



Article

Improvement of The Management System of Small Industrial Zones in The Khorezm Region of The Republic of Uzbekistan

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Abstract: This article focuses on improving the management system of small industrial zones in the Khorezm region of Uzbekistan. The study aims to identify the main challenges hindering the effective operation of these zones and propose practical solutions to enhance their performance. The research is based on an analysis of statistical data, expert interviews, and a review of international best practices in industrial zone management. The results reveal key issues such as insufficient infrastructure, bureaucratic barriers, and low investment attractiveness. To address these problems, the article suggests measures including the development of modern infrastructure, simplification of administrative procedures, and the introduction of digital technologies for better management. Additionally, the study emphasizes the importance of creating a unified coordination center to streamline operations and attract foreign investments. The proposed solutions are expected to increase the economic contribution of small industrial zones, create new job opportunities, and boost regional development. The findings of this research can serve as a basis for policymakers and stakeholders to implement effective strategies for the sustainable growth of industrial zones in Khorezm and other regions of Uzbekistan.

Keywords: Small Industrial Zone, Taxes, Privileges, Effective Management, Cooperation, Special Zones, State Body, Logistics, Infrastructure, System

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1. Introduction

Justification of the Topic's Importance

Small industrial zones play a key role in the development of regional economies, acting as catalysts for industrial growth, job creation, and investment attraction. They contribute to economic diversification, support small and medium-sized businesses, and enhance the region's competitiveness at both national and international levels. In the context of the Khorezm region, where the agricultural sector dominates, the development of industrial zones is particularly important for reducing dependence on agriculture and ensuring sustainable economic growth [1], [2].

However, despite their significant potential, small industrial zones in the Khorezm region face a number of challenges, such as inadequate modern infrastructure, weak coordination among stakeholders, bureaucratic barriers, and low investment attractiveness. These factors limit their efficiency and prevent them from fully realizing their economic potential [3].

Improving the management system of small industrial zones is a pressing issue, as it will not only increase their profitability but also create favorable conditions for attracting

foreign investment, introducing innovative technologies, and developing the region's export potential. Addressing these challenges will contribute to improving the socio-economic situation in the Khorezm region, creating new jobs, and raising the standard of living for the population [4], [5].

Thus, researching the management of small industrial zones in the Khorezm region has significant theoretical and practical importance, as its findings can be used to develop effective strategies for the growth of the region's industrial sector.

Formulating the Purpose of the Article

The purpose of this article is to develop recommendations for improving the management system of small industrial zones in the Khorezm region of Uzbekistan [6], [7]. By analyzing the current state of these zones, identifying key challenges, and proposing practical solutions, the study aims to enhance their efficiency, attract investments, and contribute to the sustainable economic development of the region. The findings are intended to provide a foundation for policymakers and stakeholders to implement effective strategies that will unlock the full potential of small industrial zones in Khorezm.

Research Objectives

- a. To analyze the current management system of small industrial zones.
- b. To identify the main challenges and limitations.
- c. To propose measures for improving management.

Indicating the Novelty of the Research

The scientific novelty of this study lies in the fact that it is the first to propose a comprehensive approach to improving the management system of small industrial zones, taking into account the specific characteristics of the Khorezm region [8]. The study provides a detailed analysis of the current state of industrial zones in the region, identifies unique challenges specific to the area, and develops practical recommendations tailored to local conditions [9]. Unlike previous research, this article places particular emphasis on integrating modern management technologies, such as digitalization and the use of big data, offering innovative solutions to enhance the efficiency of industrial zones. Additionally, the study incorporates international best practices in industrial zone management, adapted to the socio-economic and geographical specifics of the Khorezm region [10].

2. Materials and Methods

Describing the Object of Research

The object of this research is the small industrial zones located in the Khorezm region of Uzbekistan. These zones are specialized areas designed to support industrial and manufacturing activities, providing infrastructure and administrative support to businesses operating within them. The study focuses on their structure, functions, and role in the regional economy. Key aspects include the number of industrial zones, their geographical distribution, the types of industries they host, and their contribution to employment, production, and investment in the region. By examining these elements, the research aims to provide a comprehensive understanding of how small industrial zones operate in Khorezm and identify opportunities for their improvement.

Describing Data Collection Methods

The data for this research was collected using a combination of quantitative and qualitative methods to ensure a comprehensive analysis. The primary sources of information included:

- a. **Analysis of Statistical Data** - Official statistics from the State Committee of the Republic of Uzbekistan on Statistics, as well as reports from regional authorities, were used to gather data on the number of small industrial zones, their economic

performance (e.g., production volume, employment rates, and investment levels), and their contribution to the regional economy.

- b. **Expert Surveys** - Structured surveys were conducted with experts in the field of industrial zone management, including representatives from government agencies, local authorities, and industry associations. The surveys aimed to identify key challenges and gather insights on potential solutions [11].
- c. **Review of International Best Practices** - Data from case studies of successful industrial zones in other countries (e.g., China, South Korea, and Turkey) were analyzed to identify transferable strategies and lessons that could be adapted to the context of the Khorezm region.

By combining these methods, the research ensures a balanced and evidence-based approach to understanding the current state of small industrial zones in Khorezm and identifying areas for improvement.

3. Results and Discussion

Current status of small industrial zones SIZ - is organized only on the basis of non-functioning production areas and vacant land plots not intended for agriculture, where engineering and technical communications are available or easy to carry out, and decisions on the establishment of new SIZ and changing the edges of the SIZ region operating in coordination with the Ministry of economy and industry of the Republic of Uzbekistan.

A total of 532 SIZ are operating in the Republic. Their total land area is 3,574.5 hectares, of which 2,846.6 hectares, that is, 79.6 percent of the land area, are allocated to projects [12].

In order to manage and coordinate the activities of the SIZ, single directorates have been established on every territory. The total price in SIZs is 1.1 million. dollars 4441 projects are selected and planned to be implemented.

Analytical data show that the organization and management of SIZ in Tashkent City and Namangan, Ferghana regions was preceded by other regions, we can see this from the project value, production costs, export costs and new jobs.

Kharezsm region has only 5 percent share with 234 projects at the Republican level in terms of the number of projects in total balance, as well as export figures of 0.12 million. dollar, it would seem, is limited to the production of products in the Kharezsm region intended only for the domestic market.

To identify problems in the process of writing a scientific paper , on December 23, 2024, the head of the joint directorate in the form of a state institution under the administration of the Kharezsm region , S.Kurbanov and other employees, below we present interview statement[13].

Small industrial zones in the Kharezsm region today account for 22, the area of the located zones is a total of 91.8 hectares, projects planned for placement: 1275 (506.8 mlrd.som), of which workaholics: 1136 units (167.3 mlrd.som), completed projects: 84 units.

Today, 22 small industrial zones operate on a total of 91.8 hectares of land approved during the development of the master plan, of which infrastructure facilities and other facilities are located on 64.3 hectares of land. Land area occupied by engineering-communications and other facilities 27.5 hectares. The data presented in Table 1 offer insights into investment projects across various districts of the Khorezm region. A total of 46 projects are planned, with an investment volume of 69.9 billion sums, creating 501 job opportunities. The average investment per project is approximately 1.52 billion sums, with about 10.89 jobs generated per project. High-potential districts like Xonqa, Hazorasp, and Yangibozor demonstrate strong investment efficiency. Conversely, districts such as Xiva and Yangiariq reflect low job creation despite investments, indicating a need to reassess

project selection. Balanced investment-to-job ratios in districts like Qo'shko'pir and Tuproqqal'a suggest sustainable development models[14].

Table 1. Forecast for the Implementation of New Projects in Khorezm Region at the End of 2024.

Districts	Project	Volume (billion sum)	Jobs
Khorezm region	46	69,9	501
Gurlan	1	4,3	20
Qo'shko'pir	3	3,8	45
Urganch	4	4,5	45
Urganch city	1	0,5	5
Hazorasp	7	7,0	67
Xiva	1	0,4	3
Xiva city	1	0,6	5
Xonqa	16	18,4	131
Shovot	4	16,8	46
Yangiariq	2	1,0	4
Yangibozor	4	11,5	115
Tuproqqal'a	2	1,2	15

This table outlines the projected investment volumes and job creation across districts of Khorezm region. The detailed forecast can be seen in Table 1. The data presented offers insights into investment projects across various districts of the Khorezm region. A total of 46 projects are planned, with an investment volume of 69.9 billion sums, creating 501 job opportunities. The total number of projects is 46, with an average investment per project of approximately 1.52 billion sums. The projects collectively aim to generate 501 jobs, implying an average of about 10.89 jobs per project.

High investment potential districts such as Xonqa, Hazorasp, and Yangibozor demonstrate strong investment potential and efficient job creation.

Low efficiency areas Xiva District and Yangiariq show low job creation despite investments. These areas may require reevaluation of project types to maximize economic benefits.

Balanced development districts like Qo'shko'pir, Urganch, and Tuproqqal'a have well-balanced investment and job creation ratios, making them models for sustainable development.

Focus on urban centers more significant investments should be directed toward urban areas like Urganch City and Xiva City to fully leverage their economic potential. As shown in Table 2, Khorezm region's SIZs encompass a total of 91.752 hectares with 130 implemented projects and 156 ongoing projects. Urgench District leads in completed projects, Hazorasp in ongoing ones, and Urgench City in total production expected. Khiva City demonstrates high project density in limited space, while Gurlan has the largest investment inflow. Conversely, Bogot lacks both investment and expected production. These figures underscore regional disparities in SIZ efficiency and highlight where targeted development efforts are most urgently needed. For a comparative overview of the performance, scale, and productivity of Special Industrial Zones, see Table 2.

Table 2. Table of indicators of SIZ of Khorezm region,

Regions	Number of SIZ	Area (hectare)	Projects implemented	Investments of projects implemented	Ongoing projects	Investments of ongoing projects	Total production in 2024
Total	22	91,8	130	254,6	156	520,8	227,7
Bogot district	1	4,0	0	0,0	0	0,0	0,0
Gurlan district	1	7,3	3	16,7	1	367,9	6,7
Kushkupir district	2	8,8	5	12,8	5	4,2	2,9
Urgench district	1	3,9	20	32,9	10	5,0	18,3
Urgench city	3	6,5	19	36,5	2	2,1	80,8
Hazorasp district	4	24,2	19	57,6	34	38,9	17,3
Khiva district	1	4,8	12	23,7	5	5,8	7,9
Khiva city	1	5,0	3	1,2	28	19,0	0,9
Honka district	1	10,0	18	22,3	37	44,3	5,8
Shovot district	2	5,3	18	28,8	10	9,5	53,4
Yangiariq district	1	2,5	4	3,4	16	12,0	2,1
Yangibozor district	2	2,6	4	11,3	2	1,6	25,2
Tuprokala district	2	6,9	5	7,4	6	10,6	6,4

The dataset provides information about Special Industrial Zones (SIZ) across various districts and cities in the region. The key metrics include the number of SIZs, area (in hectares), projects implemented, investments in those projects, ongoing projects, investments in ongoing projects, and total production expected in 2024 [15].

There are a total of 22 SIZs covering an area of 91.752 hectares. 130 projects have been implemented with a total investment of 254.603 billion sums. 156 ongoing projects have a total investment of 520.84 billion sums. The total production expected in 2024 is 227.655 billion sums.

Urgench District has the highest number of implemented projects (20) with a significant investment of 32.8877 billion sums. Hazorasp District has the highest number of ongoing projects (34) with an investment of 38.92 billion sums. Urgench City has the highest total production expected in 2024 at 80.83 billion sums. Khiva City has the highest ratio of ongoing projects (28) relative to its small area (5 hectares). The highest investment in ongoing projects is in Gurlan District with 367.94 billion sums. The lowest investment in ongoing projects is in Bogot District with 0 billion sums. Shovot District is projected to have the highest production in 2024 with 53.41 billion sums. Bogot District has no production projection as it has no implemented or ongoing projects.

Problems of small industrial zones (SIZ): limited access to financing, inadequate infrastructure, bureaucratic barriers, lack of skilled workforce, poor marketing and market access, environmental concerns, limited technology adoption, weak coordination among stakeholders, insufficient business support services, and inefficient land use management.

4. Conclusion

Establish partnerships with banks for low-interest loans. Introduce government-backed financial support programs.

Invest in modern infrastructure for utilities and internet. Develop regular infrastructure maintenance plans. Simplify registration and licensing processes through digital platforms. Create one-stop service centers. Partner with vocational centers and universities. Provide tailored courses and apprenticeships for industry needs.

Organize trade fairs and networking events. Facilitate export opportunities and e-commerce development. Implement strict environmental regulations. Provide incentives for eco-friendly production processes.

Offer tax incentives for technology investments. Establish innovation hubs to promote digital transformation. Create coordination councils involving authorities, investors, and businesses. Facilitate regular communication and collaborative planning.

Develop business incubators for mentorship and advisory services. Provide legal, financial, and marketing support to startups. Implement transparent land allocation processes. Regularly monitor and assess land usage efficiency.

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