

# DIRECTIONS OF EFFECTIVE USE OF INDUSTRIAL POTENTIAL: IN CASE KASHKADARYA REGION

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**Abstract**— In the paper has been discussed the importance of industrial development in the regions and identifies the main directions of effective use of industrial potential in the regions of the country. It also covered the principles of effective deployment of industrial sectors in the regions and regional factors of industry and assessed factors, regional conditions and sources of industrial development in Kashkadarya region.

**Index Terms** — Kashkadarya region, regional factors, industry, light industry, textile, GDP, industrial potential.

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## 1 Introduction

Formation of new regional centers in the form of globalization, large agglomerations, growth points and special economic zones leads to increased competition in attraction of investments, high-skilled workforce and promising infrastructure projects. Large regional centers account for 75% of global GDP, 58% of exports and 76% of investments. This, in turn, stimulates the competitiveness of other regions and countries, in particular, their effective utilization of their domestic economic potential and comparative advantages.

Today in our country, the issues of improving regional economic policy and effective and rational use of rich economic potential of the regions are becoming more and more urgent. At the same time, special attention is being paid to the issues of deep processing of industrial raw materials and mineral raw materials for industrial production, primarily for the production of finished goods, the increase of employment and income of the population on the basis of accelerated development of modern high-tech industries. In particular, on January 3, 2017, the Decree of the Cabinet of Ministers of the Republic of Uzbekistan "On Approval of the Regulation on Information and Analytical Department on Complex Socio-Economic Development of the Regions" and the Decree of the President of the Republic of Uzbekistan No. UP-4947 of February 7, 2017 " One of the concrete steps in this direction was the adoption of a Strategic Action Strategy on the Five Priorities of the Republic's Development.[1]

## 2. Literature review

The issues of scientific study and elimination of regional economic problems have always been in the focus of attention of economists. Specifically, theoretical and practical aspects of the issue, regional competitiveness have been widely shared by foreign economist scientists, in particular B.Robert, M.Fujita, P. Crugman, A.Venables, M.Enrayt, B.Shaun, H.Glenn .

Among the CIS economist scientists are A.G.Granberg, Yu.A.Gadjiev, O.G.Dmitrieva, N.Zubarevich, S.V.Kazantsev, I.N.Merenkova, A.N.Nosov, O.Panteleeva, D.Sepik, L. A. Serebryakovs [2-13] focused on theoretical issues of regional economic development, regional economic growth and development, regional economic development, regional economic potential and competitiveness.

As in other countries, the issues of development and management of the regional economy and the effective use of economic potential of the regions are the subject of scientific interest of the economists of the republic.

Particularly, issues such as modeling socio-economic development of regional industrial complexes, development of a complex of regions, territorial organization and management of production forces, improvement of methodological bases of raising the competitiveness of regions of Uzbekistan are presented by S.Gulomov, A.M. Sodiqov, B.Rozmetov, T.M. Akhmedov, Sh.B.Imomov, A.Kayumov, F.T.Egamberdiev, P. Z.Hashimov,

A.M.Kodirov and Sh.N.Nazarov are widely studied. [14-16]

However, most of the aforementioned research is devoted to the issues of public-economic development and placement of productive forces directly in the regions, and the research topic chosen has not been studied as a separate research object. Moreover, in most of the studies conducted in the republic, relative superiority is devoted to the complex development of regions. This does not provide a comprehensive picture of the sustainable development of the industry and its efficient use of industry based on the current development conditions of the study area and does not ensure the achievement of the industry development goals in Kashkadarya region.

Due to the above considerations, the lack of attention paid to the problem and its controversial nature requires a new scientific approach to the issue under discussion and creates enormous opportunities for determining the relevance, purpose and range of issues to be solved.

### 3. Analysis and results

The processing industry in the Kashkadarya Province has a low level of development, while on the one hand, the development and location of regions has not been balanced, and on the other hand, unilateral, non-diversified industrial production (cotton ginning, food and fuel industry specialization).

A number of negative factors, such as the fact that the regions are away from each other and away from the center, lack of infrastructure, lack of technical re-equipment and modernization of production, and depreciation of fixed assets, hinder the efficient use of existing natural resources and production capacities in the region. As a result, it is possible to observe the incomplete launch of production capacities, inadequate production of the population's demand for basic consumer goods, inadequate competitiveness of finished goods and non-export orientation.

Nevertheless, the region has a rich natural-economic potential and relative advantage in the development of industry, thereby achieving rapid industrial development of the region.

The development of Kashkadarya region's industry can be compared with

comparative advantages in the following economies:

⊙ Large natural economic resources in the region that can be profoundly processed on the basis of modern technologies, distinguishing quality, in the production of fruit and vegetables, meat and dairy products;

· Regional comparative advantages and raw materials base in the development of light industry, production of high-quality fine-grained cotton fiber in Kamashi, Mirshark, Chirakchi, Koson, Janinov, Yangi-Mirishkor, Yangi-Nishon, Pulati, Karshi, Availability of valuable raw material in the production of leather and leather raw materials and wool products in Chirakchi, Dehkanabad and Yakkabag districts) and availability of cheap labor force;

⊙ Formation of experience and traditions in timber processing in Kasim, Kasan, Shahrisabz, Kamashi districts.

The comparative advantages, restrictive factors and other sources of socio-economic development of the regions were the basis for determining the strategic directions of the Kashkadarya region industry. These trends were selected based on existing factors and potential sources.

1. Development of the fuel and energy complex in the form of an industrial cluster based on oil in the region (Kamashi, Shakarbulak, Urtabulak zones) and gas fields (Mubarek, Shurtan, Uva, Pirnazar, Janinov, Aknazar regions);

2. Creation of a light industrial cluster in the areas of high-quality cotton fiber production, taking into account the leading role of the region in the country, in which there is a possibility of deep processing and production of finished goods with high added value (sewing and knitwear products) (Guzar and Shakhrisabz regions);

3. Development of construction materials industry on a cluster basis in the presence of mineral resources (cement raw materials, mortar, building blocks, bricks and sand gravel), which are the largest reserves in the area of Karaulykubin, Jovuz, Gumbulak;

4. Establishment of small industrial zones aimed at production of construction materials and consumer goods on the basis of low-powered, inefficient or lean manufacturing capacity, taking into account

relatively low industrial potential of the region and lack of modern technologies;

5. Development of deep processing of fruits, vegetables, meat and dairy products to expand the range of import substituting foodstuffs due to domestic capacity. To create the necessary conditions for the storage of raw materials and finished goods throughout the year;

6. Establishing a special information database, involving them in various industries, including the use of available human resources in rural areas, including rational use of the available workforce in the region, to collect data on skilled and experienced professionals in the region;

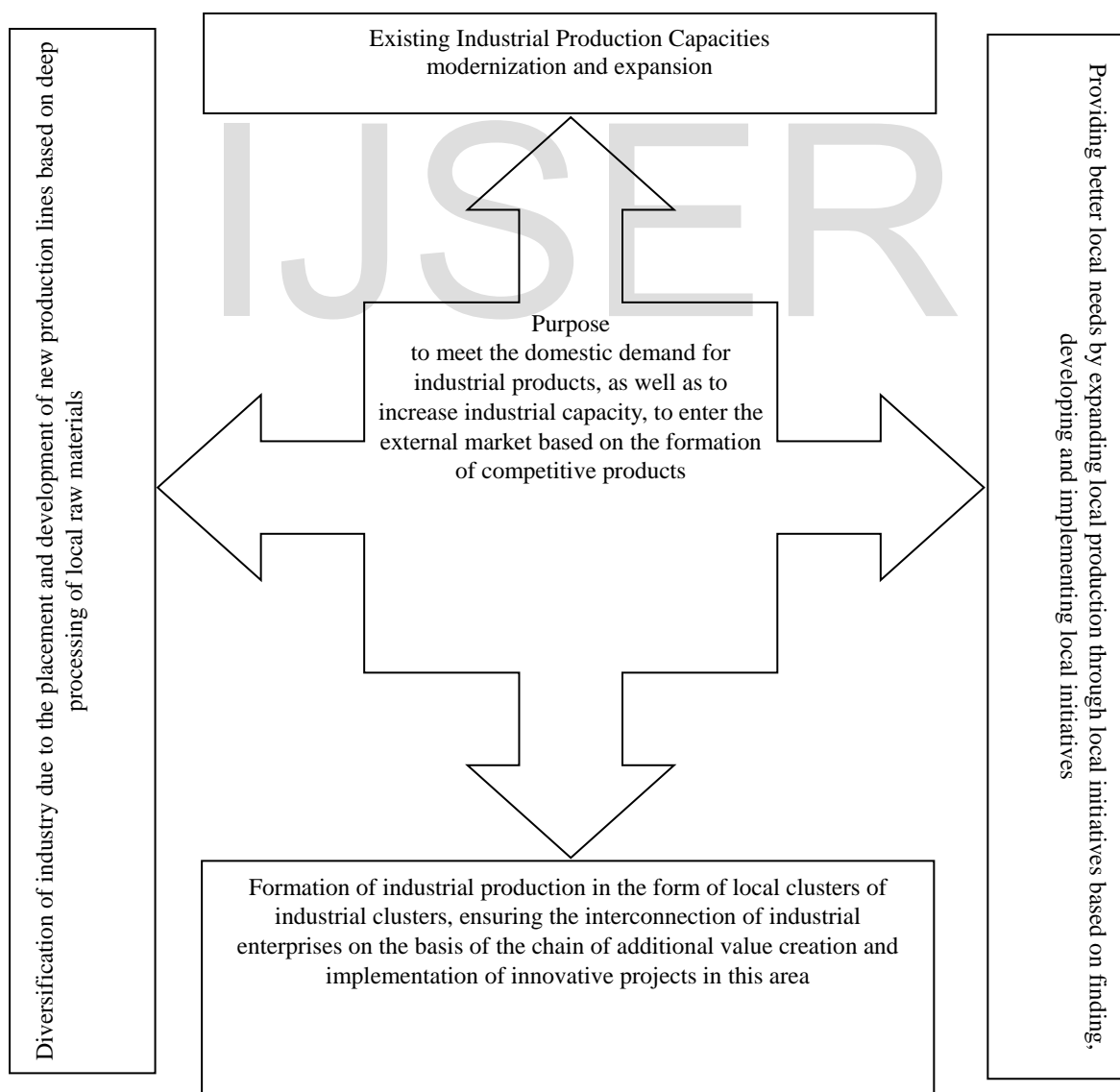
7. The use of internal financial resources, in particular enterprises and the population, commercial bank loans, remittances from migrants to form and operate productive capital in industry;

8. Marketing on a modern basis to

timely identify internal and external demand for industrial products and so on.

Based on the above, the main purpose of industrial development is to increase industrial potential of the region as well as fully meet the domestic demand for industrial products and to enter the international market based on the formation of competitive products. To achieve this goal, it is advisable to carry out the following tasks (Figure 3.1):

- modernization and expansion of existing industrial capacities;
- diversification of industry due to the placement and development of new production lines based on deep processing of local raw materials;
- Expansion of local production of domestic production by finding, developing and implementing local initiatives, and ensuring that the needs of the population are better;



**Fig. 1. Strategic trends of local industry development in Kashkadarya region**

- Formation of industrial production in the form of regional industrial clusters in the region, ensuring the interconnection of industrial enterprises in the chain of value added and implementation of innovative projects in this area.

Based on the above, the industrial strategy of the region is based on the following: growth in the form of high technology and industrial clusters, the development of regional processing of

domestic raw materials, the creation of small industrial zones in the region, their service, home-based and handicraft industrial production entities.

Thus, it is desirable to estimate "potential growth points for industrial production" in the regions of the region, based on the assessment of potential and comparative advantages inherent to the Kashkadarya region, analysis of development trends, and perspective development sources.

The method of identifying the "growth points of industrial production" in the region is as follows: The growth points for industrial production in the region will be determined by assessing potential and comparative advantages inherent in the region's industry, trends in development, and perspective development sources, and will be implemented in the following stages:

First stage: Determine the source and type of raw materials (based on the geological survey results) for each district and city in the area.

Phase 2: SWOT analysis of the production capacities and capacity level for each raw material type. The main focus is on S and W Factor Analysis.

The third stage: the level of demand (attractiveness) of the products planned to be produced in the domestic and foreign markets of each raw material type is analyzed by SWOT. The main focus is on S and W factors analysis.

The fourth stage: the capability and capacity level in the industrial production identified by the SWOT analysis of the districts is placed in the order of distance from the top to the axis of the coordinate system  $x$  (in the presence of capacity and capacity). In this case, a collection of points that represent parallel regions relative to the axis.

Fifth stage: The level of demand (attractiveness) of products on internal and external markets, determined by SWOT analysis of districts, is placed in the order of distance from the bottom up to the axis of coordinate system (required level of production planned production). At the same time, the coordinate axes of the regions and their distance from the center represent the potential and attractiveness of their respective products, as well as the increased demand for the planned production.

Sixth Phase: The geometric role of the districts formed in the sectors of promising industry sectors of the coordinate system, the reasonableness of industrial production in clusters, large, medium and small forms will be based on the SWOT analysis

method.

This methodology identifies sufficient capacity and capacities for the development of specific industries in the medium and long term in the regions. It is possible to develop industrial complexes where necessary mineral resources are found and used.

The attractiveness and capabilities of production are assessed through the "coordinate axes". At the same time, the attractiveness of production is determined by the demand for products both at domestic and foreign markets and with export-oriented production capacities, as well as natural raw materials and labor potential, roads (automobile and railways), drinking water, natural gas and electricity and will be assessed through the provision of

This methodology allows investors to evaluate the investment attractiveness of the region's regions and districts, and this is the prospect of promoting investment projects by sector and district.

Today, Kashkadarya region has a rich processing potential for domestic raw materials and agricultural products. In the region, there are regions and areas with high fiber, cotton, gardens, vineyards, vegetables and potatoes, melons, corn, walnuts. In particular, food industry in Yakkabag, Shakhrisabz, Karshi, Koson and Book districts is very wide developed.

Therefore, it is recommended that the development of processing industries in these regions, their effective location in the region, and the establishment of a 4 - step system for the deep processing of existing mineral and raw materials and agricultural products. Including:

First stage: preliminary processing of raw materials, preparation of semi-finished products;

Second stage: transforming industrial-based materials into ready-to-use materials;

third stage: production of finished goods for consumption;

fourth stage: recycling of industrial waste

from secondary sources and consumption.

In order to develop industrial production in the region, it is necessary to develop a "industrial passport" of each district, with a focus on the level of mineral resources availability in the districts and its geographical location, the level of industrial and

Today, there are great potential for the development of light industry in the region and its regions, where the production of high-quality fiber-rich cotton raw materials in the country plays an important role in the development of the region's light industry. Rich expertise in cotton production and the public's commitment to novelties make it possible for the industry to develop in all regions of the region, particularly in the areas such as Karluk, Beshkent, Shakarbulak, Pulatti, New Zone.

market infrastructure development, labor resources, and fixed capital and quality, and to establish interdistrict value added chains in the region's food industry and mining operations (3.4).

Development of this network will allow to create more than 20 types of products in the near future (Figure 3.5).

In Kashkadarya, Mishkor, Yakkabag, Chiroqchi districts, more than half of the cattle and sheep registered in the region will be able to produce ready-made leather products and footwear at the raw materials base in such areas as Pirnazar, Girsar, Langar and Dikob. ready products can be produced.

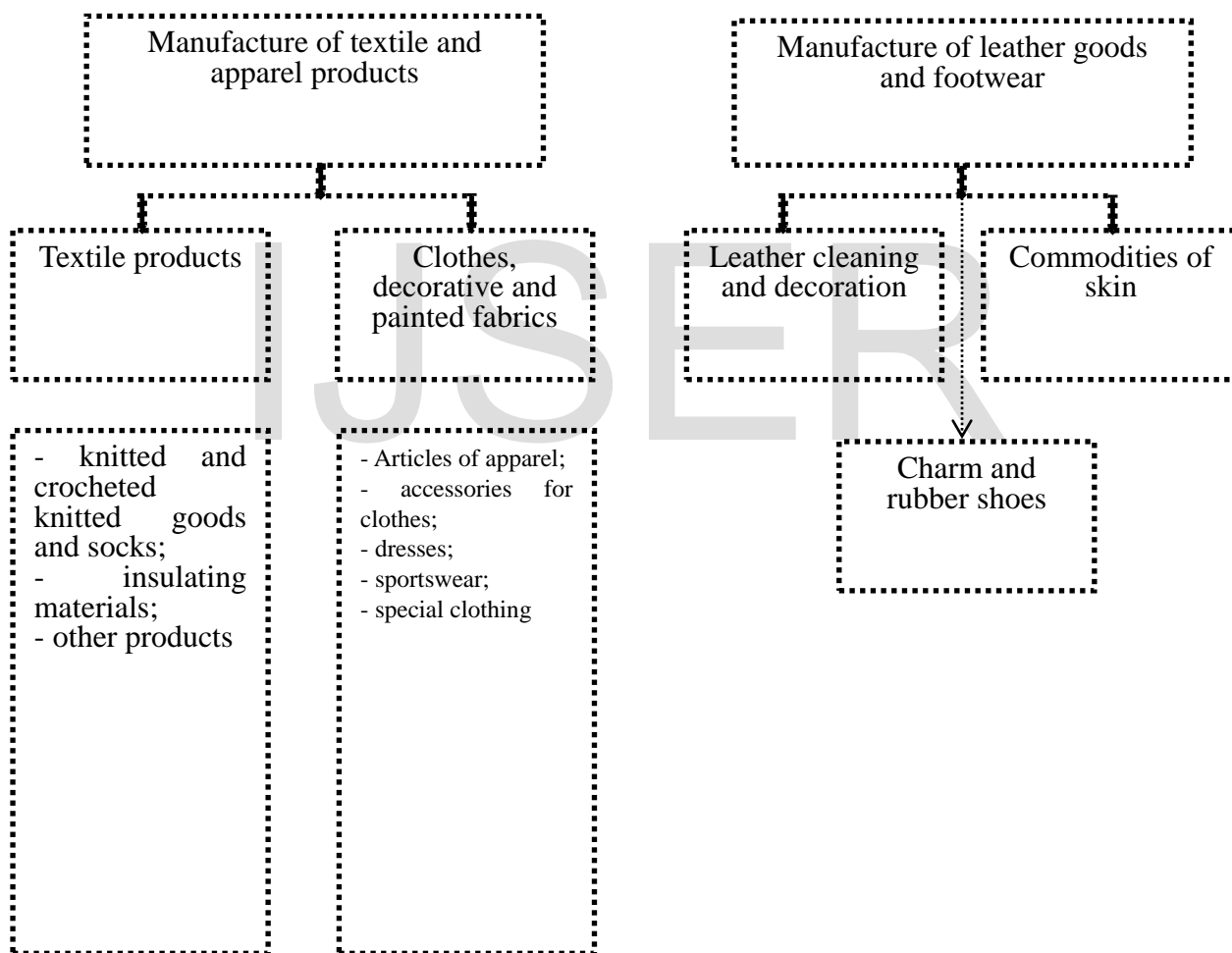


Fig.2. Expansion of types of light industry in the perspective of Kashkadarya region

In the regions such as Kamashi, Mirshark, Chirakchi, Koson, Janinov, Yangi-Mirishkor, Yangi-Nishan and Pulati, Kashkadarya region, it is proposed to create light industrial clusters as "the basis of development".

Such lightweight industry clusters include the

following components that are interconnected:

- cluster nucleus: the most important component of the cluster's investment attractiveness is the large industrial enterprises which serve as the basis for the production of semi-finished products and ready-made products and introducing innovations to the

internal and external market;

- joint production: other manufacturing enterprises for the production of finished goods. These include small businesses, large businesses, and households that work together in the classroom;

- Improvement of educational process in higher and secondary specialized educational institutions, training of highly skilled engineers and specialists, distribution of information and placement of product sales objects in the markets, production units (including inactive production facilities, transport networks, research institutes and laboratories));

- Cluster Coordination: This is the functional responsibilities of the regional, city and district khokimiyats, local authorities, as well as nongovernmental nonprofit organizations in the management and control of the cluster.

Today, the Kashkadarya region has great internal interiors in the development of construction materials industry, and it is necessary to solve the following tasks:

1. To critically examine the mineral raw material base of the region (including more accurate assessment of mineral reserves) for transition to ready-made competitive products and mastering new types of products, various productive groups attracting investors, private entrepreneurs, banks and others, building production of new generation technology based on production technologies and involvement in production;
2. Increase productivity and competitiveness of industrial enterprises of building materials by reducing energy intensity, material capacity and capacity;
3. Formation of the system of personnel support, improvement of the management system in the construction sector, including the introduction of staffing, personnel management, product standardization;
4. Optimization of the construction of specialized terminals, delivery of building materials, their processing and storage with the purpose of increase of cargo capacity;
5. Creating a system of economic incentives for producers of building materials for waste recycling. Providing privileges for enterprises producing competitive and export oriented products;
6. Solving the problem of uninterrupted supply of electricity to electricity, gas and water. It is necessary to create industrial zones and place the enterprises in a compact area with access to infrastructure. This, in turn, provides infrastructure and problem solving with minimal costs;
7. Successful projects should be developed to increase energy resources based on alternative

energy sources and modern energy saving technologies. This problem is especially relevant in the Shuvalan and Mubarek districts, where the industry is relatively well-developed;

8. Assisting local producers, foreign firms and entrepreneurs in identifying investment projects and partners within cluster activities.

The export potential of the Kashkadarya region is relatively less developed and diversified, mainly focused on the export of cotton fiber and foodstuffs. At the same time, the region has sufficiently comparable advantage in expanding its export structure.

The cultivation of cotton fiber in practically all districts of the region (Dehkanabad, Kamashi, Koson, Mishkor, Nishan, Kasbi, Yakkabag) and existence of several large ginning factories create the basis for the production of high value added products and bring them to foreign markets.

There is also a comparative advantage of the region in the production and export of drugs on the basis of local herbal medicines (in particular, Kitab and Kamashi districts).

In addition, there are large fruits and vegetable resource bases in the region, which can produce and process high quality fruit and vegetable based on modern technologies.

At present "Oqsaroy Textil" LLC produces 4800 tons of yarn, "Bunyodkor" LLC, 2000 tons of yarn, "Yakkabog Xumo Teks" - 450 tons of yarn. In this industry, the principle of "raw materials from semi-finished products, to ready-made products" follows. One of the peculiarities of the region is its wealth of natural resources. In particular, in the district of Kitab, natural marble stone, cement and fire resistant bricks, porcelain and glass in Yakkabag district, wall plaster for construction in Dehkanabad district, keramzit in Guzar district and raw gypsum raw materials in Kamashi district. Taking this into account, over the past years, the region has been manufacturing construction materials based on state-of-the-art technologies: microcalcite, lacquer and plaster.

More than 10 new types of products have been created in the region over the past period. Laminated furniture raw materials, karakul hats and men 's overalls, footwear, cosmetic soap, coal briquettes, sunflower oil, sour cream oil, dried, roasted and packed, fruit and vegetable products, biscuits, packed honey, washing powder, artificial marble , porcelain and glass products.

Fruit and vegetable, meat and dairy products grown in the region are important. Currently, 49 fruits and vegetables, 17 processing of meat and 61 milk processing enterprises operate in the region. Last

year the region implemented five projects on processing of fruits and vegetables, 5 meat processing products and 11 projects for dairy products processing. In particular, "Asl konserva" in Book district annually produces about 3,000 tons of fruit, 150 tons of milk processing per year at the private enterprise "Renewal of production" in Nishon district.

Today, 20.5% (137 thousand tons) of fruits and vegetables grown in the region, 12.8% of meat (29.8 thousand tons) and 11.8% of milk (104.8 thousand tons) are processed.

Compared to other regions of the Republic (in particular, Bukhara, Jizzakh and Samarkand regions), the mineral resources rich in the region allow increasing the export of construction materials (cement, raw materials, mortar, building blocks,

bricks and crushed stone). Along with identified comparative advantages, there are also opportunities to expand export potential in the region (Table 3.1).

Unlike other provinces of the region, high quality cotton production and competitive cotton fiber production on the external market are the key areas of the project, namely New - Nishan, Yangi - Mirishkor, Karluk, Kamashi and Karakalpak districts.

Also, there is a great experience of silkworm breeding (Koson, Kamashi, Mirshark, Nishan, Chirakchi, Kasbi and Guzar districts), Charm (Chirakchy, Yakkabag, Dehkanabad and Kitab districts) and Khundan (Chirakchi, Nishan, Guzar and Yakkabag Districts) There are valuable raw materials for the production of products.

Table 2

Prospective areas for development of export potential of Kashkadarya region

Regions	Cotton fiber	Agricultural products processing	Building materials industry	Mining (limestone, ornamental stone, ceramic and bricks)	Silk carpets, sucrose and satin export	Exports of hydrocarbons (oil, coal and brown coal)	Export of silk raw materials
The city of Karshi			•		■		■
Guzor		■		•		•	
Dehqonobod	•	•			•		•
Kamashi	•	•					
Karshi	•		•			■	
Koson	•	•					
Kitob		■	•	•		•	
Mirishkor	•	•					
Muborak		■				•	
Nishon	•				•		•
Kasbi	•	•		•		■	
Chiroqchi		•					
Shakhrisabz			•	•			■
Yakkabog	•					■	
Conditional Characters:	• - high potential, ■ - medium-sized						

The region has the capability of producing and exporting cement, ferro - concrete products, bricks, bruschet and tile, slate, lime, ruberoid, gypsum, plaster and other construction materials (in particular, Guzar, Kitab, Kamashi, Nishan,

Shahrisabz and Kasbi districts). The region also has the resources of oil, gas, salt and other natural resources, on the basis of which it is possible to expand the export of many industries. In particular, fuel in the Mubarek district has a great potential for

diversifying energy resources. Therefore, it is necessary to create a deep processing of energy resources in the region and a technological set of production links.

At present, the export structure of the region is composed of the following types of goods (Table 3.2).

Table 1

Commodity composition of exports in January-December 2016 in Kashkadarya region

	Share in total exports, percentages		Change in size, percentage calculation
	January-December 2015	January-December 2016	In percent to January-December 2015
Export Structure	100,0	100,0	96,7
cotton fiber	44,0	46,0	102,4
food products	6,0	10,0	160,3
chemical products and articles thereof	24,0	15,0	61,8
energy resources and petroleum products	3,0	2,0	83,8
ferrous and nonferrous metals	0,0	0,0	0,0
machinery and equipment	0,0	0,0	8,5 m
services	17,0	20,0	115,6
others	6,0	7,0	72,5

If we look at the region's export structure, then we can see that the structure of cotton fiber in this structure is the highest (46%). It is possible to conclude that the export structure of the region should be improved and it is desirable to increase the share of industrial products.

It should be noted that the continuing advantage of the share of raw commodities in the structure of commodity structure of exports can be caused by the following adverse consequences:

- Value added in raw materials value added to finished products is low. In this regard, we can say that sustainable economic growth can only be achieved through deep structural transformations in the economy and the increase in the share of ready products in the structure of produced and exported goods;

- The world market of raw commodities is unstable. All regions of the Kashkadarya region provide subtropical climate and climatic conditions for cultivation, processing and export of dates, pomegranates, figs, grapes, cotton and other hothouse plants according to climatic conditions. In addition, it is also possible to grow and reproduce non-traditional subtropical plants, such as olives, topinambur, stew, and expand the export structure of the region.

Enormous wealth of agricultural raw materials (including cotton, silkworm, wool, karakul) creates an inter-cluster cluster that produces ready-made products in accordance with external market requirements. At the same time, it is necessary to

in contrast to the finished product market and the level of fluctuations in it is high. The main reason for this is that the elasticity of demand for raw materials on the price and yield is low. Therefore, this situation can adversely affect macroeconomic stability and economic growth;

Another negative feature of the raw-material export structure is that in the world markets, where the prices for raw materials are high, there is a rise in the national currency exchange rate in the countries-exporters. This leads to a decrease in the competitiveness of national processing enterprises and the level of inflation.

Countries with a large share of the region's foreign trade turnover now include Russia, China, Turkey, Iran, Bangladesh, Kazakhstan, Afghanistan, India, Malaysia, South Korea, Singapore, Azerbaijan, Georgia, Pakistan.

expand and improve the quality of exported goods based on the intensification of processing of agricultural products grown in the regions. Production of shoes and other leather products in Shakhrisabz, Karshi, Nishan and Kasbi districts on the basis of large and small cattle raw material base in Chirakchi, Yakkabag, Guzar and Dekhkanabad districts, which occupy more than half of cattle and sheep in the region, can be redirected.

Nowadays, it is necessary to take the following measures to increase the export potential of Kashkadarya region:

- To establish agro-centers to increase the export potential of the provinces and to combine them with



producers of agricultural products, preparatory and transport organizations. In these centers, it is necessary to create conditions for promotion of canned fruits and vegetables exporters. At present, the regional center of ECONATURAL KASHKADARYA has a training center for Uztadbirkoreksport. However, this Preparatory Center does not have the capacity to fully meet the needs of the region (Figure 3.6);

2. It is necessary to improve the functioning and management system of local authorities on the marketing of foreign markets. It is also important to make an effective use of the capacities of annually held cotton, textile, construction and innovation exhibitions;

3. Direct foreign investment should be encouraged within the framework of regional investment programs to expand and technical and technological re-equipment of canned fruits and vegetables;

4. In the process of processing cotton fiber and preparing finished products it is necessary to create joint ventures with foreign capital. At the same time, it is necessary to carry out marketing researches to determine the preferences and preferences of consumers in order to increase the export of finished knitted goods.

Today, the region has a great investment potential, including many promising projects for the production of polyethylene items, sporting goods, plastic and cardboard boxes, children's toys in the non-food industry.

It is planned that \$ 3 billion 984.5 million will be spent on the project for the production of liquefied synthetic fuel based on methane-based methane in the Shurtan gas and chemical complex. As a result, 863.4 thousand tons of diesel fuel per year, 304 thousand tons of kerosene, 393.5 thousand tons of oil, 11.2 thousand tons of liquefied gas will be produced. It is also planned to build a gas-chemical complex worth \$ 2.5 billion at the Mubarek Gas Processing Plant by the end of 2016.

The main factors influencing the investment activity of the Kashkadarya region are the following:

- Investment projects in light, food and construction materials industries, including projects involving foreign investors, and mineral raw materials and agricultural raw materials for the implementation of these projects, capable of multilateral impacts on regional economic development;

- The presence of a relatively developed internal transport system, particularly the availability of railways, will enable the fast and high quality transportation of industrial products;

- availability of opportunities for development of export-oriented and high-tech production;

- Possibility to involve the population in the economic sphere through the development of labor productivity in the field of qualified personnel and processing of agricultural raw materials;

- Increase of investment activity of population, enterprises and organizations, regional entrepreneurs, ability to accumulate domestic investments through development of the securities market;

- The availability of favorable agro-climate conditions and rich recreational resources that will enhance the investment attractiveness of the regions.

It should be noted that there are many regional and local issues that affect the investment activity in the region or its regions. For example, some settlements, particularly in remote and mountainous areas, are poorly supplied with electricity and gas, while gas pipelines have a significant decline in winter. In addition, there is a problem of drinking water supply in most districts.

It is well known that the effectiveness of small industrial zones is evident in the acceleration of development of the region's economy, ensuring employment, filling the consumer market with quality products.

Today, industrial zones have been established in 3 regions - Karshi, Shakhrisabz and Nishan districts - on an area of 6.8 hectares. Approximately 30 production entities have been selected on a competitive basis in these regions. They have already been supplying various consumer goods to the domestic market.

There are 12 business entities operating in the small industrial zone built on the empty land lot of the former Keramzit plant in Karshi. Production areas within the industrial zone are given to long-term lease without the use of the relevant coefficients, based on the type of activity carried out on the leased area at the rental rate of the state for the use of real estate.

However, there is still not much experience in establishing small industrial zones in the region, and as a result some of the specific problems occur in places. Based on this, the following are recommended stages and procedures for establishing small industrial zones (Figure 3.7).

In the region, the business environment is not sufficiently developed to increase investment activity. While there are a large number of hotels and other service companies in the region, most of them are in urban areas and there are still fewer staffers. Within the framework of the Regional Investment Program financial institutions are slowly implementing the projects.

In order to implement investment projects for the development of the real sector of the economy, the

activity of commercial banks is reflected in the accumulation of free funds of the population and enterprises. Due to the identified problems, the main goal of the investment policy of Kashkadarya region is to consider the issues of wide use of domestic investment resources and attraction of direct foreign investments in the development of regional economy.

To achieve this goal you need to:

- demonstration of the attractiveness of the Kashkadarya region in domestic and foreign markets for the purpose of accelerating the development of industrial potential and attraction of investments into the sector;
- attracting financial resources, new technologies to specific investment projects, which are of great importance for the development of the regional economy, taking into account the natural and economic potential in the regions intended for placement of industrial enterprises in the future;
- Enhancing the confidence of entrepreneurs in local authorities in solving the existing problems and developing the business environment, establishing multifaceted partnership with private businesses and enhancing control over compliance by law enforcement agencies;
- introduction of beneficial forms of population savings for efficient use of existing financial and other investment resources available to businesses and population;
- attracting foreign investors to finance the prospective investment projects and attracting new foreign investors.

Increasing the investment attractiveness of the region in the implementation of these priorities is an important issue. In this regard, local authorities, business community representatives and other stakeholder organizations and individuals in the region should develop measures to reduce investment risk and to continue to improve capacities. The main thing to do is to find the investment attractiveness of the sector and the search for new investment projects.

#### 4. Conclusion

As a result of the research, the following conclusions were developed:

1. Many studies indicate that industrial growth is a major force for economic growth, and this opinion in many of the studies is explained by the high probability of using a new combination of innovation and knowledge in industry relative to other sectors of the economy. This leads to labor productivity and production growth, resulting in economic growth. The dynamics of the industrial sector also have a significant impact on the

development of other industries and sectors. In particular, the development of industry's food and light industry sectors will stimulate the development of agriculture, forestry and fisheries. The development of the processing industry also has a strong impact on the development of services.

2. The statistical analysis shows that the share of Kashkadarya region in the republic's industry was 9.4% in the city of Tashkent (19.4% in the republican industry), Tashkent (14.8%), Andijan (10.1%) and Navoi province (9.5) Occupies 5th place with 0 percent. However, while the share of Kashkadarya region in the industry belongs to the 5th place, however, the share of "industry in gross regional product" occupies the second place after Navoi region. Also, labor productivity in the Kashkadarya region industry is characterized by a high rate of performance.

3. The analysis shows that the share of raw materials in the industrial production of the Kashkadarya region, which has a large industrial production capacity, remains relatively high. Therefore, the development of the processing industry in the region and their effective deployment in the provinces, as well as the development of industry only on the basis of the growth of the gross regional product, can lead to a unilateral approach to determining the future direction of the region, the forecast value of added value, which should be created not in the region, is considered as methodical.

4. The analysis of the problems identified during the research shows that there is a "territorial imbalance" in the region, with only 65.6% of the region's industrial production in the three regions - Karshi (13.3%), Guzar district (22.2% percent) and Mubarek districts (30.1%), while other regions of the region account for 34.4% of all industrial production. It requires a critical analysis of the situation in which the foreign investment, first of all the foreign direct investment, is in the process. The share of such investments fell by 30 percent. Attracting foreign investment in the regions of the country is extremely unsatisfactory, with \$ 55 million for implementation of only 18 projects in Kashkadarya, Namangan and Surkhandarya regions, or \$ 3 million of foreign investments per project. Therefore, taking into account the fact that the region has a raw material base and cheap workforce, it is required to actively invest in this area and to effectively distribute it.

5. According to the analysis, in 2016, 38.1% of the total industry of the region will work in the mining and open pit mining industries, 53.8% in industry, 7.7% in electricity, gas, vapor supply and air conditioning, and the percentage of water supply, sewage system, waste collection and utilization. It is

evident that there is a need to accelerate the development of processing industries in the region. For this purpose it is necessary to effectively implement the 4-stage process of industrial processing. In particular, the first stage is the primary processing of raw materials, ie the preparation of semi-finished products, transforming them into ready-to-use materials at the next stage, production of ready-made products at the third stage, and the final recycling of industrial waste from the final consumption.

6. According to the analysis, the production of food, beverages and tobacco products in the Kashkadarya region was 34.6%, rubber and plastic goods - 28.6%, textile, apparel, leather and related products - 27.8% production of other non-metallic mineral products by 4.9%, coke and oil refinery products by 2.1%, furniture, wood, cork, knitted and crocheted production by 1.1%, production and repair of machinery and equipment and installation, motor vehicle c sites, trailers, semi-trailers and other finished products 0.6%, paper and paper products, printing, recording services, chemical products, basic pharmaceutical products and pharmaceuticals and metallurgy industry 0.1 percent. It can be seen that in Kashkadarya region most industrial production accounts for low-tech industries. Therefore, the regional policy of the region requires relative advantage to the development of high-tech industrial production.

Currently, the region has 76.6 thousand hectares of forest, with the majority of forests being mulberry and saksaul. Mountain slopes are covered with various grasses, as well as bushes. Mountain forests are composed of spruces, almonds, pistachio trees and jungles. In the mountains grow wax, dandruff, chakanda, anzur bulbs, black mint, and others. These medicinal herbs and herbs provide sustainable development of the pharmaceutical industry in the region. Also, geographical location and strategic opportunities of Kashkadarya region have particular economic importance in the development of the mining industry of the region. Therefore, the Kashkadarya region is characterized by a high share of the mining industry in the total industry compared to other regions of the country and this indicator is 38.1%. Based on these opportunities, it is recommended to set up and develop the fuel and energy complex in the region.

8. The processing industry in the Kashkadarya region is poorly developed; on the one hand, the development and location of the regions have not been balanced, and on the other hand, unified, diversified industrial production (cotton ginning, food and fuel industry specialization). A number of negative factors, such as the fact that the

regional zones are far from one another and far from the center, a high level of infrastructure provision, a lack of technical re-equipment and modernization of production, and the depreciation of fixed assets, hinder the efficient use of the rich natural resources and production capacities in the region. As a result, it is possible to observe the incomplete launch of production capacities, inadequate production of the population's demand for basic consumer goods, inadequate competitiveness of produced goods and non-export orientation. Therefore, it is necessary to develop a medium and long-term development program of the regional industry and to address these issues.

9. It is recommended to consider the comparative advantages and competitive advantages of the region in the further development of the Kashkadarya region:

- Large natural economic resources in the region that can be profoundly processed on the basis of modern technologies, distinguishing quality, in the production of fruit and vegetables, meat and dairy products;

- Regional comparative advantages and raw materials base in the development of light industry, production of high-quality fine-grained cotton fiber in Kamashi, Mirshark, Chirakchi, Koson, Janinov, Yangi-Mirishkor, Yangi-Nishon, Pulati, Karshi, Availability of valuable raw material in the production of leather and leather raw materials and wool products in Chirakchi, Dehkanabad and Yakkabag districts) and availability of cheap labor force;

- Creating experiences and traditions in wood processing in Kasim, Kasan, Shakhrisabz, Kamashi districts and others.

10. The regional industrial program, which is to be developed in the Kashkadarya region, is desirable:

- rational use of existing resources and resources that are not available in the region and rich in raw materials and resources;

- Ensuring the development of networks in close contact with the region;

- organization of production of existing industrial enterprises in full use, in empty buildings and structures;

- production of high-tech products with high added value through diversification of production and deep processing of existing raw materials;

- increasing employment of the population through creation of new jobs.

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