the implementation of programs to encourage the purchase of local products, helps to accelerate the growth of industrial zones. Export possibilities of industrial zones depend on international market demand. If international market demand is high, industrial zones can accelerate their growth by exporting their products. Promotion of exports by the state, for example, providing export customs benefits and subsidies, facilitates the access of industrial zones to international markets. Competition plays an important role in the growth of industrial zones. If the competition is high, the industrial zones will be forced to improve the quality of their products, lower their prices and improve their

services. This increases their competitiveness and accelerates their growth. It is also important to provide financial resources for the development of industrial zones. These resources can be provided in the form of preferential loans, grants and subsidies for small and medium-sized businesses. Financial support from the state helps to reduce the costs of establishment and development of industrial zones and accelerate the growth of businesses.

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