



## Article

# Prospects for Creating and Implementing the Legal Framework for Cost Reduction Within the Framework of Ensuring the Economic Stability of Industrial Enterprises

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**Abstract:** This article analyzes the process of formation of the system of legal regulation of reduction of costs on an industrial enterprise of Uzbekistan and its role insuring economic stability. The article analyzes the influence of regulatory provisions on efficient consumption of resources, rational use of raw materials and foreign investment attraction, and green production. The relevant nature of the research is due to the fact that the directly associated influence of legal regulation and the optimization of costs at the enterprise level is not sufficiently systematized, despite the high number of legislative acts adopted in the interests of industrial growth. Abstract The research is conducted by applying methods of economic analysis, observation, induction, deduction, synthesis to evaluate the effectiveness of regulatory documents on the transition to a green economy, energy efficiency, waste processing, digitalization and innovative technologies. The study also shows the impact of cost driven legal instruments like zero based budgeting, automation, energy saving technologies, and artificial intelligence in minimizing production losses and improving focus on better operational efficiency and enhances competitive ability of industrial enterprises. The results confirmed that creating the legal framework of resource saving, widening the possibilities of incentives for innovative technologies and error! Deep processing of raw materials are factors of sustainable development of industry and long term economic stability.

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## 1. Introduction

Industry is one of the most important links in the economy of all countries. In this field, almost the majority of material resources found in nature are extracted and produced. It is known that industry mainly includes 4 major links: mining and quarrying, manufacturing, electricity and gas supply, steam supply and air conditioning, as well as water supply and sewerage systems, waste processing and disposal. In recent years, as a result of the reforms carried out in the industrial system of our country, a growth dynamic has been observed year by year. In particular, in our country, 106.8 percent growth was achieved in January-September 2025 compared to the same period in 2024. As of November 1, 2025, 465.9 thousand enterprises operate in Uzbekistan, of which 58.6 thousand, or 12.6 percent, are industrial enterprises. The main basis of economic growth is the legislative acts developed and implemented by the government of our country. These legislative acts put forward initiatives to ensure sustainable production of industrial enterprises, provide tax benefits to enterprises, provide the raw material base with

inexpensive resources, establish a localization program for the production of import-substituting products, introduce energy efficiency and energy saving standards into the economy, and stimulate the attraction of a high level of investment by enterprises in the transition to a green economy.

### **Analysis Of Literature On The Topic**

Many scientists and researchers have conducted research on cost reduction and effective management in the economic growth of industrial enterprises, efficient use of resources. Scholars of classical economics, A. Smith and D. Ricardo, in their works advocate for cost savings and the rational use of resources. In his works, A. Smith, based on the market mechanism, identifies the types of demand, supply, product prices, and competition, and states that competition plays a key role in the economy. It forces producers to use resources efficiently and calculate the needs of buyers. John Schrabfeder asserted that effective inventory management allows the organization to satisfy customer demand by maintaining the inventory level of each product, maximizing net profit [1].

Scientists from the CIS countries have also expressed their views in their works. In particular, V.A. Fedoseeva product cost is an important quality indicator, since it reflects all aspects of the enterprise's economic activity, including the efficient use of resources, the rational organization of labor production and management [2]. The cost of production, which characterizes the production costs of an enterprise, is the best indicator of how effectively the organization uses fixed assets, materials, and labor resources. T.N. Siso the purpose of any optimization is not simply to reduce costs, but to increase the operational efficiency of the organization [3]. Cost reduction is inseparable from the concept of "cost efficiency" or, in economic terms, "cost profitability."

Our country's economists have also conducted research on this topic. A.Ortikov in his research, efficiency is usefulness and effectiveness. To determine effectiveness, it is necessary to compare with costs or resources [4]. The economic effect is the amount achieved through savings in material, labor, and other resources. G.M. Shadieva, T.S. Sharipov studied the choice of place or territory in the regional economy. The emergence of competition is one of the fundamental laws [5]. This creates the need to study areas of research related to land use in a certain place or around a certain point.

### **Purpose Of The Study**

In the study, the development of proposals for determining ways to develop cooperative relations with industrial enterprises and industrial zones, as well as the optimal location of production enterprises within the defined territories, "reducing costs through the green economy and innovative and digital technologies, developing proposals for finding and eliminating loss points at industrial enterprises through artificial intelligence." At the same time, based on the prospective market conditions, it is planned to form proposals for production areas and types of products, review regulatory legal acts on the processing of raw materials and waste, and provide proposals and conclusions.

## **2. Methodology**

The research consists in studying ways to achieve stability in the regional economy through the effective use of new technologies at industrial enterprises. In the research process, methods of observation of empirical research, induction, deduction, summation, and determination of relationships between data sources, as well as methods of synthesis of theoretical research, were used. The role of innovative technologies in the economic development of the regions and the possibilities of their effective use were studied based on the method of economic analysis.

### 3. Result and Discussion

In recent years, an Action Strategy for the development of the industrial sector has been actively developed in our country. The normative legal basis adopted in recent years for the development of industry and the provision of benefits to industrial enterprises are the Decree of the President of the Republic of Uzbekistan dated October 12, 2023 No. UP-169 "On Additional Measures for the Accelerated Development of Industry and its Basic Sectors" [6], the Decree of the President of the Republic of Uzbekistan dated January 28, 2022 No. UP-60 "On the Development Strategy of New Uzbekistan for 2022-2026," [7] the Decree of the President of the Republic of Uzbekistan dated September 11, 2023 No. UP-158 "On the Strategy "Uzbekistan-2030 [8]," the Resolution of the President of the Republic of Uzbekistan dated October 4, 2019 No. PP-4477 "On Approving the Strategy for the Transition of the Republic of Uzbekistan to a "Green" Economy for the Period 2019-2030" [9], the Decree of the President of the Republic of Uzbekistan dated November 18, 2025 No. R-59 "On Measures to Reduce Costs and Increase Efficiency at State Enterprises." [10]

The following measures are envisaged for reducing costs, saving resources, and developing industry at industrial enterprises. Including:

- Implementation of a unified industrial policy and the introduction of modern mechanisms for the development of industrial sectors;
- Determination of the natural resource base of the regions, identification of industries that can be developed, taking into account their advantages, and development of measures for their implementation [11];
- Development of strategies and programs for the development of the oil and gas, energy, processing, chemical, mining, and machine-building industries, increasing their competitiveness, expanding the range of products, and reforming them;
- Ensuring a balanced distribution of resources between sectors and regions, as well as the mutually balanced development of infrastructure;
- Development of proposals and measures for the effective use of existing production capacities of industrial enterprises.

As a result of economic reforms, industrial growth has been achieved in recent years. In January-October 2025, industrial products worth **865.8 trillion** soums were produced by enterprises of the republic [12]. This indicator increased by **6.7%** compared to the corresponding period of the previous year (Figure 1).

**Figure 1.** Key industrial indicators of the Republic of Uzbekistan.

Name of regions:	Volume, billion soums	Physical volume index, %
<b>Republic of Uzbekistan<sup>1</sup></b>	<b>864 792,6</b>	<b>106,7</b>
<i>regions:</i>		
Republic of Karakalpakstan	22 535,6	102,7
Andijan	83 749,6	107,3
Bukhara	39 413,5	107,1
Jizzakh	29 041,8	114,3
Kashkadarya	37 185,8	106,8
Navoi	155 078,7	108,6
Namangan	30 893,8	109,2
Samarkand	45 806,6	107,8
Surkhandarya	14 379,5	108,1
Syrdarya	20 628,8	108,3
Tashkent	132 387,3	106,2
Fergana	44 947,8	107,1
Khorezm	27 143,3	108,6
Tashkent city	167 565,2	106,8

By region, the largest increase was recorded in the Jizzakh region - 114.3%, the smallest - in the Republic of Karakalpakstan.

In accordance with the New Uzbekistan Development Strategy for 2022-2026 and the “Uzbekistan – 2030” Strategy, a number of measures have been identified for the development of industry, including the introduction of modern mechanisms to increase operational efficiency, the development of industry based on the effective use of the local raw material base and the application of advanced technologies in industry, increasing the share of technological products manufactured in industry from 25 to 32 percent, doubling labor productivity in the processing industry, increasing copper production, which is necessary for high-yield products, by 3.5 times, gold - by 1.5 times, silver - by 3 times, uranium - by 3 times, the widespread introduction of advanced international standards in the assessment of mineral reserves, attracting \$1.5 billion in investments for localization, and many other measures [13].

Several regulatory documents have also been adopted to reduce costs in industrial enterprises. It is based on ensuring stability and efficiency in an era of increasing global competition, drastically reducing costs and modernizing production in the public sector, cost-effective management in state-owned enterprises, the digital economy, and international corporate standards [14]. This resolution outlines the implementation of several measures.

In particular, to establish the practice of a complete “zero-based budgeting” based on the priorities of each area in the future period by re-analyzing expenditures quarterly (spending review);

- Optimization of material and technical supply costs - reduction of costs through the joint purchase of similar types of goods and resources, improvement of logistics processes;

- Reduction of unnecessary management costs by outsourcing auxiliary functions and services, involving organizations specializing in non-core work;

- Reduction of costs through the introduction of the principles of economical production and standardization, the introduction of advanced labor and resource consumption standards;

- Automation of production and management operations through the introduction of modern information technologies, increasing efficiency, introducing artificial intelligence technologies;

- Encouraging employee initiative - supporting the ideas of thrift through the provision of rewards and other incentives for economically efficient proposals;

- Energy efficiency - analysis of energy consumption through energy audits, the introduction of energy-saving technologies, and the rational use of energy resources [15];

Strengthening the internal control and compliance system to prevent abuse of resources, ensuring the transparency of financial transactions.

#### **4. Conclusion**

In recent years, the adopted resolutions and regulatory documents on the efficient use of raw materials have served as an incentive for business entities. In addition, today we consider it expedient to take several additional measures to strengthen the legal framework for saving raw materials and their rational use. Implementation of a unified policy to accelerate reforms in the field of resource conservation in industry, diversify production in the industry, stimulate deep processing of existing natural resources and the production of high-quality, in-demand products. Exemption of customs duties on imported equipment for the purpose of using new resource-saving innovative technologies, provision of tax benefits and preferences to business entities for the economic efficiency achieved through their use. provision of industrial enterprises in the regions with basic raw materials, including the formation of production and resource balances and the development of measures to coordinate their implementation.

Based on the foregoing, the intensification of price competition in the world economy necessitates taking decisive measures to reduce the cost of production by rationally using raw material resources at enterprises and reducing the output of defective products.

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